

MINUTES OF ZOOM MEETING OF
THE HOUSING AUTHORITY OF THE CITY OF RALEIGH
BOARD OF COMMISSIONERS
AUGUST 27, 2020

The members of the Board of Commissioners of the Housing Authority of the City of Raleigh, North Carolina met in a Zoom meeting on Thursday, August 27, 2020 at 5:00 p.m.

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

Present: Eric Braun, Niya Fonville, Kistina Freeman, Arne Morris, Bahati Mutisya, Gregg Warren (late), Yolanda Winstead, Doris Wrench

Absent: Don Carothers

Visitors: Charles Francis, RHA attorney.

RHA Staff: Sonia Anderson, Priscilla Batts, Liz Edgerton, Wayne Felton, Laura McCann, Jennifer Morgan, Donna Perez, Gwen Wall.

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

RECOGNITION OF VISITORS

There were no visitors at the start of the meeting. Charles Francis, RHA attorney, joined the meeting later.

OATH OF NEW COMMISSIONER – Niya Fonville

Kistina Freeman administered the Oath of New Commissioner to Niya Fonville and welcomed her to the RHA Board of Commissioners.

CONSENT AGENDA

(Note that the June 25, 2020 RHA Board Meeting did not include the Consent Agenda.)

Item 1

Charge-off of delinquent resident accounts for May 2020

Charge-off of delinquent resident accounts for June 2020

Charge-off of delinquent resident accounts for July 2020

Item 2

Financial statements for July 2020

Item 3

Vacancy and Turnover Summary for May 2020

Vacancy and Turnover Summary for June 2020

Vacancy and Turnover Summary for July 2020

Item 4

Minutes of May 28, 2020 regular meeting

Minutes of June 25, 2020 regular meeting

RECOMMENDATION: Approval as submitted by staff.

Commissioner Braun moved and Commissioner Morris seconded approval of the Consent Agenda. A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, Niya Fonville, Arne Morris, Bahati Mutisya, Yolanda Winstead, Doris Wrench, Kistina Freeman

Nay: None

The Consent Agenda has been adopted.

REPORT OF THE BOARD CHAIR

The Board Chair had no report.

REPORT OF THE BOARD SECRETARY

New Board Commissioner

Mr. Felton welcomed Niya Fonville to RHA and thanked her for serving on the Board.

COVID-19 Update

Mr. Felton said he appreciates everyone's concerns for his family. There have been no new cases of COVID-19 with staff. RHA has had staff out over the last few months quarantining while assisting family members. Staff has only been made aware of one case of COVID-19 with a resident at one of scattered site homes.

Audit Exit Meeting

The exit meeting with the auditors and audit committee was July 29th. The auditor's package will be sent out on Monday. Mr. Felton gave the floor to Commissioner Morris to report about the audit exit meeting.

Commissioner Morris said the audit committee met twice in July – once with the auditors for the entrance meeting and once for the exit meeting. The committee was told during the exit meeting that RHA had completed its 33rd consecutive year with no financial audit findings. He congratulated the RHA staff on another clean audit.

Commissioner Morris said there were a few management comments, which were immaterial findings. Mr. Felton and staff is working on correcting all of the findings, issues, and concerns. These findings were isolated and pertained to the Housing Management files, and the staff is working on those.

Commissioner Morris said that Dale Rector will be back for the September Board Meeting to meet with the Board and present the audit report for final approval. He then turned the meeting back over to Mr. Felton.

Mr. Felton congratulated staff for the 33rd consecutive year of no financial audit findings. There is no other housing authority that has come close to that. There were no findings with the Housing Management and Leased Housing files.

Mr. Felton said there were a couple of items in the Housing Management files that can be improved upon. Staff has already taken steps to correct those concerns, including:

- More training with staff to make sure everyone understands what needs to be done and how to do it. Some of the errors were simple math errors.
- Implementing DocuSign and FileVision. This should help with keeping track of documents and signatures during COVID-19. Even after the pandemic it should help to make it easier for residents as well as staff.
- Peer review among staff. FileVision will make this possible.
- Incentives for high passing percentage.
- Look at reviewing higher percentage of files for new staff or staff with issues.

