

MINUTES OF A REGULAR MEETING OF
THE HOUSING AUTHORITY OF THE CITY OF RALEIGH, NORTH CAROLINA
BOARD OF COMMISSIONERS
FEBRUARY 27, 2020

The members of the Board of Commissioners of the Housing Authority of the City of Raleigh, North Carolina met in a regular meeting on Thursday, February 27, 2020 at 5:00 p.m. in the Board Room of the Authority located at 900 Haynes Street, Raleigh, North Carolina 27604.

The Board Chair called the meeting to order and upon roll call the following were present and absent:

Present: Eric Braun, George Dail, Bahati Mutisya, Gregg Warren, Doris Wrench

Absent: Don Carothers, Kyle Dilday, Kistina Freeman, Arne Morris

Visitors: Paula Cappola, Walnut Terrace Resident; Yolanda Winstead, Greystone Affordable Development.

RHA Staff: Sonia Anderson, Susie Bass, Suzy Bryan, Wayne Felton, Mark Holliday, Laura McCann, Jennifer Morgan, Donna Perez, Gwen Wall.

The Board Chair declared a quorum present and welcomed everyone to the meeting.

RECOGNITION OF VISITORS

Mr. Felton welcomed Paula Cappola, Walnut Terrace resident, and Yolanda Winstead, new RHA Board Commissioner.

Mr. Felton said since the Board Chair and Vice Chair are absent this evening, if nobody has an objection, Commissioner Dail will run the meeting. There were no objections to this request.

CONSENT AGENDA

Item 1

Charge-off of delinquent resident accounts for January 2020

Item 2

Financial statements for January 2020

Item 3

Vacancy and Turnover Summary for January 2020

(Commissioner Warren requested this item be removed from the Consent Agenda. There was an error in the vacancies at Heritage Park. Mr. Felton said staff would look into it and bring it back to the Board for the March Board Meeting.)

Item 4

Minutes of January 23, 2020 regular meeting

RECOMMENDATION: Approval as submitted by staff.

Commissioner Dilday moved and Commissioner Morris seconded approval of the Consent Agenda with the Vacancy and Turnover Summary for January 2020 pulled. A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, George Dail, Bahati Mutisya, Gregg Warren, Doris Wrench

Nay: None

The Consent Agenda has been adopted.

REPORT OF THE BOARD CHAIR

The Board Chair had no report.

REPORT OF THE BOARD SECRETARY

CO Detectors

Last month it was mentioned that staff was inspecting all of RHA's units to check the smoke and CO detectors and make sure they were working properly. There were some smoke and CO detectors that were taken down or disabled by residents. Those devices were replaced and tenants were charged accordingly. Staff also found that some of the range queens were out of date and they were replaced.

Presentation to City Council

It was mentioned at the last meeting that Mr. Felton would be presenting to the City Council on February 4th. They wanted to hear about how RHA was dealing with Carbon Monoxide detectors and other issues. However, a letter had been sent to the Mayor as well as an email explaining what staff had done regarding CO. That, along with the annual letter, were sufficient for the City Council and a presentation was not necessary.

Meetings

There have been several meetings in the past month:

- Commissioner Morris and Mr. Felton met with Mayor Baldwin on January 28th and they felt it was a very good meeting. They talked about what RHA wants to do regarding RAD and Heritage Park, and what the city would like to do for affordable housing.
- Mr. Felton is serving on the City's committee for the Affordable Housing Bond. The first meeting is tomorrow.
- Mr. Felton attended a summit in Charlotte for Opportunity Now. This is a new initiative that President Trump is starting. It was mainly about job and education training for low income families. Staff is going to set up meetings with NC Works, Shaw University, and Wake County to see where RHA can partner together on some of these opportunities.
- RHA had mental health training for the entire staff by Alliance Health. This was to help staff deal with individuals who may have mental health issues as well as their own personal mental health. There will be more mental health training in the future.
- InterAct came to the office and talked about domestic violence with staff who are in contact with the residents. They talked about the services they offer and how RHA can get residents in contact with them.

Census Bureau

Staff is working with the census bureau, setting up booths at some of the properties to assist residents with filling the census surveys.

Analysis of Impediments

Staff has been working with the City, Wake County, Town of Cary, and Wake County Housing Authority on Analysis of Impediments. The draft will go out next month for public comment.

Landlord Incentive

Last year staff added something to RHA's Administrative Plan for Section 8 and wanted to see how it worked. RHA offered an incentive to landlords that if they passed two annual inspections on the first inspection, that unit would not be inspected the following year. This started this past January and staff was not sure how many landlords would qualify. Last month RHA had 91 landlords who passed their last two inspections. This was more than staff predicted and is good news. It shows RHA has a lot of good landlords and also good tenants as it would be hard to pass an inspection on the first try if tenants did not take care of their units. Staff is scheduling a landlord appreciation gathering to thank them for being part of RHA's program.

RAD update

- RHA was awarded its CHAPS for all 16 properties at the end of January.
- Staff had the pre-kickoff call, kick off call, and bi-weekly call with HUD regarding RHA converting some properties to RAD.
- HUD feels RHA's strategy of converting the properties that will need little to no capital improvements first is good, as well as applying for all RHA properties to lock in the higher rental rates to keep RHA's options open. From those calls, HUD recommended staff change the application to a portfolio application as that would be better for RHA. That change was completed today.

Critical Needs Assessment

Staff sent out an RFP for the Critical Needs Assessments and seven proposals were received. The proposals ranged from \$28,000 to \$90,000. RHA does not have to go with the low bidder as they will be selected on experience with RAD conversions and the product they will supply for RHA. They should be selected next week. They will have 90 days to complete the assessment so they will be back by the end of May or early June. Staff will close by the end of this year on the four initial properties.

