



HOUSING AUTHORITY OF THE CITY OF LIVERMORE
3203 LEAHY WAY
LIVERMORE, CALIFORNIA 94550

LEAHY SQUARE
Phone: (925) 447-3600
Fax: (925) 447-0942
TDD/TTY (800) 545-1833 x917

SECTION 8 PROGRAMS
Phone: (925) 447-0288
Fax: (925) 447-0942

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BOARD OF COMMISSIONERS
REGULAR BOARD MEETING MINUTES
Wednesday, November 13, 2019-5:30 pm

1. CALL TO ORDER/ROLL CALL

The meeting was called to order at 5:30 p.m. by Chairperson Mark Palajac. Also present were Commissioners Maureen Hamm, Richard Knowles, and Vice-Chairperson Marty McFadden. Commissioner Hunter was absent with an excused absence.

2. APPROVAL OF THE MINUTES OF THE REGULAR BOARD MEETING OF OCTOBER 9, 2019.

There were no comments on the draft minutes from the Commissioners. Commissioner Knowles then moved to approve the minutes. Commissioner Hamm seconded the motion and it was passed with a vote of 4 ayes and none opposed.

<u>VOTING</u>	<u>YES</u>	<u>NO</u>	<u>ABSTAIN</u>
Richard Knowles	x		
Maureen Hamm	x		
Marty Mc Fadden	x		
Mark Palajac	x		

3. PUBLIC COMMENT

Employee Sophia Nava addressed the Commissioners and asked the Commissioners to consider having any closed executive sessions at the end of the meetings. She stated her belief that having the Board go into closed session in the early part or middle of the meeting discouraged attendance and participation at Board Meetings as people would become bored and leave. Interim Executive Director Ammarell stated that sometimes it was necessary to have a closed session earlier in the meeting, especially when a topic discussed in closed session would require a vote in open session, as did one of the items on this particular agenda. The Commissioners indicated their approval of the idea of holding closed sessions toward the end of an agenda when possible.

4. EXECUTIVE SESSION

Board Chair Palajac then suggested that the closed session called for on this evening's agenda be divided into two sessions, the first to discuss the employee benefit issue and a second, later session to discuss the real estate issues, Accordingly, at approximately 5:38 p.m., Chairperson Palajac announced that the Board would meet in Closed Executive Session for approximately 15-20 minutes. The Board Meeting reconvened at 5:57 p.m. and the Board Chair announced that there was nothing to report out.

Board Chair Palajac then made a motion to move consideration of New Business item 6A ahead of Old Business Item 5 A. Commissioner Hamm seconded the motion and it was unanimously approved.

6A. NEW BUSINESS

A. Approval of Request to Increase Employee Insurance Benefits – Resolution No. 2019-11-13-A.



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Based on discussion in closed executive session, Commissioner Maureen Hamm made a motion to approve the resolution which would increase the LHA’s cap on contributions to employees’ health insurance benefits from \$1400 to \$1550 per month.

<u>VOTING</u>	<u>YES</u>	<u>NO</u>	<u>ABSTAIN</u>
Richard Knowles	x		
Maureen Hamm	x		
Marty McFadden	x		
Mark Palajac	x		

Following the vote, Commissioner McFadden asked to be excused from the remainder of the meeting as he was ill and left the meeting at approximately 6:10 p.m.

5. UNFINISHED/OLD BUSINESS

A. Status of Search for ED

Chairperson Palajac informed the Board that the continued search had only turned up 2 potential candidates that that he would follow up with Nan McKay & Associates to determine whether either of those candidates would be appropriate for in-person interviews.

6. NEW BUSINESS

B. Discussion of September 2019 Financials

Interim Executive Director Ammarell presented the September Financials to the Commissioners. To start, he informed the Board that at a composite level, the agency had experienced a net surplus for FY2020 through the first quarter, but that surplus was lower than budgeted. To explain the reasons why, he turned to specific programs. Ammarell explained that the operation of Leahy Square realized lower than budget grant revenue for the quarter because grant revenue was divided into operating and capital grants. While LHA was current on operating grant revenue, it was behind on capital grant revenue. This is because capital grant revenue is drawn only once during the fiscal year, while the budget for that revenue is divided into each month. Ammarell then explained that the capital grant revenue could be drawn down at any time after January 1, 2020 and that once it was drawn down, LHA would be ahead of budget as the amount available exceeded the amount budgeted. Ammarell also explained that while Leahy Square was 100% occupied, LHA was behind on budgeted rent revenue not because tenants were in arrears, but rather because tenants had the right to adjust their rent based on changes in income, and the changes in income were comprised of loss of income for tenants and therefore lower rent collections.