Update on RAD

The staff has been working on RAD with the consultants since the pandemic began. RHA is currently at a standstill with RAD – everything has been done that can be done, except the Critical Needs Assessment (“CNA”). HUD has not issued any waivers on the CNAs – they still want the consultants to go into the units to evaluate them. Since staff does not feel comfortable sending people into units, the CNAs will need to wait until the pandemic has subsided.

Staff has heard that HUD will be issuing a waiver to extend the time period. RHA would have had to close on 25% within the first year. That does not seem possible with COVID-19. Staff is attempting to get everything completed that is possible at this time.

Commissioner Winstead asked if the CNA is required on 100% of the units. Mr. Felton said he doesn’t think 100% is required. Staff has taken the consultants to RHA’s vacant units, live-in units, and community rooms that are offline. They have also gone around to the outside of the units.

Commissioner Braun asked if the purpose of the CNA is to determine the immediate needs for the developments. Mr. Felton said since RHA is looking at a 20-year contract with RAD, HUD also looks at the age of the siding, etc., to figure out when the agency will need to replace it. If the repair falls within that 20-year window, they will make sure there is sufficient money in the replacement reserves for those items. In the reports that RHA has received so far, the up-front capital needs have been very small.

Commissioner Braun said there was some discussion in the department reports about making changes to the CNA. Mr. Felton said staff can look at the reports and then talk with the engineers and the coordinator to make sure everyone agrees with what the reports state. For example, if the report states that RHA must replace a roof in 5 years, staff can argue if the roof was just replaced and can negotiate with them.

Commissioner Braun said one of the things he has read is that there is some concern that PHAs are not depositing enough annually for their capital replacement needs. He asked what would happen if RHA were in the middle of the 20-year contract and staff realized there was not enough money being deposited for ongoing maintenance and repairs (where would RHA come up with the money for those repairs). Mr. Felton said the replacement reserves are monies that can only be used for items that are listed. RHA would still be making money that could be used for additional reserves. RHA received approval that staff could move RHA’s operational reserves and they could be used. Also, in the case of an unforeseen emergency, RHA could give an internal loan to cover those expenses.

Commissioner Braun said that makes sense. He got the impression that some PHAs were too optimistic and weren't reserving enough money. Mr. Felton said he understands the concern. However, RHA staff is very proud of the properties and how they look, and wants to make sure none of that is sacrificed in this conversion.

Glenwood Towers Update

- Mr. Felton said staff has completed the roof replacement – all three towers are finished.
- Façade work is complete with those units back on line.
- The two burn units are still offline. Staff re-bid for rebuilding those and the low bid price was more than insurance had allowed. Staff is working with the insurance adjuster and contractor to get this resolved so those can move forward.
- The loading dock needs to be reconfigured. While staff was finishing the façade at the loading dock GFL purchased new trucks which are a little longer than the previous trucks. Given the retaining walls and configuration, the new truck can't make the turn to lift the dumpsters off the loading dock. Temporarily, GFL will bring another truck to assist. Staff is working with a structural engineer and GFL to come up with a workable solution.
- Staff is looking at repaving and restriping the parking lot at Glenwood. The completion date is mid-November.

Carriage House Update

- Parapet work has started.
- The roof package has been received. The same contractor is doing the roof as well as the parapet.

Both projects should be completed by mid-November.

Birchwood Cameras

The Birchwood cameras are up and functioning. Staff placed three Tsunami cameras at the three blocks which make up the Birchwood development. The police have access to the cameras and staff was able to download a video to assist with an incident which occurred last weekend.

900 Haynes Street HVAC

Staff had budgeted this year to replace both rooftop units at 900 Haynes Street, RHA's main office. The bids were opened earlier this week and the bids were higher than what was budgeted. Staff is working with the engineers to determine if there is any value engineering that can be done to reduce the price. The cost has gone up because plants are having trouble keeping up with demand with reduced work forces due to COVID-19.

