



LAREDO HOUSING AUTHORITY

Serving. Collaborating. Empowering.

CHAIRMAN'S ANNUAL STATEMENT

February 15, 2017

PLACING FAMILIES AND ETHICS AT THE FOREFRONT

On December 11, 2015, the Honorable Mayor Pete Saenz appointed me to the Board of Commissioners of the Laredo Housing Authority (LHA), and I was able to begin my service at the Board of Commissioners meeting on January 27, 2016. Since then, it has been a pleasure to serve the community in this capacity. I have a passion for serving those that struggle with poverty and try to do what I can to improve tenants' personal and familial opportunities for empowerment – education, work, and improvements to quality of life.

It is a matter of public record that my appointment did not come without resistance from the former Chairman of the Board, Raymond Bruni; he publicly challenged my appointment and resisted being replaced. Despite being informed of my appointment to replace him, Mr. Bruni convened and presided at several Board of Commissioners' meetings after my appointment. Some of Mr. Bruni's final acts in December 2015 Board meetings included approving questionable contracts and enhancing the former Executive Director's contract only to approve a one-year buyout for her only days later.

Our new Board was not going to allow a public body to be subjected to such a dysfunctional, unauthorized Commissioner's actions. Commissioner Dr. Sergio Garza and Commissioner Gina Magallanes were appointed on January 14, 2016. Fortunately, after several weeks and some assertiveness on my part and by others, I was finally able to begin my service at that January 27, 2016 Board meeting. The Board of Commissioners elected me Chairman on this date. As the Housing Authority no longer had an Executive Director, our Board appointed the Housing Authority Finance Director Melissa Ortiz as Acting/Interim Executive Director, and we quickly began to outline the work ahead, including examining issues that remained outstanding by the prior Board and administration.

DEVELOPING A TEAM TO ADDRESS KEY PROJECTS AND MATTERS OF LEGAL AND ETHICAL CONCERN

From February to May 2016, the Board of Commissioners and staff worked in earnest to procure and form a team (staff, consultants, legal counsel, and auditors) that would help address the issues at hand, consistent with all applicable rules and laws. Using proper and transparent procurement practices, new legal counsel and technical consultants were procured, including Rod Solomon, a former Under Secretary of the U.S. Department of HUD, and the National Development Council, a recognized and respected national non-profit technical consultant to housing authorities and other organizations in the area of tax credits. During this period, after reviewing records and in discussion with this team, we discovered a number of issues that needed attention - some of them internal, while others dealt with third party contractors and consultants. Some of the more delicate issues required in-depth reviews - and audits are ongoing.

CRITICAL PROJECTS

Apart from legal and ethical concerns, several major capital projects were already in-progress, including the 152-unit Casa Verde Tax Credit Development (a joint project with private partners with low-income housing tax credits) and the planned demolition of the 200-unit Russell Terrace Public Housing Development.

On April 22, 2016, HUD issued a discontinuance of the application for demolition of Russell Terrace because prior Housing Authority Administration and consultants had failed to demonstrate that Russell Terrace had sufficiently deteriorated or become obsolete. This determination was a serious setback to the pre-existing plan to develop Casa Verde as it put in jeopardy tax credits issued by the Texas Department of Housing and Community Affairs (TDHCA), the tax credit awarding agency, which awarded points to the Housing Authority for proposing to demolish these public housing units.

After much discussion, numerous negotiations and tremendous support from Russell Terrace residents, the City of Laredo, Laredo ISD, legislative representatives, TDHCA, private partners and community members, both the Casa Verde project was able to move forward with construction pending a final closing and the Russell Terrace redevelopment (rather than a permanent demolition) pending HUD approval for it to become a revitalization/reconstruction (RAD) project (instead of a demolition project – where 200 families would be displaced). In this process, we learned that the Laredo ISD, which had not been informed or made part of the planning process, stood to lose millions in annual state revenue from the proposed displacement of students from the area, including the two elementary schools immediately adjacent to the Russell Terrace development.

As a matter of public record, I led the following public presentations related to the above named projects: City of Laredo City Council on June 20, 2016, Laredo ISD School Board on July 14, 2016, and TDHCA on October 13 and November 10, 2016. As well, I coordinated and led meetings with legislative representatives (including a projects briefing on October 4, 2016 with Senator Judith Zaffirini, Representative Richard Raymond, and Representative Tracy King) and their staff who were and continue to be extremely helpful in advocating trying to assure our public projects remain viable, and that resident interests are appropriately represented.

