

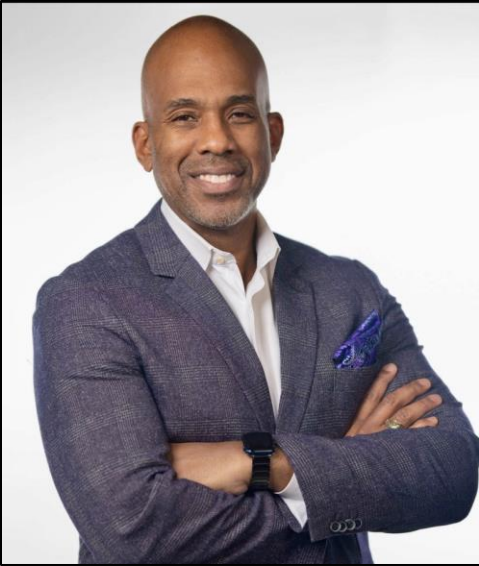


# Understanding the Roles of Commissioners and Executive Directors



Housing Authority of Travis County  
Board Retreat  
May 23, 2024

# Speaker Background



**Damon E. Duncan**  
damon@clesiaventures.com

Damon E. Duncan is the Owner and CEO of Clesia Ventures LLC, a public agency real estate development and consulting firm based in Atlanta, Georgia. Mr. Duncan is a 30-year affordable housing professional.

Mr. Duncan holds a bachelor's degree in psychology from Eastern Michigan University and a master's degree from Central Michigan University. He also holds a master or Real Estate Development from Auburn University, where he is also an adjunct professor in the Master of Community Planning (MCP) program.

# Back to Basics





# State of Texas Statutes

LOCAL GOVERNMENT CODE  
TITLE 12. PLANNING AND DEVELOPMENT  
SUBTITLE C. PLANNING AND DEVELOPMENT PROVISIONS  
APPLYING TO MORE THAN ONE TYPE OF LOCAL GOVERNMENT  
CHAPTER 392. HOUSING AUTHORITIES ESTABLISHED BY  
MUNICIPALITIES AND COUNTIES  
SUBCHAPTER A. GENERAL PROVISIONS

<https://statutes.capitol.texas.gov/Docs/LG/htm/LG.392.htm>

# The 10 Basic Board Roles & Responsibilities

1. Determine Mission and Purpose, and Advocate for them
2. Select the Chief Executive
3. Support and Evaluate the Chief Executive
4. Ensure Effective Planning
5. Monitor and Strengthen Programs and Services
6. Ensure Adequate Financial Resources
7. Protect Assets and Provide Proper Financial Oversight
8. Build a Competent Board
9. Ensure Legal and Ethical Integrity
10. Enhance the Organization's Public Standing

# Who Makes Up The Board of Commissioners?

Upon assuming their office, commissioners take an oath to agree to uphold the constitution and the laws pertaining to the agency. Acceptance of an appointment as a commissioner is an agreement to meet the leadership responsibilities implicit in the office of the commissioner and to give the time and energy required to carry out the demands made on a commissioner.

# Commissioner Skills & Experience

You may be asked by your appointment official to participate in the recruitment and selection process for additional board members. Consider candidates that possess the recommended skills and experiences listed:

Recommended skills of a Commissioner:

- Administration (financial, reporting, legal)
- Outreach and marketing (speakers, media contacts)
- Service provision (service experts, training contacts)

Recommended experience of a Commissioner:

- Past service to other agencies in the public, private, and nonprofit sectors
- Known positive reputation
- Community connections

# The Board's Role

- The Board of Commissioners has the ultimate responsibility for the PHA's performance and is accountable to the community and the residents it serves.
- The Board sets the operational norms, rules, and values of the agency.
- The Board establishes policies and internal controls to ensure integrity.
- The Board guides and oversee the PHA's policies, management and finances.





# Role of the Executive Director

- The commissioner's role is governance – establishing policy and ensuring oversight. The executive director's role is management. Commissioners and executive directors need to be cognizant of one another's roles without overstepping or undermining the other.
- The executive director is the bridge between the board, HUD, PHA staff, residents, and the community.
- The board delegates the authority and the day-to-day responsibility for the overall operations of the housing authority to its executive staff.
- All documentation from the PHA staff, residents, HUD, and other stakeholders goes to the executive director.