NSPIRE Demonstration

Earlier this month, RHA was notified that it would be part of HUD's NSPIRE Demonstration. NSPIRE is the new inspection protocol for the REAC inspectors. By being part of this 2-year demonstration, RHA will keep its current PHAS score for the next two years. The inspectors will inspect all of RHA's properties. This will help them develop their protocols as well as help RHA get ready for its inspections.

Arts Together Lease

Staff is working with Arts Together to finalize the addendum to their lease. Staff is also working with the Raleigh Nursery School at Capitol Park. Neither is open for business now due to COVID-19. Raleigh Nursery school paid their staff their last paycheck at the end of June.

RHA had deferred all of its commercial tenants' rent starting April 1 until August 1, 2020 due to COVID-19. Arts Together and Raleigh Nursery School rent has now been deferred until January 1, 2021. Staff is trying to work with them to ensure they can open and function after this pandemic. Raleigh Nursery School paid through July.

St. Saviour's Center has caught up on their rent and Communities In Schools pays once a year in March so they are paid for the year. These are income streams for RHA, so deferring this rent has an impact on the finances.

Raleigh Protests

Staff has reached out to the police to set up meetings with the residents to help with some of the unrest that has been happening around Raleigh and the rest of the country over the past couple of months. Setting up meetings has been difficult, given the pandemic, but staff will see what can be done to facilitate those meetings.

Land Banked Properties

The Board Book included a list of properties that RHA has "land banked". Also included are maps to show their locations. These properties can be sold to finance affordable housing projects or can be used to accommodate development of more affordable housing. RHA must be careful to ensure it has a development project to designate the funds. If not, these funds would go back to property and could be subject to recapture by HUD.

Newsletter for Residents

Staff issued the first digital newsletters to the residents. The plan is to complete these quarterly as a way to inform residents and keep them up to date with what is happening at RHA.

Resident Survey

Staff surveyed the RHA residents to see what their needs are and what can be done to assist them in meeting those needs. Anyone who submitted a survey was entered into a drawing for four \$25 Walmart gift cards. Even with the incentive, only 31 residents replied. Most of what staff saw from residents was help with internet service, child care, utility payments and dealing with loneliness. Ms. Cruz is working with residents and different entities to assist with these issues. Staff will showcase the four recipients in the next newsletter with hopes that this will encourage more participation with the next survey.

Backpack Donations

Lottie Moore, president of the Oaks and ICC president, received 100 backpacks full of school supplies and tablets from generous donors at an affiliated church. Ms. Cruz and Ms. Moore worked together to get the backpacks and supplies to school-aged children at the Oaks and Mayview communities. These neighborhoods were used because they have free Google internet.

Raleigh Tennis Association

RHA was approached by Raleigh Tennis Association to donate ten tennis racquets and ball sets to children at the Kentwood community. They would like to have the media there to report on the event. It will occur sometime early to mid-September and staff is working through the details.

Kyle Dilday

Kyle Dilday's term expired on the Board. The RHA staff appreciates his leadership over the years. Mr. Dilday started on the Board in 2005. RHA will be making a donation of \$140 to InterFaith Food Shuttle in his name for his years of service. RHA's policy is to donate \$10 per years of service.

Commissioner Warren complimented the staff on the digital newsletter for the residents – it was really well-done. He asked if staff knows how many of the residents have access to computers and whether or not it would be worth a little extra money to offer printed copies at the developments. Mr. Felton said thank you for the compliment – staff did a really good job putting it together. He said the Oaks and Mayview have free internet. Some of the residents at the Carriage House have computers that were donated by Kramden Institute. Mr. Felton said he would make sure there were some printed copies placed at the mail kiosks in the developments as well as the vestibules at 900 Haynes Street.