Commissioner Warren asked if this is RAD-specific or if RHA does it regularly. Mr. Felton said it is RAD-specific.

Commissioner Warren asked if the first four will be existing properties. Mr. Felton said that is correct.

Commissioner Warren asked where Heritage Park will fit into the RAD conversion. Mr. Felton said it is included with the application but will be looked at separately.

HUD Roundtable

Staff attended a HUD Roundtable in Greensboro last week. This was very good because staff talked about RHA's strategy. Staff learned a few other things that should be considered when selecting a contractor and possibilities for RAD, as well as redevelopment of Heritage Park.

Additional RAD Information

One thing the Board asked staff to do as part of RAD was have an outside consultant check the numbers to make sure converting to RAD is a good decision for RHA. Staff met a group named Quattel (they have an office in Morrisville) who can advise RHA on RAD. Staff also met a consultant at the Roundtable who has been recommended to RHA.

Architect Meeting

Staff also met with Larry Zucchini with JDavis Architects. He presented two plans for Heritage Park to the Board last month. There were many compliments on the presentation and staff thinks they have done a very good job developing the plans.

The next step is for staff to develop a schedule for the development of the project. Mr. Zucchini will get some broader construction numbers. Then staff will look at the retail and office numbers for the project.

Commissioner Braun asked if RHA should consider the zoning process since the current City Council is open to the project. It may take a year to 18 months to get the zoning approved. Mr. Felton suggested that they wait until staff talks with the architects. Staff needs to talk to HUD about the funding of the project.

HUD Conference Call

Staff had a conference call this week with the HUD field office. They are setting up another call with the HUD repositioning office.

New RHA Board Commissioner

RHA's newest Board member is Yolanda Winstead with Greystone Financial, who is at the meeting tonight. She will be sworn in at the March Board Meeting.

George Dail

Tonight is George Dail's last board meeting. He has been on the RHA Board for 24 years. His term is ending in March and Yolanda Winstead will fill his vacancy. Mr. Dail helped lead the agency through two record-setting HOPE VI redevelopment projects and RHA's HOPE VII redevelopment of Walnut Terrace. When Mr. Dail came to the agency, RHA was not in good shape. Now with his assistance, RHA is one of the most fiscally-sound housing authorities in the country. For his 24 years of service, staff is making a donation of \$240 in his honor to Meals on Wheels.

Commissioner Dail thanked the staff for all of the work they have done to make RHA such a success. He said it's the day-to-day operations, and not the work of the Board, that makes RHA a great agency.

NEW BUSINESS

Mr. Felton said this is the conventional budget revision for the Central Cost Center for fiscal year ending March 31, 2020. Highlights of the revision include:

- RHA's non-dwelling rent increased almost \$43,000. This is due to Sprint catching RHA up on back rent.
- Fees for Electrician and Exterminators were down \$27,000 and \$22,000 respectively due to positions being vacant for a portion of the year.
- Management fees for HCV are down \$39,000 due to not being fully leased up.

- All this netted a decrease to RHA’s operating receipts of \$22,000.
- Administrative salaries decreased \$72,000 due to some positions being vacant for a portion of the year.
- Ordinary Maintenance costs were down \$250,000 due to vacancies on the Vacancy Team as well as other trade positions.
- Operating expense decreased by \$340,000.
- Overall residual receipts increased by \$317,000 before equity transfers.
- On line 107 staff is transferring the gross HCV management fees (\$559,000). There is talk that the CCC may not continue to be defederalized. If it is not defederalized the money may be subject to recapture.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 10 (2020)

WHEREAS, in order to meet the operational needs of the Agency, it is necessary to revise the Annual Operating Budget for the Central Cost Center (“CCC”) for the period ending March 31, 2020; and

WHEREAS, the U. S. Department of Housing and Urban Development (“HUD”) has mandated housing authorities implement Asset Management which does not provide any federal funding to meet the operational expenses of the CCC requiring it to charge Fees-for-Services provided to the public housing communities; and

WHEREAS, the original Master Operating Budget for the fiscal year ending (“FYE”) March 31, 2020, which included the CCC, was approved by the Board of Commissioners on December 6, 2018 with Resolution #69; and

WHEREAS, the Master Operating Budget provided that the Housing Choice Voucher Management Fee be earned in the CCC; and

WHEREAS, HUD instructed Raleigh Housing Authority (“RHA”) in February 2012 that all fees related to Asset Management, including the Housing Choice Voucher Management Fee, must be earned by the CCC and could be subsequently transferred to other funds; and

WHEREAS, after recording the Housing Choice Voucher Management Fee projected at \$558,696 in the CCC, an equity transfer equal to the amount earned of \$558,696 is to be made from the CCC to Local Fund, as reflected on line 107; and

WHEREAS, the Board approved Resolution #62 on October 24, 2019 to request a CCC budget increase for the replacement of the roof and HVAC system at 971 Harp St. and safety improvements to the Leased Housing office at 900 Haynes St (Revision 1) ; and

WHEREAS, the Board approved Resolution #8 on January 23, 2020 in executive session regarding the Executive Director’s performance (Revision 2); and

WHEREAS, the original budget as revised reflects these two budget revisions; and

WHEREAS, the Governmental Accounting Standards Board (“GASB”) issued Statement 68 relating to accounting and reporting issues and how pension costs and obligations are measured and reported on audited external financial statements; and

WHEREAS, RHA was required to implement GASB 68 on the March 31, 2016 financial statements using pension data supplied by the NC Department of State Treasurer (“NCDST”); and