# The ED Has The Following Responsibilities



- Disseminates information to the board and keeps commissioners informed of any problems (e.g., audit concerns, major resident issues, financial status, changes in law)
- Maintains decent, safe and sanitary units and resident programs
- Develops, implements, and oversees the operating budgets and handles all fiscal functions for the board of commissioners
- Ensures compliance with all Federal laws, HUD guidelines (regulations, handbooks, notices, circulars, etc.)
- Signs all financial reports, contracts, and other official correspondence submitted to the board, HUD, or other appropriate agencies
- Manages the day-to-day operations of the PHA
- Hires, evaluates, trains, and terminates staff
- Executes board-approved policies

# Board roles and Management/Staff Roles

Board Role	Role Shared with Staff
<ul style="list-style-type: none"><li>• Approve strategic direction</li></ul>	<ul style="list-style-type: none"><li>• Create and implement strategic plan</li></ul>
<ul style="list-style-type: none"><li>• Recruit, evaluate, and support the Executive Director/CEO</li></ul>	<ul style="list-style-type: none"><li>• Financial management</li></ul>
<ul style="list-style-type: none"><li>• Manage organizational financial strategy</li></ul>	<ul style="list-style-type: none"><li>• Monitor programs (at a high level)</li></ul>
<ul style="list-style-type: none"><li>• Continually develop and organize the board</li></ul>	<ul style="list-style-type: none"><li>• Cultivate external relationships</li></ul>
<ul style="list-style-type: none"><li>• Manage organizational risks by creating effective policies and risk management strategy</li></ul>	<ul style="list-style-type: none"><li>• Manage organizational risk tactically</li></ul>

# The Chair

## Long Term or Rotation of Chair???

- Let's discuss Pros and Cons of Each



# Knowledge Test 1 of 3

The responsibilities of a commissioner include all of the following, except:

- A. Leadership for the community and the PHA
- B. Oversight to ensure compliance of Federal, State, and local guidelines, as well as PHA policies
- C. Oversight of PHA finances
- D. Day-to-day operations
- E. Conducting and maintaining a record of board proceedings



# Knowledge Test 1 of 3 Answer

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- D. Day-to-day operations**
- E. Conducting and maintaining a record of board proceedings

*Day-to-day operations do not fall under the purview of the board. These operations are in the interest of the executive staff.*

# Knowledge Test 2 of 3

Which stakeholder in public housing provides an important voice to guide the board oversight?

- A. Other commissioners
- B. Executive staff
- C. Residents
- D. HUD Field Office, Regional Office, and Headquarters
- E. All of the above

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- D. HUD Field Office, Regional Office, and Headquarters
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*Each of the above provides an important perspective on the status of the PHA that can guide your work. Find opportunities to interact directly with these resources*

# Knowledge Test 3 of 3

True or False: The executive director and commissioners should keep communication minimal so that the commissioners do not get bombarded with day-to-day operational issues:

☐ True

☐ False

# Knowledge Test 3 of 3 Answer

True or False: The executive director and commissioners should keep communication minimal so that the commissioners do not get bombarded with day-to-day operational issues:

☐ True

✓ False

*The board and the executive director should be in frequent communications – it is important for the commissioners to ask questions and be familiar with issues that arise in the PHA and the challenges that might be on the horizon.*



# Oversight Basics

The basics of oversight include understanding of the following:

- The guidelines and policies that guide the PHA
- The internal workings of the PHA
- Ethical and legal responsibilities
- The pitfalls that a PHA and its board can face

These basics will provide you with the tools you need to provide effective oversight to the PHA.

# Common Pitfalls

It is important to be aware of the pitfalls that PHA boards commonly face. Some of the typical include:

- Ineffective oversight of the overall operation of the PHA
- Failure to monitor KPI's
- Failure to ensure the PHA's resources are effectively expended
- Failure to implement internal controls and separation of duties
- Lack of external checks on financial reporting
- Failure to "bid out" assets being sold
- Failure to carefully review outside contracts and subcontracts
- Failure to make ethical, unbiased decisions
- Inadequate risk management



# Guidelines for Board Meetings

Typically, bylaws outline an agenda for regular board meetings that covers the following items:



1. Call to order, roll call
2. Approval of agenda
3. Approval of minutes of previous meetings
4. Public comments
5. Old business
6. New business
7. Approval of financial statements
8. Reports from the Executive Director or Secretary-Treasurer
9. Closed session (if needed)
10. Adjournment

# Board Members and Executive Staff

- Board members and executive staff both responsible for identifying and controlling risks.
- Based on the size of PHA, some individuals may be required to manage multiple roles that involve risk management and controls.
- Larger PHAs may have individual or specific departments dedicated to specifically identify, implement, and oversee risk management controls
- Smaller agencies require board members to be more involved and hands-on to compensate for the lack of separation of duties and fewer staff.