NEW BUSINESS

Heritage Park Update & Redevelopment Possibilities

- Overview of current development plans
- Possible methods of redeveloping property
- Funding sources for redevelopment
- CAD's role in redevelopment

Heritage Park Redevelopment

Update on where RHA is and how it got here:

- In discussions with the Board, staff wanted to increase the density at Heritage from what it is keeping in mind it has to be manageable.
- Staff would consider retail and commercial space on site as potential job opportunities for residents and funding sources for affordable housing units.
- RHA had Replacement Housing Factor grant money that had to be obligated before August 2019 so staff had a survey done of Heritage Park, an environmental assessment (Phase 1), and Master Plan by J. Davis Architects.
- A resident meeting was held in July 2019 to discuss what residents would like to see at Heritage Park and what staff envisioned. Their comments were incorporated into the Master Plan. These plans have not been presented to the residents.
- J. Davis presented their three options to the Board in January 2020.

Program A:

- Senior building similar to Parkview Manor and Carousel Place.
- Townhouses similar to Walnut Terrace, Chavis Heights., and Capitol Park.
- A corridor building (RHA does not have anything similar to this currently).
- Childcare on site (something that the residents wanted).
- 293 units.

Program B:

- Senior building.
- Childcare on site.
- Townhouses.
- Retail space underneath the units.
- Denser and possibly taller corridor building.
- Possible hotel at the corner of Dawson and South Street.
- Shared parking deck.

Program B1:

- Senior building.

- Childcare.
- Townhouses.
- Retail space and corridor building.
- Wrapped building with parking deck.
- Hotel (with the idea that the hotel could be sold to help pay for the affordable apartments on site).

Options for funding redevelopment of Heritage

- 75/25 blend (combination of Section 18-demo/dispo and RAD). 75% of the public housing units would convert to RAD; 25% would be handled through demo/dispo.
 - Pros: 25% could do project based vouchers, which would give RHA a fair market rent which is a higher rent than through RAD. The tenants would continue to pay 30% of their income, so their rent wouldn't go up. RHA would also get tenant protection vouchers for those 25%. RHA could use its Capital Fund and Operating Reserves for the 75%. RHA could use Demolition/Disposition Transition Funding ("DDTF"), which is additional funding that HUD gives.
 - Cons: RHA could not use 9% tax credits (RHA is not likely competitive for those tax credits because of the location of Heritage Park). An additional con to this option is that Heritage Park currently has four and five-bedroom units. The plan that has been put together shows one, two, and three-bedroom units. If the blended option is chosen, RHA would be required to put back the four and five-bedroom units unless the current tenants submit a waiver that they wish to take a voucher and are not going to move back. There are not many four and five bedroom needs on the wait list. Most of the demand is for one, two, and three- bedroom units.

Commissioner Braun asked if Heritage Park is in an opportunity zone. Mr. Felton said that Heritage Park is in an opportunity zone.

Commissioner Braun asked if that helps RHA or gives additional options. Mr. Felton said if the development is in an opportunity zone, by doing PBRA (Project-Based Rental Assistance), the PHA can apply for a \$100 boost in rent. However, there is no guarantee that the agency could get that boost.

Commissioner Braun asked how many four and five-bedroom units are at Heritage Park. Mr. Felton said there are currently 20. Staff has contacted approximately 12 families and the majority would want a voucher to move out of the development. Staff is still attempting to contact the remaining families.

Commissioner Braun asked if four or five bedroom units could be designed in such a way as to be able to convert them back to one, two, or three bedroom units once that family moved out. Would HUD let RHA shift them over? Mr. Felton said staff could check on that. He said staff is speaking to the families to determine what their situations are (in a couple of years, they might only need a three-bedroom unit if some of their family members have moved out).

- Section 18:
 - Pros: Any units occupied in the last 24 months would get a tenant protection voucher. With RHA's other redevelopments, these vouchers were one of the main reasons RHA was able to grow its number of housed families. Once the families moved back to the development, those vouchers became regular vouchers. RHA would be eligible for the DDTF and the repositioning funds. Also, RHA would get the Fair Market Rents.

Cons: RHA needs to qualify for obsolescence. To qualify for obsolescence, the total development costs for rehabbing the property would need to be more than \$16 million. Also, RHA would not be able to use its Operating Reserves or Capital Fund.

The EJP (RHA's consultant) thinks Section 18 is the way to go as it gets higher rents once the redevelopment is complete. Staff is going to test to determine obsolescence to make sure it is a viable option for a funding source.