WHEREAS, NCDST will provide the pension data for FYE March 31, 2020 in the spring of 2020 to be included on RHA’s FYE 2020 audited financial statements; and

WHEREAS, GASB issued Statement 75 relating to financial reporting for Postemployment Benefits Other Than Pension Plans (OPEB) and establishes new accounting and financial reporting requirements for local public agencies who have OPEB funds held in irrevocable trusts; and

WHEREAS, RHA was required to implement GASB 75 on the March 31, 2020 financial statements using data derived from an actuarial study; and

WHEREAS, Cavanaugh MacDonald Consulting, LLC will provide the OPEB data for FYE March 31, 2020 in the spring of 2020 to be included on RHA’s audited financial statements; and

WHEREAS, the budget revision includes an estimate for the physical inventory adjustment for materials stored in the warehouse to be determined as the books are closed for the fiscal year end; and

WHEREAS, the implementation of Asset Management makes it desirable for RHA to change its accounting for some of the budget categories and the resulting projected income and expenditures in certain line items make it necessary to revise said budget; and

WHEREAS, RHA staff has prepared budget revision #3 for the operation of the CCC for the fiscal year ending March 31, 2020 reflecting revisions to the budget categories which is attached hereto and by reference is made part of this resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the Conventional Budget Revision #3 for the Central Cost Center for fiscal year ending March 31, 2020 be revised as follows:

1. Line 38 Total Receipts be decreased \$22,183.
2. Line 52 Total Administrative Expense be decreased \$77,778.
3. Line 69 Total Utilities be decreased \$17,870.
4. Line 75 Total Ordinary Maintenance be decreased \$249,027.
5. Line 89 Total General Expense be increased \$4,583.
6. Line 92 Total Operating Expense be decreased \$340,092.
7. Line 99 Total Non-Routine Expenditures be increased \$503.
8. Line 105 Total Operating Expenditures be decreased \$339,589.
9. Line 106 Residual Receipts before equity transfer be increased \$317,406.

BE IT FURTHER RESOLVED THAT:

1. Staff is authorized to revise the budget if necessary subject to additional funding information from HUD that may affect the income projections for the fiscal year ending March 31, 2020.
2. If needed, staff is authorized to revise the budget once the GASB 68 pension data is supplied by the NCDST.
3. If needed, staff is authorized to revise the budget once the GASB 75 OPEB data is supplied by Cavanaugh MacDonald Consulting, LLC.

4. Staff will report such changes to the RHA Board of Commissioners with the unaudited financials after the end of the subject fiscal year.

Commissioner Braun moved and Commissioner Warren seconded approval of the foregoing resolution.

A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, George Dail, Bahati Mutisya, Gregg Warren, Doris Wrench

Nay: None

Resolution No. 10 (2020) has been adopted.

Mr. Felton said this is RHA's conservative budget revision. The revisions include:

- Operating receipts have increased by \$420,000. This is due mainly to a \$350,000 increase in dwelling rents. RHA saw increases in dwelling rents at most of its properties. RHA also earned more interest on its investments.
- Administrative salaries decreased by \$103,000. This was due to vacancies during the year.
- RHA is increasing legal expenses by \$41,000.
- Ordinary Maintenance increased by \$410,000 due to an increase in contract costs. Mainly due to having to contract out HVAC installation and Electrician work. Contractors were used for vacancy turns because RHA was short staffed.
- Net subsidy was increased by \$308,000 due to proration being higher than budgeted.
- Overall Residual Receipts increased by \$169,000.
- Line 105 shows staff is transferring \$993,000 through HOTMA. After that transfer, as it shows on Line 110, it will show a loss but that is not a problem.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 11 (2020)

WHEREAS, in order to meet the operational needs of the Agency, it is necessary to revise the Annual Operating Budget for Asset Management Projects ("AMPs") NC 002-006 through NC 002-040 for the fiscal year ending March 31, 2020; and

WHEREAS, the original Operating Budget for the fiscal year ending ("FYE") March 31, 2020, which included the AMPs, was approved by the Board of Commissioners on December 6, 2018 with Resolution #69; and

WHEREAS, the Fees for Services reflected in the proposed budget revision are determined to be in the best interest of the individual AMPs and the agency as a whole; and

WHEREAS, the U.S. Department of Housing and Urban Development ("HUD") currently funds the Operating Fund for the AMPs on a calendar year basis; and

WHEREAS, HUD notified Raleigh Housing Authority ("RHA") on November 14, 2019 that the funding proration for Calendar Year ("CY") 2019 would be 97.77% of funding eligibility, which covers funding through December 31, 2019 or three quarters of the subject fiscal year; and

WHEREAS, HUD paid an interim proration factor of 96.46% eligibility for January and February and 96.54% eligibility for March of CY 2020; and

WHEREAS, the Governmental Accounting Standards Board (“GASB”) issued Statement 68 relating to accounting and reporting issues and how pension costs and obligations are measured and reported on audited external financial statements; and

WHEREAS, RHA was required to implement GASB 68 on the March 31, 2016 financial statements using pension data supplied by the NC Department of State Treasurer (“NCDST”); and

WHEREAS, NCDST will provide the pension data for FYE March 31, 2020 in the spring of 2020 to be included on RHA’s FYE 2020 audited financial statements; and

WHEREAS, GASB issued Statement 75 relating to financial reporting for Postemployment Benefits Other Than Pension Plans (OPEB) and establishes new accounting and financial reporting requirements for local public agencies who have OPEB funds held in irrevocable trusts; and

WHEREAS, RHA was required to implement GASB 75 on the March 31, 2019 financial statements using data derived from an actuarial study; and