# Common Audit Findings for PHA's

- Improper procurements, including lack of documentation or competition
- Ineligible and unsupported use of Federal Funds
- Improper calculation or payment of rent subsidies
- Housing Choice Voucher and significant housing quality standards violations
- Conflicts of interest, especially small PHAs
- Inadequate documentation or missing inventory
- Improper use of funds from Family Self-Sufficiency program, etc.





# Fraud Reporting Requirements for PHA's

Fraud reporting requirements in 2 CFR Section 200.113 state that:

*“The non-Federal entity or applicant for a Federal award must disclose, in a timely manner, in writing to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. Failure to make required disclosures can result in any of the remedies described in 200 Remedies for noncompliance, including suspension or debarment.”*

The place to report fraud is the HUD OIG, but either:

- Filing a report on the OIG's website: <https://www.hudoig.gov/hotline/report-fraud>
- Call the appropriate Special Agent in Charge in the Office of Investigation

# OIG Investigations of PHA's

During PHA investigations, there are individuals who are often identified as having a role in fraudulent activity. The percentage rate of fraud detected among these individuals is listed below:

• Executive Director	40%
• Accounting and budget staff	18%
• Section 8 tenants and landlords	16%
• Contractors or consultants	11%
• Friends and family	5%
• Maintenance supervisors or employees	4%
• Section 8 managers or employees	3%
• Board members	3%



Source: Hiring by Public Housing Agencies, OIT Integrity Bulletin

# Frequent Types of Risk for PHA's

- Fictitious expenses
- Theft of rent receipts
- Contracting irregularities
- Check written to self, cash, friends and relatives
- Misuse of PHA employees' or contractors' time and labor
- Theft of inventory
- Purchase and travel card abuses
- Embezzlement
- Various tenant frauds

# Knowledge Test 1 of 3



All of the following are part of your oversight responsibilities as a board member except:

- A. Knowing the guidelines and policies that guide your PHA
- B. Being aware of the pitfalls that a PHA and its board can face
- C. The day-to-day operations of the PHA
- D. Following your ethical and legal responsibilities

# Knowledge Test 1 of 3 Answer

All of the following are part of your oversight responsibilities as a board member except:

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- C. The day-to-day operations of the PHA
- D. Following your ethical and legal responsibilities

# Knowledge Test 2 of 3

Which is the most important outcome of good governance of a Public Housing Agency?

- A. More funds to support the executive staff
- B. More families in the community served
- C. Improved reputation of the PHA board
- D. Improved reputation for appointing officials

# Knowledge Test 2 of 3 Answer

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- A. More funds to support the executive staff
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- C. Improved reputation of the PHA board
- D. Improved reputation for appointing officials



# Knowledge Test 3 of 3

Which of these circumstances is NOT a problem that PHA commissioners often experience?

- A. Spending too much time becoming familiar with the PHA's policies and guidelines
- B. Ineffective oversight of the overall operation of the PHA
- C. Failure to implement internal controls and separation of duties
- D. Not reviewing procurement procedures

# Knowledge Test 3 of 3 Answer

Which of these circumstances is NOT a problem that PHA commissioners often experience?

- A. Spending too much time becoming familiar with the PHA's policies and guidelines
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- C. Failure to implement internal controls and separation of duties
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# Commissioner Do's and Don't's

The following list of commissioner do's and don'ts is not all-inclusive, but it includes best practices for avoiding problems. However, even if a particular item on the list is not a requirement, experience has shown all of these to be best practices for avoiding problems. Industry groups and your HUD office are also good sources for advice and best practices.

# Commissioner Do's

- Pass resolutions and implement policies to prevent fraud and address unethical behavior.
- Properly train staff on HUD requirements and local procedures.
- Understand clearly your roles and responsibilities to the PHA.
- Monitor performance periodically to ensure that policies and procedures are effective or whether adjustments are needed.
- Establish monitoring controls to prevent or expose conflict of interest, fraud, and abuse.
- Ensure that an audit is conducted annually and that commissioners review the report. Ask the auditors to include areas of concern in their review
- Establish high ethical standards for PHA staff and act as positive role models.
- Learn about common risks and be alert for problems (for example, embezzlement, improper procurement).