Commissioner Braun asked how staff is going to test for obsolescence. Will EJP do that or will RHA hire an outside architect or engineer? Mr. Felton said staff is going to look at what it entails and determine if EJP can help with it. In staff's talks with HUD, including asbestos abatement in the rehab process is very expensive and will increase the costs. Also, making it ADA compliant will increase the cost. Many of the buildings at Heritage Park have steps that would need to be taken out and ramps put in.

Commissioner Braun said since the buildings were built in the 1970s they would have to be brought up to code and that should drive the costs up. He said it seems like Section 18 is the way to go and hopefully RHA can determine obsolescence.

Commissioner Warren said he appreciates the summary of choices. He asked if RHA staff could work with HUD or other PHAs to provide real-world examples of each of these deals. He said he's heard a lot about RAD conversions but he hasn't heard much about Section 18. Mr. Felton said staff would be happy to do that.

Funding Sources

- Sale of 54 Single Family Homes
 - RHA has 108 scattered sites around Wake County from near the airport to near Rolesville and down near the Johnston county line.
 - Maintenance costs have tripled over last eight years.
 - Sale of 420 North Boylan Ave.
 - HOTMA money
 - OFFP, where RHA would loan its Operating Reserves to itself. This was done with the redevelopment of Walnut Terrace.
 - Heritage Park reserves

Commissioner Braun asked about the sale of the 54 Single Family Homes – would they be sold at fair market to the highest bidder. If so, would they be sold and no longer be affordable and RHA would lose those 54 units? Mr. Felton said staff would like to come up with a home ownership program where they can be sold to the residents who are living there (or to other public housing residents). Since the Single Family Homes are part of RHA's incentive program, the tenant must be working at least 35 hours per week and continue to work while they live there. They have a time limit of 10 years. At the end of 10 years, if they are unable to live in market rate housing, RHA moves them into a public housing unit. Staff will look at who is at the end of their 10-year time period and try to work with them for purchasing the home.

Charles Francis said this is something that he and Mr. Felton have been discussing. He said they are discussing ways to address the wealth gap and try to help RHA's residents build equity. He was involved when the houses were purchased. Since none of those houses were purchased for over \$100,000, he feels confident that RHA would still get good profit even by helping residents and selling to them at lower than market value.

Commissioner Warren added that credit reports need to be pulled for the residents to ensure they are capable of homeownership. He said RHA needs to be clear-eyed that these residents are ready and capable to purchase the houses. RHA should also consider a clause that prevents home-flipping for profit within a year or two.

Commissioner Braun said that is a good point because someone could offer \$50,000 more than what they paid the day after the resident closes. RHA wants people to generate wealth, but doesn't want to give it away, either.

Commissioner Freeman said this is a good conversation. She asked that the discussion be tabled for later in the interest of time.

Discussion/Decisions for the Board

- Staff will look at obsolescence for Heritage to verify that Section 18 is a workable option.
- Creating a Development Committee within the Board. If this is set up, it would need to be four members or less. The Committee would act as a consultant to the staff. The Development Committee would meet once a month, a couple of weeks before the Board Meeting (in case there was something that needs Board approval and it could be put together for the Board Meeting).

Mr. Felton asked if the Board wanted to develop that Committee and who would want to be part of it. The following commissioners volunteered:

- Commissioner Morris
- Commissioner Braun
- Commissioner Mutisya
- Commissioner Warren

Commissioner Warren asked why there can't be more than four on the committee. Commissioner Morris said there can't be a quorum. If there are more than four, if anything is voted on it could potentially develop a policy.

Commissioner Warren asked if it could be called an "Advisor Group" instead so that could be more than four members (and not vote on anything). Commissioner Morris said there can be a committee of four and can be open for anyone to participate. That way the committee wouldn't fall into accidentally ratifying an action. Commissioner Warren said that sounds good.

- Begin rezoning the property
- Start having public meetings with residents about redevelopment of Heritage

Commissioner Warren asked if it maybe would be wise to describe the committee charter before developing the committee. Mr. Felton said staff can look at establishing some rules and look at what the criteria would be for the Development Committee.