WHEREAS, Cavanaugh MacDonald Consulting, LLC will provide the OPEB data for FYE March 31, 2020 in the spring of 2020 to be included on RHA’s audited financial statements; and

WHEREAS, the budget revision includes an estimate for the physical inventory adjustment for the materials stored in the warehouse to be determined as the books are closed for the fiscal year end; and

WHEREAS, RHA desires to write off all tenant bad debts subsequent to the March 26, 2020 Board meeting through March 31, 2020 to accurately reflect tenant accounts receivables and maximize RHA’s score in the Management Assessment Subsystem; and

WHEREAS, it may be desirable to reclassify expenses between the AMPs and the Capital Fund Program to achieve net incomes for the AMPs that are close to breakeven, a goal previously approved by the Board using the fungibility included in the Quality Housing and Work Responsibility Act of 1998 (“QHWRA”); and

WHEREAS, staff will make these reclassifications as the books are closed for the fiscal year ending March 31, 2020 and report these amounts to the Board with the unaudited financial statements; and

WHEREAS, the total expenses related to the fire that occurred at Glenwood Towers on October 26, 2018 have not yet been finalized as the work has not been completed; and

WHEREAS, the total expenses related to the fire that occurred at Capitol Park on May 2, 2019 have not yet been finalized as the work has not been completed; and

WHEREAS, the Board approved Resolution #22 on March 28, 2019 to add a Compliance Manager position to the Administration and Finance Department (Revision 1); and

WHEREAS, the original budget as revised reflects this budget revision; and

WHEREAS, staff has prepared budget revision #2 for the operation of the Asset Management Projects for the fiscal year ending March 31, 2020 which is attached hereto and by reference is made part of this; and

WHEREAS, revisions to the budget category totals are reflected in the resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the Conventional Budget Revision #2 for the Asset Management Projects for fiscal year ending March 31, 2020 will be revised as follows:

1. Line 10 Total Receipts be increased \$419,685.
2. Line 25 Total Administrative Expense be decreased \$14,335.
3. Line 35 Total Tenant Services be decreased \$44,636.
4. Line 42 Total Utilities be decreased \$6,032.
5. Line 68 Total Ordinary Maintenance be increased \$410,344.
6. Line 71 Total Protective Services unchanged.
7. Line 85 Total General Expense be increased \$176,827.
8. Line 95 Total Non-Routine Expenditures be increased \$37,169.
9. Line 109 Total Operating Subsidy be increased \$308,515.
10. Line 110 Residual Receipts be increased \$168,863.

BE IT FURTHER RESOLVED THAT:

1. Staff is authorized to revise the budget if necessary:
 - a. Subject to additional funding information from HUD that may affect the income projections for the fiscal year ending March 31, 2020.
 - b. If additional tenant bad debts arise prior to March 31, 2020.
 - c. For any expenses reclassified between the AMPs and the Capital Fund Program to achieve net incomes for the AMPs that are close to breakeven.
 - d. If additional casualty loss expenses arise from the Glenwood Towers fire and the Capitol Park fire.
2. If needed, staff is authorized to revise the budget once the GASB 68 pension data is supplied by the NCDST.
3. If needed, staff is authorized to revise the budget once the GASB 75 OPEB data is supplied by Cavanaugh MacDonald Consulting, LLC.
4. Staff will report these revisions to the Board with the unaudited financial statements following the end of the subject fiscal year.

Commissioner Warren moved and Commissioner Braun seconded approval of the foregoing resolution.

A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, George Dail, Bahati Mutisya, Gregg Warren, Doris Wrench

Nay: None

Resolution No. 11 (2020) has been adopted.

Mr. Felton said this resolution is the budget revision for the Local Fund for the fiscal year ending March 31, 2020. Highlights of the revision include:

- Total receipts have increased \$447,000. Most of that are fees for the bond deal which closed this year (Capitol Towers and Beacon Ridge).
- Admin Expenses, Line 30, decreased by \$17,000. This is due to some positions being vacant for a portion of the year.
- General Expenses decreased by \$3,900.
- Total Operating Expenses decreased by \$27,000.
- Staff is anticipating an increase in an equity transfer of HCV Management fees of \$11,000 (shown on Line 65).
- CAD will pay an additional \$75,000 back to Local Fund on the loan for Walnut Terrace.
- All of these result in an increase to RHA's Net Cash Flow of \$560,000 from the original budget projections as shown on Line 78.

Commissioner Braun asked if the bond fees are purely revenue or are there expenses that come out of the fees. Mr. Felton said there is staff time involved in reviewing the bond and occasionally an outside contractor is hired to review (if staff doesn't have the time to review it). Those would be the primary expenses.

Commissioner Warren asked out RHA's fees compare to other housing authorities. Mr. Felton said the fees are standard and in line with other housing authorities.

Commissioner Braun asked if a closing statement could be emailed to the Board so that he could see what is involved. Mr. Felton said he would email a statement to the Board.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 12 (2020)

WHEREAS, the Housing Authority of the City of Raleigh ("RHA") established the Local Fund for entrepreneurial activities, such as issuing non-recourse housing revenue bonds and earning non-federal property management fees that support RHA's mission; and

WHEREAS, the Master Operating Budget for the fiscal year ending March 31, 2020, which included the Local Fund was approved by the Board of Commissioners on December 6, 2018 with Resolution No. 69; and

WHEREAS, HUD instructed RHA in February 2012 that all fees related to Asset Management, including the Housing Choice Voucher ("HCV") Management Fee, must be earned by the Central Cost Center ("CCC") and could be subsequently transferred to other funds; and

