

HOUSING AUTHORITY OF THE BOROUGH OF CLEMENTON
BOARD OF COMMISSIONERS MONTHLY MEETING
JANUARY 27, 2025

Chairman Schmidt called the meeting to order at 6:08PM and stated that the meeting was being held in accordance with the Open Public Meetings Act, also known as the Sunshine Law 10:4-6. Notice was sent to the Courier Post on 2/25/2025 and was published in the Courier Post on February 28, 2025. Notice was also transmitted to the Borough Clerk on 2/25/2025, posted on the bulletin board at Wooster Towers and www.clementonhousingauthority.com. The meeting was held virtually; both adequate and electronic notice of this meeting was provided, specifying the time, place, and manner in which said notice was provided.

Salute to flag.

Chairman Schmidt asked for a moment of silence for a resident who passed away and President Carter.

Upon roll call the following were present: Commissioner Armbruster, Commissioner Watson, Vice-Chairman Closs, and Chairman Schmidt. Also present at this meeting were Vernon Lawrence, Executive Director, Anthony Ogozalek, Jr., Solicitor, Jaime Bordenave, RAD Consultant, and Barbara Murray, Secretary.

Chairman Schmidt reminded the Board that the Audit FYE 6/30/24 will be presented at the February meeting and asked everyone to be available. Chairman Schmidt turned the meeting over to Vernon Lawrence.

APPROVAL OF MINUTES

Chairman Schmidt, seconded by Commissioner Watson, made a motion to approve the minutes of the December 11, 2024 Board of Commissioners Monthly Meeting as submitted. Voice vote: All ayes (Commissioner Armbruster, Commissioner Watson, Vice Chairman Closs, and Chairman Schmidt). The motion carried.

APPROVAL OF BILLS

Chairman Schmidt asked for a motion to approve the payment of bills with proper certification for December 2024 in the amount of \$45,527.09. Vice-Chairman Closs, seconded by Commissioner Armbruster, made a motion to approve the payment of bills for December 2024 with proper certification on the amount of \$45,527.09. Roll call vote: Ayes: Commissioner Armbruster, Commissioner Watson, Vice-Chairman Closs, and Chairman Schmidt. The motion carried.

RAD CONVERSION UPDATE

Mr. Lawrence thanked the Board for their support during the RAD conversion thus far and introduced Jaime Bordenave, our RAD Consultant, to update the Board on the conversion process to date.

Mr. Bordenave advised that our application has been accepted by HUD to convert to the RAD Program contingent upon the Authority meeting all that is required. Mr. Bordenave advised that the purpose of the conversion is (Level 1) to stabilize our revenue and lock into a long-term contract. This does not give additional funding but rather locks in what we are receiving currently into a 20-year long-term contract with annual cost of living adjustments. (Level 2) He went on to say that over time HUD has created "blends". Section 18 that allows for certain actions the Housing Authority can take and generally units converted from that program to Section 8 to get fair market rents made available through tenant protection vouchers that can either be given directly to the tenants or they can be project based back into the project.

To qualify for those programs properties are needed that are in very distressed condition; our property does not meet the very strategic high-bar entry for severe distress.

Mr. Bordenave explained that HUD is now allowing Housing Authorities to put a financing plan together to convert their property and upgrade it. If they can achieve a certain level of capital improvements, they will allow some percentage of the units to be converted through the Section 18 program and get a blend of rents. This is called a RAD/Section 18 plan. Prior to Christmas we were eligible to get 80% of our units through Section 18 (FMR based) and 20% through RAD. With our current level of rents as RAD rents we would get \$830,000 per year in gross revenue; with the 80% blend we would be eligible for roughly close to \$400,000 per year.

HUD issued a new notice the day after Christmas replacing the 80% blend with a 90% blend (another 10% of our units would go from 14 units under the 80% blend and only 7 units would be under the RAD rent), which would add another \$50,000. Another notice came out in January stating that when taking units out of the Public Housing program through the Section 18 program, housing authorities can receive 3 more years of capital funding. It is suggested to take those funds and put them into the RAD rents to see how close we can get to having all or most of our rents at the FMR; this would add another \$29,000 per year in revenue; our average rent would go from \$900 to \$1,560 per unit monthly.

HUD has also extended the time for completing the conversion to 2029.

Mr. Lawrence asked with that type of revenue coming in annually if we convert everything to RAD it would still be \$800,000 would we need to do tax credits or more traditional financing.

Mr. Bordenave advised that there are 3 options when converting to RAD:

- 1) No debt conversion
- 2) Debt only
- 3) Debt plus equity

If we used debt only, we could afford \$78,000 per unit in upgrades.

Early in the process HUD requires the housing authority to have a capital needs assessment to determine over the 20 years what our capital needs are and what it would take to meet those needs when they need to be met. Mr. Bordenave advised that we should launch this study relatively

quickly and that will help guide us; a decision does not need to be made regarding tax credits until we have a good sense of what our capital needs are.

Next steps in the HUD process:

- 1) Requesting a concept call (tentatively 7/18/2025)
- 2) Capital Needs Assessment needs to be completed
- 3) Environmental study needs to be completed
- 4) Have a good sense of what our financing plans are (debt, no debt, or debt to equity)

A point to remember is if we can do the conversion with no debt, we would receive more money than if we do it with debt, as with debt we would also be paying interest. A discussion followed.

Mr. Bordenave advised the Board that he sent Mr. Lawrence a list of things needed for the concept call; HUD expects our financing plan 9 months (09/16/2025) from the date we received our CHAP (12/20/2024). If we need an extension, we can go to the RAD resource desk to request one.

Mr. Lawrence thanked Mr. Bordenave for providing the updates and progress of our RAD conversion process and asked if there were any questions; there were none.

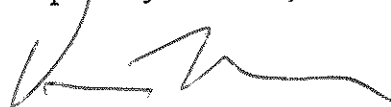
PUBLIC

Chairman Schmidt advised that any members of the public wishing to address the governing body of the Housing Authority of the Borough of Clementon may do so after being recognized by the Chair. Public comments will be limited to three (3) minutes per person. Anyone wishing to address the governing body again may do so for an additional three (3) and final minutes. Chairman Schmidt asked if anyone wanted to address the governing body.

There being no public, the public portion of the meeting was closed.

Commissioner Armbruster, seconded by Commissioner Watson, made a motion to adjourn at 7:00PM. Voice vote: All ayes (Commissioner Armbruster, Commissioner Watson, Vice-Chairman Closs, and Chairman Schmidt). The motion carried.

Respectfully submitted,



Vernon Lawrence
Secretary