With respect to the Housing Choice Voucher program, Ammarell explained that grant revenue for the first quarter was ahead of budget because HUD had paid a portion of the October grant revenue in September. Ammarell also explained that LHA had asked for and received approval of additional grant revenue for the months of November and December and expected that the Housing Choice Voucher program would be ahead of budget for those months. He also stated that the expense side would also increase as the revenue is directly tied to payment of rent to landlords in the program.



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Next, Ammarell discussed the operations of the affordable housing properties and again explained that the summary financial income statements – the documents provided to the Commissioners for discussion – did not include depreciation or principal payments on the outstanding loan balances for Chestnut and Las Posadas. Those numbers were handwritten on the bottom of the statements and, when taken altogether, the affordable properties continued to operate at a small cash surplus.

However, Ammarell then informed the Commissioners that the recent California Rent Control law, A.B. 1482, would have a negative affect on the Bluebell Apartment budgets as the law would require that LHA adjust the current rents downward as of January 1, 2020, as the recent increases occurred after March 15, 2019 and thus were subject to adjustment under the law. Ammarell explained that this would result in a rent revenue shortfall at Bluebell of approximately \$33,000.

C. Discussion of Impact of Rent Control Act

Following the discussion of the specific impact of the rent control law on Bluebell Apartments, Interim Executive Director Ammarell presented a broader explanation of what the new law was, how it would operate, and how it would affect the Authority.

First, Ammarell explained that the law had 2 major focuses - tenants' rights to continue to rent properties that they occupy and then landlord's limited rights to raise rents. The law creates two categories of tenancy terminations, the first being for cause and the second for no cause. Ammarell then listed the enumerated activities for which a tenant's lease may be terminated. There are 10 categories, including non-payment of rent, engaging in criminal activity, and breaching lease terms, among others. The law also prevents a landlord from arbitrarily ending tenancies – i.e. for no cause - unless the landlord intends to occupy the unit with family, withdraw the unit entirely from the rental market, is ordered to do so by a government agency, or intends to demolish or substantially rehabilitate the property. In those cases, the landlord is required to provide relocation assistance to the tenants in the form of a cash payment equal to one month's rent or by provided a credit to the tenant of the entire amount of their last month's rent payment.

Ammarell explained that the rent control act does not apply to public housing supported by the federal government or any housing governed by a regulatory agreement. Accordingly, the law will only impact the 12 units at Bluebell Apartments that are the market rate units and are not governed by the regulatory agreement between LHA and the City of Livermore. All of the other units owned and operated by LHA fall within the exemptions set forth in the Act.

The second impact of the Rent Control law limits how much a landlord can raise the rent in any 12-month period. A landlord may not raise the rent more than 5% plus the Consumer Price Index, or a total of 10% - whichever is lower. This portion of the law goes into effect on January 1, 2020 and as of that date no landlord may collect more than the prescribed increase over the rent which was in effect on March 15, 2019. If a landlord raised the rent in between March 15, 2019 and the passage of the Act, and that amount was greater than the prescribed amount, the landlord would be required to roll back the rent as of January 1, 2020, but would not have to



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reimburse tenants for the additional amounts collected between March 15, 2019 and December 31, 2019. Given that rents at Bluebell were raised in an amount in excess of the prescribed amount, Ammarell explained how the rents would be changed as of January 1, 2020 to ensure that LHA was in compliance with the law.

Finally, Ammarell explained that, under the law, if a landlord did engage in a substantial rehabilitation, it could terminate all the tenancies in accordance with the law and then could set new rents as it saw fit for the rehabilitated property. Last, Ammarell explained that the law did not require that a landlord give a tenant a right of first refusal to occupy rehabilitated properties, but that it had the discretion to do so.

7. STAFF REPORTS
NONE

8. COMMUNICATIONS
NONE

9. REPORTS/ITEMS FROM COMMISSIONERS
NONE

10. COMMITTEE REPORTS
NONE

11. CLOSED EXECUTIVE SESSION
At approximately 6:35 p.m., Board Chair Palajac announced that the Board would again go into Closed Executive Session to discuss Real Estate Matters Relating to Bluebell and Leahy Square. The closed session adjourned at 7:14 p.m. and the Board Chair announced that there was nothing to report out.

12. ADJOURNMENT
The board meeting adjourned at 7:15 p.m.