WHEREAS, the Master Operating Budget provided that the gross amount of the HCV Management Fee be transferred from the CCC to Local Fund; and

WHEREAS, the HCV Management Fee projected earnings of \$558,696 for the fiscal year ending March 31, 2020 in the CCC will result in an estimated equity transfer from the CCC to Local Fund, as reflected on line 65 of the proposed budget revision; and

WHEREAS, the Board approved Resolution #8 on January 23, 2020 in executive session regarding the Executive Director's performance (Revision 1); and

WHEREAS, the original budget as revised reflects this budget revision; and

WHEREAS, the income related to the Optional Resident Retention Services for the Section 8 Program as approved by the Board of Commissioners with Resolution No. 35 on May 30, 2013 is reflected on line 16 and the applicable expenses are reflected on lines 20, 25, 27, 34, 35, and 42 of the proposed budget revision; and

WHEREAS, staff has prepared budget revision #2 for the operation of Local Fund for the fiscal year ending March 31, 2020; and

WHEREAS, revisions to the budget category totals are reflected in the resolution; and

WHEREAS, the Governmental Accounting Standards Board (“GASB”) issued Statement 68 relating to accounting and reporting issues and how pension costs and obligations are measured and reported on audited external financial statements; and

WHEREAS, RHA was required to implement GASB 68 on the March 31, 2016 financial statements using pension data supplied by the NC Department of State Treasurer (“NCDST”); and

WHEREAS, NCDST will provide the pension data for FYE March 31, 2020 in the spring of 2020 to be included on RHA’s FYE 2020 audited financial statements; and

WHEREAS, GASB issued Statement 75 relating to financial reporting for Postemployment Benefits Other Than Pension Plans (OPEB) and establishes new accounting and financial reporting requirements for local public agencies who have OPEB funds held in irrevocable trusts; and

WHEREAS, RHA was required to implement GASB 75 on the March 31, 2019 financial statements using data derived from an actuarial study; and

WHEREAS, Cavanaugh MacDonald Consulting, LLC will provide the OPEB data for FYE March 31, 2020 in the spring of 2020 to be included on RHA’s audited financial statements; and

WHEREAS, the proposed budget revision for the operation of Local Fund for the fiscal year ending March 31, 2020 is attached to this resolution and thereby made part of the resolution; and

WHEREAS, the budget projections reflect a cost-efficient operation and a positive net cash flow;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the attached budget revision for Local Fund for the fiscal year ending March 31, 2020 be revised as follows:

1. Line 17 Total Operating Receipts be increased by \$446,860.
2. Line 30 Total Administrative Expense be decreased by \$16,596.
3. Line 39 Total Maintenance be decreased by \$6,482.
4. Line 51 Total General Expense be decreased by \$3,874.
5. Line 64 Residual Receipts be increased by \$473,812.
6. Line 65 Equity Transfer (HCV Management Fees) be increased by \$11,011.

BE IT FURTHER RESOLVED THAT:

1. If needed, staff is authorized to revise the budget once the GASB 68 pension data is supplied by the NCDST.
2. If needed, staff is authorized to revise the budget once the GASB 75 OPEB data is supplied by Cavanaugh MacDonald Consulting, LLC.
3. Staff will report these revisions to the Board with the unaudited financial statements following the end of the subject fiscal year.

Commissioner Braun moved and Commissioner Mutisya seconded approval of the foregoing resolution.

A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, George Dail, Bahati Mutisya, Gregg Warren, Doris Wrench

Nay: None

Resolution No. 12 (2020) has been adopted.

Mr. Felton said this resolution is a revision to the Operating Budget for the Section Eight Housing Choice Voucher Program for fiscal year ending March 31, 2020. Highlights of the revision include:

- Operating receipts increased by \$86,000 as shown on Line 9. Most of this is due to fraud recovery, lease up, and pro-ration change.
- Administrative Expenses decreased by \$122,000. This was mainly due to salaries that decreased by \$84,000 where there were vacant positions throughout the year.
- Line 21 shows an increase of \$23,000 in Sundry due to temporary staff to help cover vacant positions. Legal fees decreased by \$29,000.
- Line 55 shows an overall decrease in operating expenses of \$174,000.
- An increase of \$260,000 in RHA's overall operating budget as shown on Line 57.
- Net cash flow increased by \$253,000 to \$267,000.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 13 (2020)

WHEREAS, the Housing Authority of the City of Raleigh ("RHA") administers a Section Eight Housing Choice Voucher ("Voucher") Program; and

WHEREAS, effective January 1, 2004, the U.S. Department of Housing and Urban Development ("HUD") began providing funding for the Voucher program on a calendar year basis which crosses two fiscal years; and

WHEREAS, the Master Operating Budget for the fiscal year ending March 31, 2020, which included the Voucher program, was approved by the Board of Commissioners on December 6, 2018 with Resolution No. 69; and

WHEREAS, the Board approved Resolution No. 22 on March 28, 2019 to add a Client Specialist and Compliance Manager position; and

WHEREAS, HUD published the Administrative Fee rates on March 15, 2019 retroactive for calendar year 2019 and advised the proration factor is expected to be 80%; and

WHEREAS, HUD notified RHA on April 12, 2019 of the final HAP funding amounts for calendar year 2019, which covered funding through December 31, 2019 or three quarters of the subject budget year; and

WHEREAS, HUD issued Notice 2019-08 on April 18, 2019, which retroactively implemented the funding provisions for calendar year 2019, as required by the Federal Fiscal Year 2019 HUD Appropriations Act (Public Law 116-6), which was enacted on February 15, 2019; and

WHEREAS, HUD issued a notice on May 29, 2019 and advised the proration factor for Administrative Fees will decrease to 79%; and