# Commissioner Don'ts



- Sign blank checks, or checks not backed up with bills, invoices, or vouchers.
- Allow deposits or disbursements controlled by signature.
- Allow reconciliation of bank statements by the person who signs the checks, if possible.
- Use PHA supplies, equipment, or staff for personal use.
- Use PHA credit cards for personal use even with reimbursement.
- Use PHA contractors for personal purposes while they are engaged in PHA work.
- Accept gifts or gratuities from people who do business with the PHA.
- Do business with the PHA while you are a commissioner.



# Repositioning for Commissioners





# The Distinction



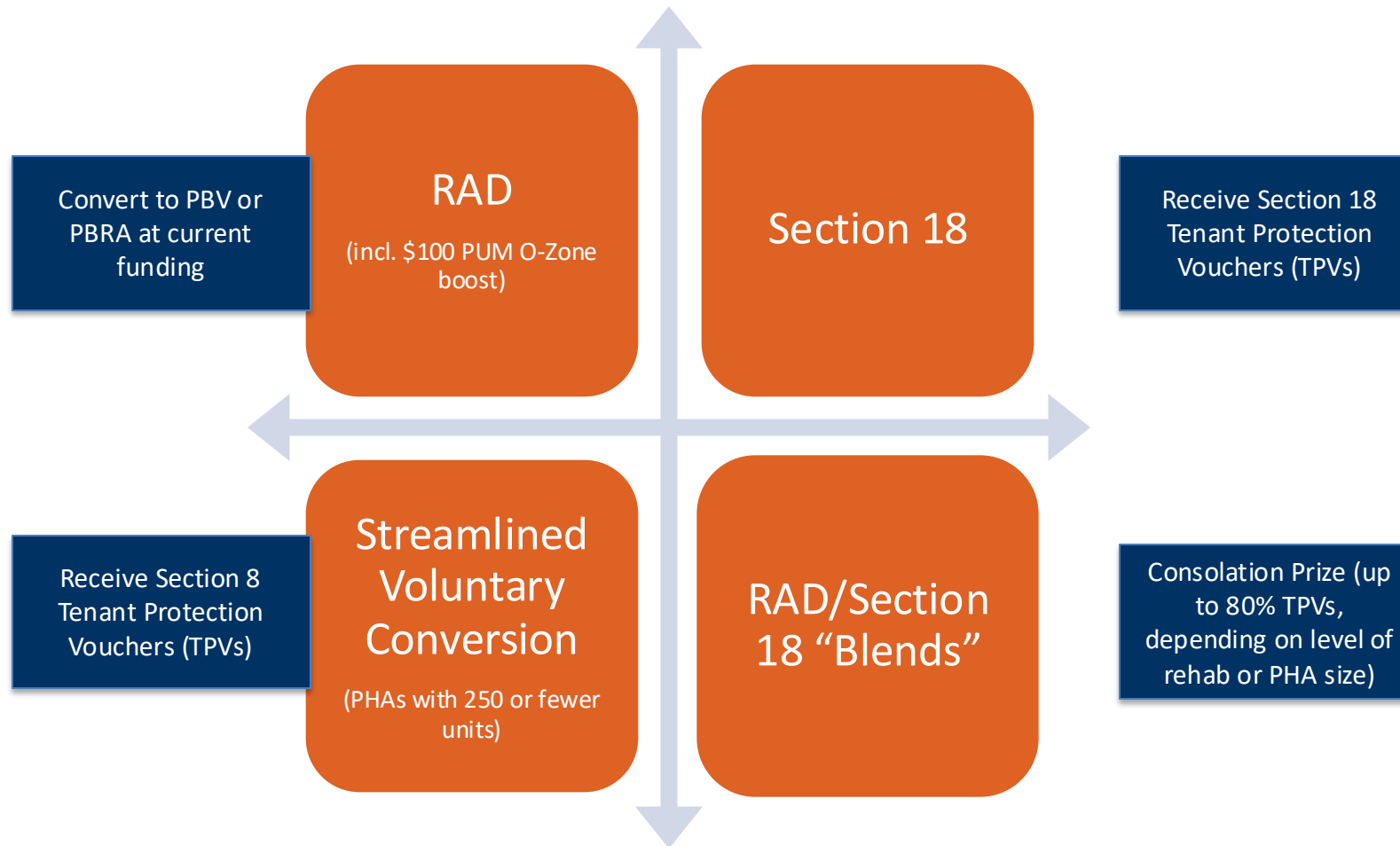
## REPOSITIONING VS. RECAPITALIZATION

**Repositioning** is the removal of a property from the Public Housing Program and replacing it with Section 8 assistance