Commissioner Braun said there can more discussion between now and September to decide what will be involved with the committee.

Mr. Felton said in previous meetings, the Board expressed a desire to start the rezoning process with the city. This can move forward separate from any Master planning. It is required as current zoning allows

for only 10 units per acre and staff would like to put more units than on site now. Staff spoke with a few developers, lawyers, and architects to get an idea for a budget for rezoning Heritage Park.

The costs are based on how many meetings will be required to get this passed by the City Council.

The budget of \$75,000 includes attorney and architectural fees.

With approval of this budget, staff will send out an RFQ for attorneys to handle the rezoning. RHA will use J. Davis Architects for architectural services since they did the master planning. They were procured for the master planning last year.

If this can be started in September, the plan is to be able to take this to City council for approval in April or May of next year.

Once this rezoning process is started, staff can reengage the city and see what their thoughts are on certain aspects (one being the street grid).

Commissioner Braun said he thinks CX-20 (commercial mixed use) is the better approach rather than RX-20 (residential mixed use). Mr. Felton said this resolution only approves the budget. Once that is approved, staff can use whatever the recommendations are from the engineers, architects, staff, and the Development Committee.

Commissioner Braun said he just wants to make sure RHA isn't locking itself into that designation. Mr. Felton said this is not locking into anything specific.

**HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 41 (2020)**

WHEREAS, Heritage Park is a 122 unit complex built in 1975 and 1978, located on 17.83 acres outside of downtown Raleigh; and

WHEREAS, the Board of Commissioners approved Resolution No. 43 on June 27, 2019 to spend Replacement Housing Factor funds on the preliminary reports required to submit Heritage Park to HUD for demolition; and

WHEREAS, on October 24, 2019, with Resolution No. 60, the RHA Board of Commissioners approved staff to prepare the demolition application and development plan for Heritage Park; and

WHEREAS, Heritage Park is currently zoned as RX-3 Residential Mixed-use, which allows a variety of homes and limited retail, up to three stories high; and

WHEREAS, there is a lack of affordable housing options in Raleigh, NC; and

WHEREAS, to allow for the option of a more dense redevelopment, RHA desires to rezone Heritage Park to RX-20;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that staff is authorized to spend up to \$75,000 from HOTMA funds or Capital Funds on the rezoning process for Heritage Park.

(Commissioner Braun recommends approval of this resolution with the clarification that the zoning designation is flexible.)

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, Niya Fonville, Arne Morris, Bahati Mutisya, Yolanda Winstead, Gregg Warren, Doris Wrench, Kistina Freeman

Nay: None

Resolution No. 41 (2020) has been adopted.

Mr. Felton said the Board approved RHA to apply for Rental Assistance Demonstration (“RAD”) with resolution No.46 in August 2019. Staff is considering converting some of RHA’s public housing units to RAD. The reason for looking at this conversion is the funding for public housing has been cut the last few years and staff feels this will continue. This program provides a more stable funding mechanism than traditional public housing funding.

Capital Fund Program (“CFP”) monies increased in 2018 which raised the rents for RAD because CFP is part of the calculation for the RAD rents. Tenants would still pay 30% of their income as their portion of rent but RHA would receive money from HUD in the form of a HAP payment, like Section 8 landlord. RHA is proposing to convert to Project Based Vouchers under the RAD program. These vouchers would be administered by the Leased Housing Department and RHA would earn the Administrative fees for these vouchers.

Since RHA would be administering the vouchers, it cannot own the property since it would have a contract with itself through the HAP contract. HUD requires RHA set up a separate entity since it can’t sign a contract with itself.

After discussing with the consultant, HUD officials and other PHA attorneys, the best option is to create another non-profit entity to serve as the owner of the properties once they convert to RAD. This new entity would be controlled by the RHA Board, with the same Board operating both entities. With this resolution the Board is approving staff to move forward drafting By-Laws and articles of incorporation for this new entity. Staff will bring these back to the Board for final approval.