WHEREAS, HUD has not yet completed the final reconciliation for the Administrative Fees for calendar year 2019; and

WHEREAS, HUD has not yet issued the funding provisions for calendar year 2020; and

WHEREAS, HUD has not yet published the Administrative Fee rates for calendar year 2020 or notified housing authorities of the proration factor; and

WHEREAS, during June 2014, RHA's auditor recommended setting up an allowance for doubtful accounts for amounts owed by landlords which may be considered uncollectible; and

WHEREAS, the proposed budget revision includes an allowance of \$6,297 as reflected on line #65 in the HAP expenses; and

WHEREAS, the landlords who owe balances cannot participate in RHA's Section Eight program until the amount owed is paid in full; and

WHEREAS, the Governmental Accounting Standards Board ("GASB") issued Statement 68 relating to accounting and reporting issues and how pension costs and obligations are measured and reported on audited external financial statements; and

WHEREAS, RHA was required to implement GASB 68 on the March 31, 2016 financial statements using pension data supplied by the NC Department of State Treasurer ("NCDST"); and

WHEREAS, NCDST will provide the pension data for FYE March 31, 2020 in the spring of 2020 to be included on RHA's FYE 2020 audited financial statements; and

WHEREAS, GASB issued Statement 75 relating to financial reporting for Postemployment Benefits Other Than Pension Plans (OPEB) and establishes new accounting and financial reporting requirements for local public agencies who have OPEB funds held in irrevocable trusts; and

WHEREAS, RHA was required to implement GASB 75 on the March 31, 2019 financial statements using data derived from an actuarial study; and

WHEREAS, Cavanaugh MacDonald Consulting, LLC will provide the OPEB data for FYE March 31, 2020 in the spring of 2020 to be included on RHA's FYE 2020 audited financial statements; and

WHEREAS, projected income and expenditures in certain line items make it necessary to revise the Annual Operating Budget for the fiscal year ending March 31, 2020 for the Voucher Program in order to meet the operational needs of the Agency; and

WHEREAS, the proposed operating budget reflecting revisions to the budget categories is attached to this resolution and thereby made a part of this resolution; and

WHEREAS, the budget projections reflect a cost-efficient operation;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the Operating Budget for the Section Eight Housing Choice Voucher Program for fiscal year ending March 31, 2020 be revised as follows:

1. Line 9 Total Operating Receipts be increased by \$86,536.
2. Line 22 Total Administrative Expense be decreased by \$121,905.
3. Line 27 Total Utilities be decreased by \$2,111.
4. Line 34 Total Ordinary Maintenance & Operation be decreased by \$1,208.
5. Line 41 Total General Expense be increased by \$3,426.
6. Line 45 Total HAP Expense-Incoming Ports be decreased by \$53,272.
7. Line 53 Total Other Expenditures be increased by \$1,009.
8. Line 57 Residual Receipts Operating be increased by \$260,597.

BE IT FURTHER RESOLVED THAT:

1. Staff be authorized to revise the budget if necessary subject to additional funding information from HUD that may affect the income projections for the fiscal year ending March 31, 2020.
2. If needed, staff is authorized to revise the budget once the GASB 68 pension data is supplied by the NC Department of State Treasurer.
3. If needed, staff is authorized to revise the budget once the GASB 75 OPEB data is supplied by Cavanaugh MacDonald Consulting, LLC.
4. Staff will report such changes to the RHA Board of Commissioners with the unaudited financials after the end of the subject fiscal year.

Commissioner Braun moved and Commissioner Mutisya seconded approval of the foregoing resolution.

A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, George Dail, Bahati Mutisya, Gregg Warren, Doris Wrench

Nay: None

Resolution No. 13 (2020) has been adopted.

Mr. Felton said in 2012 HUD included an offset in their budget of \$750,000,000 which would be filled by recapturing money in well-managed housing authority's reserves. Since 2012, RHA has been funded under a continuing resolution which fails to restore the \$750,000,000. This is a main reason for the proration of funding from HUD.

A portion of this funding is for the subsidy RHA receives for public housing units. Each property has a PEL (project expense level) which is the maximum amount PHAs can receive from HUD per unit on that property. The PEL is the amount HUD thinks it should take to maintain and manage a unit. From the PEL, staff subtracts the rent paid by the resident which is based on their income. That difference is what RHA receives from HUD as subsidy.

Looking at the bottom right corner shows the total difference between calendar year 2019 and 2020 which is \$114,000.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 14 (2020)

WHEREAS, the Public Housing Operating Fund Program final rule was published in the Federal Register on September 19, 2005 (79 FR 5498) providing a new formula for distributing Operating Subsidy to individual Asset Management Projects within a housing authority; and

WHEREAS, in Calendar Year (“CY”) 2012 the Department of Housing and Urban Development (“HUD”) balanced its budget by offsetting (recapturing) \$750 million in Operating Reserves held by well-managed housing authorities to make up the budget reduction in the Operating Fund; and

WHEREAS, the subsequent calendar year Operating Funds have been underfunded due to the Continuing Resolutions, which failed to treat the \$750 million recapture from CY 2012 as a one-time budget anomaly; and

WHEREAS, on September 26, 2019, Congress passed The Continuing Appropriations Act, 2020 which contained a short-term Continuing Resolution to fund the federal government through November 21, 2019; and

WHEREAS, on November 21, 2019, Congress passed The Further Continuing Appropriations Act, 2020, funding the government through December 20, 2019; and

WHEREAS, a final appropriations deal was announced on December 16, 2019, the Further Consolidated Appropriations Act, 2020 and was signed by President Trump on December 20, 2019; and

