

**Housing Authority of the Town of Somers  
Minutes of Meeting July 21, 2015  
Woodcrest Community Room – 71 Battle Street**

1. Call to Order

The meeting was called to order at 2:00

2. Attendance

Ellie Lally, Marylou Hastings, Dave Arnold, Bob Landry, David Pinney, Brooke Hawkins

3. Discussion with individual residents

Arend Knuttel: smell on first floor of #75 from dog urine and feces; Been a problem for the three years he has lived there; also an apartment in the back of the first floor that generates similar smells; there is someone who picks up feces with bare hand and then uses the same hand on handles of exterior doors, contaminating the handles. Also, there is an issue of electric scooters operating inside the building at high speed, damaging the property and posing possibility of injury to others. Management is engaged with both of these issues, discussing with the individuals involved the need to cease the problematic behavior, otherwise management will have to take enforcement action.

David Pinney spoke to what appears to be ongoing concerns that there is some inherent conflict of interest in the operation of Woodcrest due to the fact that the operation is in the hands of for-profit entities. David reviewed that the for-profit entities were created specifically so that Woodcrest would be eligible to receive awards of income tax credits. Federal law creates the opportunity for private investors to invest money in renovation and creation of affordable housing for low-income elderly and disabled individuals and thereby be eligible to apply tax credits to their individual tax returns. The projects need to operate as for-profit entities subject to tax on income generated in order to qualify for the tax credits. The investors get annual returns on their investment in Woodcrest through the tax credits they receive as part owners of the facility. The investors also recapture their original investments through the annual depreciation reported for the facility, which depreciation goes almost entirely to the investors as the holders of over 99% of the ownership of the facility through the limited partnership created to develop and operate the facility. The investors participate in the partnership as limited partners. There is also a general partner in the partnership that is responsible for developing and operating the facility in accordance with the partnership agreement and in accordance with federal IRS requirements so as to continue to be eligible for annual tax credits that are subsequently distributed to the limited partners. The general partner is also a separate for-profit entity in order for the partnership to be eligible for the tax credits. Woodcrest renovation and expansion was done in two separate projects, with tax credits awarded to each project. These tax credits and the private investment money provided to the projects represent the bulk of the funding needed to proceed with each project.

The two projects needed their own limited partnerships comprised of the limited partner bringing the investment funds and the general partner responsible for completing the project and operating the facility in accordance with IRS requirements. The general partners for each limited partnership, Somers Housing Management Inc. and Somers Housing Management Phase II Inc. were created with the Somers Housing Authority being the only shareholder in regard to each general partner. Therefore the Housing Authority is responsible for appointing directors for each general partner and expecting those directors will act as the general partner in each limited partnership in accordance with the respective partnership agreements. David underscored that the limited partners in each partnership receive return on their investments through annual tax credits and get their money back through the annual depreciation on the property that represents deductible expenses for the limited partners. There is no expectation or requirement from the limited partners for Woodcrest to generate a profit that would be distributed to the investors. There is also no opportunity or provision for any profit generated by Woodcrest to go to the general partners or the directors of the general partners as the general partners own less than 1% of each partnership and would therefore receive little of any profit generated. As a result, there is no incentive for the general partners to operate Woodcrest Phase

I or Phase II so as to generate a profit because the general partners would not receive any of that profit nor do the limited partners expect to see a profit as part of the return on their original investments in the projects. So even though the general partners are for-profit entities, the directors of these entities adopt budgets and operate the facilities so as to cover the necessary costs and nothing more, thereby keeping the rents assessed on tenants as low as possible. The only requirement from the limited partners is that Woodcrest generate enough rent to cover the necessary costs and not go bankrupt. This makes possible the annual tax credits for the limited partners, which is in itself, along with the annual depreciation allowance, the total return expected by the investors. The bottom line is that the general partners, through the actions of their directors, have the same overall goal as the Housing Authority: to provide decent, well-maintained housing for low-income elderly and disabled individuals at the lowest rent possible.

David also noted that there appeared to be some misunderstanding that tax abatement on the payments made to the town of Somers meant rents would not increase. He pointed out that tax abatement would mean lower operating costs and therefore lower rent – as is the case in Phase I and was the basis for request of tax abatement for Phase II – but would not mean rents would not have to increase.

#### 4. Old Business

##### 4.1. Management of Property (REDI)

###### 4.1.1. Apartment Rental – Update

Phase I: rented one of the available units, have two apartments seeking lease break; Phase II all occupied

###### 4.1.1.1. Review plans and prospects for retaining 25% units in Phase I

There was a question on a resident losing a spouse, finding his or her income reduced, and whether the resident would be considered for a modified rent based on the adjusted income. This has come up in the past and management works to accommodate the resident with the consent of the general partner.

###### 4.1.2. Review Condition of the Facilities and work orders

Work on the facilities will be reviewed at the next meeting

###### 4.1.3. Review Financial Condition

Harvey and Maureen were unable to attend and will update financial conditions at the next meeting

###### 4.1.4. Review Resident Services Coordinator's activities

Fran is on vacation and will provide a report at the next meeting

##### 4.2. Possible executive session to review contracts and litigation

No executive session was called for.

##### 4.3. Other

Nothing raised

#### 5. New Business

##### 5.1. Other

Nothing raised

#### 6. Approval of minutes from June 16, 2015

Ellie moved, Bob seconded and it was unanimously agreed to adopt the minutes as presented.

#### 7. Resident Questions/Concerns

***These minutes are not official until adopted at a subsequent meeting***

Would it be possible to put a bench at the end of the driveway near stop sign at Battle street? There seemed to be no reason to object to the idea; Fran could investigate the possibility of a donation similar to the donation of a bench from the Lion's Club.

There is concern that doors are not getting the weather stripping upgrade at 63; Jay will be continuing this work and the hope is that with fewer turnovers coming up, he will have more time to do this. If not, we will have to use an outside contractor to get the work done before the return of cold weather.

8. Adjournment

The meeting adjourned at 3:15

Respectfully submitted,

David Pinney