Commissioner Warren said it is noted that RHA would wholly owned the subsidiary. He said he didn’t think that a 501(c)(3) non-profit could be owned by any entity. They are independent entities and can be controlled by the appointment of the Board of Directors but the resolution should be revised to reflect that.

Commissioner Warren also requested that the By-Laws and articles be brought back to the Board for approval. Mr. Felton said once the By-Laws and articles are drafted they will be brought to the Board for approval.

Charles Francis said Commissioner Warren’s 501(c)(3) non-profit point is correct. He said the way staff was envisioning how RHA would control it is that the nine RHA Board Commissioners would be the nine Directors of the non-profit.

(Please note that the resolution reflects the correction that resulted from the discussion.)

Commissioner Warren said another option to consider would be to not lock it in by that manner because there may be some question as to whether or not it's the same entity. Instead, make a note that the Board of Commissioners would appoint the members of the 501(c)(3) and be able to remove them with or without cause at any point in time. He said that would give more flexibility. Mr. Francis said that would work – the Board could appoint themselves or somebody else.

Mr. Francis said one of the things staff discussed with having the same Board were the concerns that Commissioner Warren and Commissioner Braun had about CAD. It was assumed that the Board would want to keep control of the non-profit. He said there is also an ease of management – the convenience of having the meetings on the same night.

Commissioner Braun asked if it is more complicated to borrow against one of the properties if they are all owned by one entity or will they be owned in single asset LLCs. Mr. Felton said staff will check into that and make sure they can borrow money from each other. He said he thinks HUD would want RHA to set up a separate LLC with each property.

Mr. Felton also clarified that RHA is not going to convert all of its public housing to RAD. The application was made for all of the properties to lock in the higher rent to see if it would work. RHA does not have to convert all of the properties and can pull out at any time before the closing.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 42 (2020)

WHEREAS, the U.S. Department of Housing and Urban Development ("HUD") introduced the Rental Assistance Demonstration ("RAD") program in 2012 that, upon successful conversion, provides long-term Section 8 contracts to Public Housing Authorities ("PHAs"); and

WHEREAS, the RAD program seeks to preserve low income housing by allowing PHAs access to more stable funding sources for capital improvements; and

WHEREAS, Resolution No. 46, approved by the Raleigh Housing Authority ("RHA") Board of Commissioners on August 22, 2019, authorized staff to submit an application for participation in the RAD program; and

WHEREAS, on December 4, 2019, RHA submitted an application for the conversion of all 16 Public Housing Asset Management Projects ("AMP") to the RAD program; and

WHEREAS, on January 27, 2020, HUD approved RHA's RAD application and issued a Commitment to Enter into a Housing Assistance Payments ("CHAP") for all 16 AMPs; and

WHEREAS, on February 27, 2020, RHA requested the CHAPs be returned and changed to a portfolio application which will reserve conversion authority and lock in the current RAD contract rent level for all the identified units in the portfolio but not require all 16 properties be converted to RAD at one time; and

WHEREAS, HUD requires ownership or control of the RAD Projects by a public or non-profit entity; and

WHEREAS, if the Housing Authority will be administering the vouchers, HUD prohibits the PHA from signing a Housing Assistance Payment contract with itself; and

WHEREAS, RHA will be administering the vouchers as part of the current voucher program and therefore will need to transfer the ownership of the RAD projects to a wholly owned subsidiary in which the RHA is the sole owner or member; and

~~WHEREAS, RHA feels it is in the best interest of the agency to create a 501(c)(3) non-profit, wholly owned subsidiary, of the Housing Authority to serve as the owner of the converted RAD properties; and~~

WHEREAS, RHA feels it is in the best interest of the agency to create a 501(c)(3) non-profit, affiliate, of the Housing Authority to serve as the owner of the converted RAD properties; and

WHEREAS, RHA and the new non-profit entity will have overlapping boards and each RAD property will be a single asset LLC under the new non-profit entity; and

WHEREAS, the separate entity will adhere to HUD's rules of ownership and limit the liability of the Housing Authority;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH, NC that staff is authorized to enter into a contract with RHA's attorney, Francis Law Firm, PLLC to prepare the Bylaws and Articles of Incorporation for the new 501(c)(3) non-profit entity to serve as owner of the converted RAD properties.