ENSURING RESIDENT ENGAGEMENT AND PARTICIPATION

As a matter of concern, and related to the originally proposed permanent demolition of 200 units at Russell Terrace, the new Board and current staff immediately and actively engaged the affected Russell Terrace residents. The Board has instituted a standing public item, called "Presentation by Central Resident Council", at each Board of Commissioner meeting, to assure the Housing Authority maintained open and regular communication with its residents. It is noteworthy and commendable that the residents have had 100% attendance ever since this was introduced on March 16, 2016.

The Board of Commissioners has held 14 public meetings where the fate of the Russell Terrace Housing Development and the tenant interests were openly discussed. The Housing Authority has held approximately 23 Russell Terrace related meetings including conducting a one-on-one, individual-by-individual RAD relocation survey and information session on November 28, 2016. There should be no doubt how we have acted aggressively to protect the interests of Housing Authority's residents and the Laredo community as a whole.

OTHER CRITICAL ISSUES AND SUCCESSES

SECTION 8 PROGRAM OVERLEASING

During the February 10, 2016 Informational Board Workshop to orient our new Board, the Board of Commissioners also learned that the Section 8 Housing Assistance program was over-leased beyond its budget authority for most of the prior year, and action needed to be taken to mitigate financial losses. As of December 31, 2016, the program has returned to appropriate level leasing, within its budget authority.

INDEPENDENT AUDITING

As mentioned above, a new independent auditing firm was procured competitively at the May 24, 2016 Board of Commissioners meeting. These new auditors have since delivered their first audit and have made recommendations for improvement, currently being addressed by staff. This fresh and transparent review will ensure greater accountability and reassure our community that it is adequately informed of how our Housing Authority is truly performing.

ADDITIONAL HIGHLIGHTS

Our Board has challenged our organization to invest much time, effort and resources to bring the Housing Authority to responsible stewardship and higher performance standards. Below are just some successes:

- A. The Housing Authority was lacking or where the agency was inappropriately staffed. In collaboration with the Acting/Interim Executive Director, we have hired key management staff for key positions, including Human Resources Manager, Interim Section 8 Administrator, Director of Finance, Director of Housing Management, Procurement Officer, Director of Modernization and Development, and Assistant Director of Housing Management.

- B. The organizational staff and structure as a whole have been reviewed, analyzed and updated.
- C. By amending the Executive Director hiring policy, now all manager-level and above positions must be approved by the Board of Commissioners.
- D. By amending the procurement policy, now all procurements and purchases \$15,000 or above must be approved by the Board of Commissioners.
- E. Housing management software has been updated, including that which addresses improvements required to sustain Section 8 Housing Program improvements and agency procurements.
- F. The Housing Authority website has been revamped to make our business transparent and accessible – with access now provided to Board agendas and minutes, updated waiting lists, all policy manuals, procurement opportunities via a procurement portal. The site is bilingual. www.larha.org
- G. As an important measure to address any potential fraud or complaint, we created an online reporting portal on the agency website, where anyone may submit a complaint, channeled to our General Counsel.
- H. The Section 8 Administrative Plan and the Admission and Continued Occupancy Policy Manuals have been reviewed and updated.
- I. An Admission Preferences Advisory Committee composed of community stakeholders was created and met to assist with evaluating and implementing local admission preferences.
- J. The administration of Veterans Assistance Supportive Housing (VASH) vouchers has been added and currently the Housing Authority maintains 22 veteran vouchers.
- K. The Housing Authority has been rebranded with a new logo, colors and tag line – “Serving. Collaborating. Empowering” thus making it clear that this is not the same Housing Authority as before.
- L. The Housing Authority has coordinated and led two educational out-of-town trips, traveling jointly with local service provider leadership, including City of Laredo and Webb County leaders, to learn about best practices for homeless and creative housing centers, including the San Antonio Haven for Hope, Austin’s Community First! Village, and Dallas’ CitySquare - The Cottages.
- M. The Housing Authority has led and made invaluable contributions, along with Bethany House and the City of Laredo, to the Update of the Homeless Continuum of Care Study released January 20, 2017 prepared by the Texas A&M International University Research Team.
- N. The Housing Authority prepared or is currently preparing the following grant proposals:
 - 1) HUD’s Continuum of Care Program in partnership with homeless service providers to

develop an Integrated Housing Services Center; 2) HUD's Project-Based Voucher application for 75 Veterans Assistance Supportive Housing (VASH) vouchers; and 3) Transitional Housing for Victims of Domestic Violence in partnership with Casa de Misericordia Domestic Violence Center and the District Attorney's Domestic Violence Department.