WHEREAS, HUD is currently promoting the Rental Assistance Demonstration (“RAD”) program which promises participating PHAs can lock in higher proration factors for their funding; and

WHEREAS, RHA is in the process of looking into RAD to determine if the current funding levels with RAD will benefit RHA; and

WHEREAS, HUD issued PIH Notice 2018-23 on November 26, 2018 which provided the most recent information to housing authorities for calculating the Operating Subsidy eligibility for all public housing properties for CY 2020; and

WHEREAS, HUD released updated Excel Tools and full guidance for the CY 2020 Operating Subsidy on February 12, 2020; and

WHEREAS, HUD’s 2020 Operating Fund Submission Schedule states that PHAs must submit their completed CY 2020 Excel Tools to the appropriate Field Office no later than March 3, 2020; and

WHEREAS, staff will submit the completed CY 2020 Excel Tools for calculating RHA's 2020 Operating Fund to the HUD Field Office in Greensboro by March 3, 2020; and

WHEREAS, Formula Income (tenant rent) is subtracted from the Project Expense Level in the calculation of Operating Subsidy, which has the effect of reducing the funding provided by HUD; and

WHEREAS, HUD pre-populated the Formula Income for CY 2020 using the FYE 2018 Audited Financial Data Schedule ("FDS"); and

WHEREAS, the subsidy calculation includes Asset Repositioning Fees for 1 single family home destroyed by fire which was approved by HUD on July 18, 2016 for demolition; and

WHEREAS, staff has prepared the Calculation of Operating Subsidy eligibility for CY 2020 in accordance with the current regulations and most recent guidance; and

WHEREAS, the Calculation of Operating Subsidy eligibility for CY 2020 totaling \$5,193,547 is summarized on the attached spreadsheet which by reference is made part of this resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the attached Calculation of Operating Subsidy for Calendar Year 2020 be approved.

BE IT FURTHER RESOLVED that should events occur which would significantly impact the Calculation of Operating Subsidy, staff is instructed to include these items in the revised calculation and report the changes to the Board of Commissioners at the next regular scheduled meeting.

Commissioner Braun moved and Commissioner Mutisya seconded approval of the foregoing resolution.

A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, George Dail, Bahati Mutisya, Gregg Warren, Doris Wrench

Nay: None

Resolution No. 14 (2020) has been adopted.

Mr. Felton said this resolution is for Resident Council and Inter-Community Council ("ICC") funding. The ICC is made up by the presidents from RHA communities. Each community can have a resident council – however, not each one does.

HUD regulations provide \$25 per unit for resident participation as part of the public housing operating subsidy. Of that \$25, \$15 goes to the resident groups and \$10 goes to the PHA. As with most of RHA's funding, it is subject to proration.

RHA's current proration factor is 96%. Based on the communities that have a resident council and the number of public housing units in those communities, staff calculates the available funding, including proration, to be \$14,904. Of that amount, 20% will go to the ICC. The final breakdown is \$11,923 to the resident councils to be distributed unitarily and \$2,981 to the ICC. This money has to be used for the communities and working on services and communication between residents and RHA.

The Resident Council must requisition any funds from RHA in writing. Staff will review and approve any funds before they are released. Receipts will be required. Funds can be used for various items such as light refreshments at resident council meetings, after school activities, clean up days, and donations to service providers.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 15 (2020)

WHEREAS, the Raleigh Housing Authority (“RHA”) has included in its Operating Budget for Fiscal Year beginning April 1, 2020 through March 31, 2021 an allocation of funds for Tenant Participation and Tenant Opportunities; and

WHEREAS, the funding amounts have been determined in accordance with the U. S. Department of Housing and Urban Development (“HUD”) Notice PIH 2013-21 that was published on August 23, 2013; and

WHEREAS, federal regulations require a total of \$25 per occupied public housing unit to be allocated to support tenant participation activities with \$15 per occupied public housing unit per year being provided directly to residents to support the activities of the duly elected resident councils; and

WHEREAS, the Notice indicates that funding levels can be tied to the agency current operating subsidy funding level provided by HUD which is currently prorated at 96% which results in a rate of \$14.40 per unit; and

WHEREAS, the remaining \$10 per occupied public housing unit will be used by RHA to support tenant participation activities; and

WHEREAS, the Inter-Community Council Inc. (“ICC”) a 501©3 non-profit is an effective and viable organization within RHA’s organizational structure; and

WHEREAS, a Memorandum of Agreement between RHA and the ICC addresses the expenditure of Tenant Participation funds; and

WHEREAS, the ICC requires financial assistance from RHA to help offset expenses and to address the needs of public housing residents; and

WHEREAS, the ICC and its Executive Board decided to provide 20% of the funding to the ICC; and

WHEREAS, the breakdown of the calculations for FYE 2021 Resident Council Community Budget is summarized on the attached spreadsheet;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the Executive Director is hereby authorized to execute agreements with Resident Councils in good standing and the ICC for a total funding amount of \$14,904 in Tenant Participation Funding for FY beginning April 1, 2020 thru March 31, 2021.

BE IT FURTHER RESOLVED that should HUD funding change for FYE March 31, 2021 the Executive Director is authorized to adjust funding levels accordingly.

Commissioner Warren moved and Commissioner Braun seconded approval of the foregoing resolution.

A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, George Dail, Bahati Mutisya, Gregg Warren, Doris Wrench

Nay: None

Resolution No. 15 (2020) has been adopted.

Mr. Felton said RHA residents benefit from services provided by several organizations. RHA wishes to make financial contributions to those that provide services that further RHA property management goals such as reducing crime, making property improvements, etc. RHA has a board-approved point system to evaluate the services provided to RHA residents.

