

**Agency Plan Amendment Attachment  
Raleigh Housing Authority  
Fiscal Year Beginning 4/1/2010**

**Section 7.0 HOPE VI, Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing, Homeownership Programs, and Project-based Vouchers.**

- (a) HOPE VI – RHA has applied four times to get a HOPE VI Grant to demolish and rebuild Walnut Terrace. RHA was denied this funding again in June 2010. As a result RHA is forced to seek other means for removing these dilapidated units from RHA’s inventory and other funding sources to rebuild this community. RHA secured demolition approval for this property on June 21, 2010. The agency plan amendment is to address alternative approaches for redevelopment of the distressed public housing community of Walnut Terrace. RHA will consider applying again for HOPE VI funding if it is made available in a manner that is consistent with the goals and outcomes of RHA and its Board of Commissioners.
- (b) **Demolition** – RHA secured HUD approval of a demolition application for Walnut Terrace on June 21, 2010. The relocation of the residents is currently underway.

**Disposition** – In order to raise the funding necessary to rebuild Walnut Terrace, it is necessary for RHA look at all of the assets it has and determine the best means for replacing the units in Walnut Terrace following the demolition. Without HUD funding in the form of a HOPE VI Grant it is imperative that RHA use the means at its disposal to replace the Walnut Terrace units scheduled for demolition. RHA has a number of resources that it plans to use to complete this redevelopment. RHA intends to submit disposition applications to the Special Applications Center for the following properties:

**Non-Dwelling Dispositions** – **420 N. Boylan Avenue** – this is an office building that once served as the Finance Office for RHA. This building was vacated in 2000 and has not been reoccupied. The building is in disrepair with the greatest share of its value coming from its location in a thriving part of downtown Raleigh. This building will be sold at fair market value. The proceeds from this sale will be used toward the redevelopment of Walnut Terrace less the costs incurred for completing the sale. These expenses include items such as realty fees, appraisal costs, or other costs associated with the sale.

**101 Authority Lane** – This facility has served as the centralized maintenance and warehouse facilities for RHA since the late 1980s. With the required movement to asset management, centralized services are no longer beneficial. This facility is too large and too costly to continue to operate under the constraints of asset management. Therefore, RHA intends to sell this facility at fair market value.

The proceeds remaining after expenses such as realty fees and other costs associated with the sale will be used in the redevelopment of Walnut Terrace.

(Both of the above dispositions have been included in RHA's redevelopment plans for several years.)

**Dwelling Dispositions** – In response to the need to identify additional funding sources in lieu of HOPE VI funding RHA has identified other assets that can be sold in order to fund replacement housing at Walnut Terrace. Although this approach is new to the agency plan it has been factored into RHA's long term plans for more than 10 years.

**Single Family Homes** – RHA has purchased single family homes around the City of Raleigh since 1997. These are incentive single family homes for working families and this method was implemented prior to asset management. Some of these homes were built in late 1980s. The original idea behind these homes was to lease them as public housing for a few years, sell them and then use the proceeds to buy another home. Under this scenario the program would be a declining program. This is because once the home is sold on the open market the proceeds would likely not be enough to purchase another new home, resulting in fewer units over time. These homes were built at different times by different builders with varying amenities. This makes product standardization difficult and makes it more difficult for RHA to maintain the materials needed for the upkeep of the units. Another issue is the fact these homes are widely distributed around the city which results in difficulty for RHA to manage the units, maintain, or inspect the units to the level required by RHA standards. There is also considerable cost in time and travel for staff to oversee and maintain these homes. These homes are also starting to age and repairs to heat pumps, ceiling fans, garages, storage buildings, driveways, landscaping, privacy fencing, and other amenities not typical of multifamily housing is increasing the costs to maintain these units. These costs will continue to escalate as these homes age.

RHA plans to sell up to 100 of these single family homes from a single AMP (#NC002000038) on the open market as they vacate. The majority of these units are 3 bedroom units with two 2-bedroom units and one 4-bedroom unit. The sales will be phased over an 18 month period to avoid flooding the market and to take advantage of unit turnover. On average, 34 homes per year vacate in the single family home program. RHA intends to conduct an assessment of each home to determine if this is a home that RHA would like to sell. RHA will determine the units to be sold based on location, age of the home and potential sales value. RHA does not plan to displace residents except in cases where RHA wants to get out of an area of town or if vacancy rates drop too low to enable RHA to sell the number of homes it needs. Anytime a resident family is displaced they will be assisted in conformance with the Uniform Relocation Act of 1970 as amended. In no case will a family become homeless or lose housing assistance in order for RHA to sell a particular home. It is due to RHA's desire to minimize

displacement that we are unable to provide the exact addresses of the units to be sold in advance. The homes will be listed with MLS and offered to any qualified buyer.

The proceeds from the sales of each home less the cost of the sale such as listing fees or realtor fees will be deducted from the sales price. The net proceeds will be used to construct replacement housing on the Walnut Terrace site. It will be more cost effective and efficient to place the public housing on a single site. This cuts the cost of travel and provides the ability to have on site management to oversee the community.

In order to sell these homes RHA must secure HUD approval of a Disposition application. The sale of the homes will start within 30 days of the HUD approval. RHA will submit the disposition application on or around August 26, 2010.

**Ellington Street Duplexes** – There are four units of public housing located at  
711-101 Ellington Street  
711-102 Ellington Street  
715-101 Ellington Street  
715-102 Ellington Street

These are duplex units included in AMP NC002000018. These are four units that are isolated from the rest of the AMP. These units are also located in a distressed part of the city. RHA intends to sell these four units at market value. They will be offered for sale to the public. These units are currently occupied and the residents will be relocated in accordance with the URA. RHA will deduct relocation costs, realtor fees and any other costs associated with the sale from the proceeds. The remaining proceeds will be used to construct public housing units on the Walnut Terrace site. These units will be submitted under a separate disposition application following RHA's August 26<sup>th</sup> Board meeting.

- (e) ***Project-based Vouchers*** – RHA intends to use project-based vouchers to complete the redevelopment of Walnut Terrace. This is necessary in order to complete the redevelopment without HOPE VI grant funding. This will enable RHA to provide the lowest possible rents for the extremely low-income families who reside in public housing. Keeping rents as low as possible will encourage more families to return to the completed community. RHA has 3569 vouchers currently in its inventory. RHA will project base up to 5% of its inventory. RHA has selected a developer for the property through the HOPE VI process. RHA intends to move ahead with the redevelopment working with the selected developer, Capitol Area Developments, Inc. RHA's previous HOPE VI applications did not include any project-based assistance. Therefore, RHA is adding this component through this plan amendment. All of the project-based units will be located on the current Walnut Terrace public housing site in order to provide replacement housing.