- O. After entering into an agreement with Volunteers Serving the Need, a Veterans supportive services non-profit provider, the Housing Authority provided an unused modular unit to this agency. Additionally, the Board of Commissioners and staff volunteered and assisted in the on-site build-out of entrance ramps for the unit.
- P. The oldest administrative building in the Colonia Guadalupe Housing Development (dating back to 1938) was restored to serve as community meeting room.
- Q. Community outreach was increased agency by developing a social media presence and by beginning a public distribution of a quarterly newsletter. The Housing Authority also participated in the Laredo Homeless Coalition's March Against Hunger and Homelessness, Veterans Affairs Stand Down event, Veteran Affairs 5k Walk and Relay, Annual Homeless Point-in-Time Count, and others.

THE FUTURE

Needless to say, after encountering significant challenges and paving a sustainable way forward, I am excited for the future of our Housing Authority and the successes and achievements that lay ahead. As we bring Casa Verde and Russell Terrace to meaningful redevelopments and resolve ongoing issues of concern discussed above, I do pray - for our staff, residents, and community - that this agency never again have to endure a period of darkness from which we have worked to emerge. I believe that the years that immediately preceded us did our residents, good staff, and overall community a disservice as dysfunction and disrespect ran amuck. I impress, as much as I can, that staff and our leaders empower themselves and lead by example while setting high expectations in serving the public and in conducting daily business.

To continue on our path to delivering on our mission to serve our residents and the greater community, below are some objectives we are setting for 2017:

- A. Finalize and resolve any outstanding internal audit, prior potential conflicts, and any third-party legal and ethical issues.
- B. Continue to evaluate progress and organizational effectiveness.
- C. Appoint a permanent Executive Director and Section 8 Administrator.
- D. Complete the Rental Assistance Demonstration (RAD) Project conversion of Russell Terrace and the start of the revitalization/reconstruction project.
- E. Finalize investor financing of construction and reach substantial completion of Casa Verde Apts. by December 31, 2017.

- F. Implement the Capital Fund Plan improvements for this fiscal year, including infrastructure improvements to Senior Citizens Public Housing Development, improving our curb appeal at major thoroughfares, and continued installation of central air conditioning in additional public housing units.
- G. Adopt a Veterans employment/recruitment preference policy that appropriately prioritizes employment opportunities for those that have served our country.
- H. Develop a campaign and plan for an urban renewal and reinvestment, in and around public housing development, in economically distressed areas, or areas of planned economic growth – with the inclusion of the City of Laredo and the Laredo ISD (urban school district).
- I. Further connect our residents and tenants (adults and youth) to educational opportunities.
- J. Update agreements with all service agencies, including those related to the Kids Café program at the after school centers.
- K. Provide management capabilities through leadership and accountability training and development, to sustain improvements for the long-term.
- L. Further social media outreach and participation with key community and economic development groups, to expand coordination that benefits our residents/tenants.

Finally, I want to thank our City Mayor for trusting in my appointment, leadership and service. Just as importantly, I want to thank our residents, tenants, staff, consultants, attorneys, legislative representatives, City leaders, and my fellow Commissioners for their dedication, and efforts throughout the last year. Especially, the Board of Commissioners who accepted the call to serve at a difficult yet important time, and who have not wavered in their mission to help empower families, and assist those most vulnerable.

This agency, originally created by the City of Laredo in 1938 for a City of less than 40,000, represented a beacon of hope for improved, safe and decent housing during troubled economic times. This agency will outlive us and it should. May it do so under the leadership of those that wish to serve the public with dignity, respect and care for the disadvantaged – as it was intended.

May God Bless each of you who serve or receive a benefit from the Laredo Housing Authority and our Great City of Laredo.

Respectfully,

Jose L. Ceballos