Staff sent nine surveys to the providers so a score could be developed. Eight surveys were received. Those included:

CIS

- Provides computer centers at five RHA properties where children are mentored, can use a computer, learn computer skills and do homework.
- Smart Academy.

YMCA

- Mentoring, literacy and tutoring programs four days a week during school year.
- Free swim lessons four times a year.
- Camp High Hopes for seven weeks during the summer.
- They serve five RHA properties (Heritage Park, Oaks, Eastwood/Birchwood, Chavis, Kentwood and Mayview).

Meals on Wheels

- Provide meals to shut-ins at all RHA properties. They also provide food to people at Saint Savior's Center where residents can eat a meal in the auditorium.

Saint Savior's

- Formed by three churches to provide services to the needy. They do the following:
 - Nutrition classes
 - Walk club
 - Knitting club
 - Memorials for Glenwood and Carriage House residents
 - Chaplin services for Glenwood Towers and Carriage House
 - Serves all RHA properties through the Diaper Train and Wake Relief. Through Diaper Train they serve 54 families at 15 RHA developments; Wake Relief serves 111 families at 15 developments. (RHA has 17 total developments)

Food Shuttle

- Provides food at Glenwood Towers, Carriage House, Oaks, Berkshire, Valleybrook, Terrace Park and Heritage Park for RHA residents. (Vegetables and baked goods mostly.)

North Park church

- Weekly Bible study at the Oaks
- Thanksgiving meal drive for Oaks and Valleybrook residents
- ICC food pantry
- Weekly transportation to church from the Oaks
- Utility and bill assistance at Oaks and Mayview
- Assist with food distribution at Glenwood Towers

Food Bank of NC

- Provides food boxes at three of RHA's properties.

Staff had budgeted contributions totaling \$25,000. However, the Board can change that amount, if desired.

Commissioner Mutisya recused herself since she is on the Board for one of these providers.

Commissioner Warren suggested a larger contribution since all of these organizations do such great work.

Commissioner Warren recommended a \$35,000 contribution. Commissioner Braun agreed.

**HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 16 (2020)**

WHEREAS, the Raleigh Housing Authority ("RHA") benefits from the services provided by numerous organizations and agencies working both with its residents and within public housing communities; and

WHEREAS, RHA endeavors to provide financial contributions to agencies that offer services to advance RHA's goals and provide resident services; and

WHEREAS, in February 2006, the Board of Commissioners approved a point system to ensure funding is equitably distributed to those whose services provided the most impact during that fiscal year; and

WHEREAS, the scoring system helps evaluate and rank the merit, frequency, and impact of services delivered; and

WHEREAS, revisions to improve the applicability and usefulness of this scoring system and policy have been made and approved by the Board as needed; and

WHEREAS, using the approved system, an evaluation of the services provided to RHA by various service providers for this fiscal year has been conducted; and

WHEREAS, the funding recommendations are attached to this resolution for Board consideration reflecting a \$25,000 donation amount;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that staff is directed to process the paperwork necessary to make contributions to the service providers in the amount of \$25,000 as indicated on the attachment to this resolution.

BE IT FURTHER RESOLVED that staff is authorized to revise the AMP budgets as needed to accommodate these contributions.

Commissioner Braun moved and Commissioner Warren seconded approval of the foregoing resolution.

A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, George Dail, Gregg Warren, Doris Wrench

Nay: None

Resolution No. 16 (2020) has been adopted.

Mr. Felton said staff is preparing for RHA's REAC inspections. The rules have changed over the last couple of years and staff doesn't have time before the inspection to inspect each unit once RHA is notified the inspectors are coming. Staff needs the residents to call in work orders for tenant-caused damages. Many RHA residents do not call in tenant-caused damages because they are charged for them since they are not normal wear and tear.

At the PHADA conference that Mr. Felton attended in January, one of the PHAs stated they had reduced the charges to the residents to encourage them to report damages. Staff has discussed this and would like to try it. Staff has decided to reduce any labor charges by 50% for tenant-caused damage if the tenant reports it before they receive any notice of inspecting their unit.

Staff does HQS inspections annually for each public housing unit. What staff has seen is residents do not call in repair items and there may be a few work orders to repair several items at once. This takes more time to close the work orders and will result in charges to the resident if it is not normal wear and tear.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 17 (2020)

WHEREAS, Raleigh Housing Authority (RHA) provides established maintenance charges and procedures to residents which were last updated in 2019; and

WHEREAS, charges reflect and are similar to market rate services, materials and corresponding labor charges; and

WHEREAS, residents are charged for repair costs including materials and labor in cases where the repairs are beyond normal wear and tear; and

WHEREAS, RHA encourages residents to promptly report known damages and necessary repairs to ensure the satisfactory upkeep of the property, minimize repairs needed, and lower associated repair costs; and

WHEREAS, when residents do not report obvious issues, the number of items requiring repairs can increase leading to a larger strain on staff and the work order system; and

WHEREAS, RHA wishes to offer an incentive to residents to encourage timely reporting; and

WHEREAS, the hourly labor rate for billable repairs will be reduced by 50 percent for residents when they report a known problem through the maintenance work order line prior to receiving notification of a pending inspection;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the attached Maintenance Charge Sheet is adopted and effective for immediate implementation.

Commissioner Braun moved and Commissioner Mutisya seconded approval of the foregoing resolution.

A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, George Dail, Gregg Warren, Doris Wrench

Nay: None

Resolution No. 17 (2020) has been adopted.

ADJOURNMENT

There being no further regular business to come before the Board, the Chair declared the regular meeting adjourned at 6:15 p.m.