**Recapitalization** is the use of current agency funds or third-party sources to complete necessary physical improvements to Public Housing property, often leveraging the Section 8 rental assistance.



# Primary Repositioning Tools – S9



# Texas Housing Data

In **Texas**, the Fair Market Rent (FMR) for a two-bedroom apartment is **\$1,172**. In order to afford this level of rent and utilities — without paying more than 30% of income on housing — a household must earn **\$3,907** monthly or **\$46,889** annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into an hourly Housing Wage of:

**\$22.54**  
PER HOUR  
STATE HOUSING  
WAGE

## FACTS ABOUT TEXAS:

STATE FACTS	
Minimum Wage	<b>\$7.25</b>
Average Renter Wage	<b>\$22.73</b>
2-Bedroom Housing Wage	<b>\$22.54</b>
Number of Renter Households	<b>3,737,262</b>
Percent Renters	<b>38%</b>

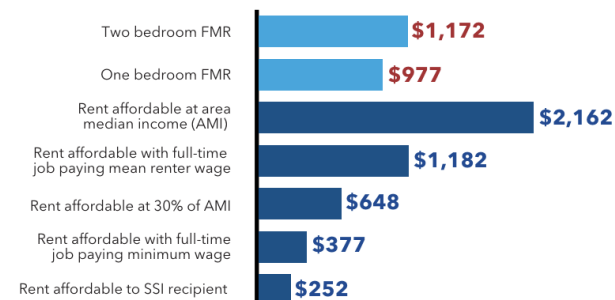
**124**  
Work Hours Per Week At  
**Minimum Wage** To Afford a **2-Bedroom**  
**Rental Home** (at FMR)

**104**  
Work Hours Per Week At  
**Minimum Wage** To Afford a **1-Bedroom**  
**Rental Home** (at FMR)

**3.1**  
Number of Full-Time Jobs At  
**Minimum Wage** To Afford a  
**2-Bedroom Rental Home** (at FMR)

**2.6**  
Number of Full-Time Jobs At  
**Minimum Wage** To Afford a  
**1-Bedroom Rental Home** (at FMR)

MOST EXPENSIVE AREAS	HOUSING WAGE
Austin-Round Rock MSA	<b>\$27.90</b>
Midland HMFA	<b>\$27.56</b>
Dallas HMFA	<b>\$26.19</b>
Kendall County	<b>\$26.12</b>
Fort Worth-Arlington HMFA	<b>\$24.40</b>



MSA = Metropolitan Statistical Area; HMFA = HUD Metro FMR Area.

\* Ranked from Highest to Lowest 2-Bedroom Housing Wage. Includes District of Columbia and Puerto Rico.

# Affordable Development Tools

- Texas State Affordable Housing Corp
  - Low Income Housing Tax Credits
  - Tax Increment Financing
  - Tax Exempt Bonds
  - ACT Program
  - Texas Housing Impact Fund
- Regulations
  - LDC: Housing form, location, density
- Voluntary Development Incentives and Agreements
  - Regulatory Plan
  - Density Bonuses
- PUD
  - Site-specific negotiated development agreements that are based on current conventional zoning
- City-Owned Land
  - Partnerships
  - Community Land Trusts



# Leveraging Subsidies + Financing



- Federal Funds
  - Community Development Block Grant (CDBG)
  - HOME
  - Continuum of Care
  - Low Income Housing Tax Credits
- Local Funds
  - Housing Trust Fund
  - General Obligation Bond
  - Other Local Financing Tools
    - TIF / Tax Increment Reinvestment Zones, Public Improvement Districts (PID)

# Questions

Damon E. Duncan  
Owner  
Clesia Ventures, LLC  
404-805-4102  
[www.clesiaventures.com](http://www.clesiaventures.com)