BE IT FURTHER RESOLVED that staff will bring the Bylaws and Articles of Incorporation to the RHA Board of Commissioners for final approval.

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, Niya Fonville, Arne Morris, Bahati Mutisia, Yolanda Winstead, Gregg Warren, Doris Wrench, Kistina Freeman

Nay: None

Resolution No. 42 (2020) has been adopted.

(Commissioner Warren had to leave the meeting. He stated that Resolution No. 45 (2020) needed to be revised to indicate that Murphey School Apartments is owned by Murphey School, LLC (not DHIC).

Mr. Felton said in May 2018, RHA was awarded a Capital Fund Program grant with funding of \$3,851,589. This is the final performance and evaluation report for this grant as staff is closing it out. All funds have been obligated and expended.

Out of this grant, some of the items include:

- \$2.2 million for brick façade work at Glenwood Towers.
- \$495,000 for roof at Glenwood Towers

- \$24,000 for PEX replacement at Meadowridge
- \$83,000 for paving at Valleybrook
- \$124,000 on asbestos abatement at various properties. The reason for this is the original floor tile and/or mastic contains asbestos. In the past, staff had gone over the flooring with another layer. However, staff cannot continue doing that as the flooring will not last as long.

Page 4 of 4 shows that staff expended all the funds more than two years before it was required.

Approval of this P&E will close out this grant. RHA currently has 2019 and 2020 grants open which are about \$3.9 and \$4.1 million each. Staff has already started obligating funds for the 2019 grant.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 43 (2020)

WHEREAS, the Housing Authority of the City of Raleigh (“RHA”) receives annual funding for the Capital Fund Program from the Department of Housing and Urban Development (“HUD”); and

WHEREAS, the Capital Fund Program allocations are used for capital improvements to the public housing inventory; and

WHEREAS, RHA was awarded Capital Fund Program grant NC19P002501-18 in May of 2018 with funding in the amount of \$3,851,589; and

WHEREAS, the designated work items approved for implementation have been completed with corresponding funding fully expended and therefore the grant is eligible for close out; and

WHEREAS, the final performance and evaluation report for Capital Fund Program grant is attached hereto and by reference made part of this resolution; and

WHEREAS, staff recommends that the final performance and evaluation report for Capital Fund Program grant NC19P002501-18 be approved;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the final performance and evaluation report for Capital Fund Program grant NC19P002501-18 in the amount of \$3,851,589 is approved for submittal to the Department of Housing and Urban Development.

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

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

Aye: Eric Braun, Niya Fonville, Arne Morris, Bahati Mutisya, Yolanda Winstead, Doris Wrench, Kistina Freeman

Nay: None

Resolution No. 43 (2020) has been adopted.

Mr. Felton said RHA was approached by a developer wanting to rent the overflow parking lot for Glenwood Towers because they are developing a property near Boylan Avenue and Peace Street. RHA has rented that parking lot over the years for construction situations like this. There are 38 spaces, and staff has negotiated \$2,850 per month to rent all 38 spaces. They would like to rent them for one year for the duration of their construction. The money will go to Glenwood Towers so it will be part of their budget.

Note that there is still adequate parking for the residents.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 44 (2020)

WHEREAS, the Housing Authority of the City of Raleigh, North Carolina (“RHA”) owns property recorded in the Wake County Register of Deeds Book 2422, Page 119 located at 603 N. Boylan Avenue (the “Property”); and

WHEREAS, 615 Peace Street, LLC has expressed interest with the RHA in using the Property as a staging ground and for parking in the construction of a mixed use building consisting of 24 condo units and about 2,000 SF of retail. The proposed building will be four stories and have 19 parking spaces at grade, accessed off Boylan Avenue; and

WHEREAS, the attached Lease Agreement by and between Housing Authority of the City of Raleigh, North Carolina and 615 Peace Street, LLC details the terms of the proposed agreement between RHA and 615 Peace Street, LLC is attached and by reference is part of the Resolution; and

WHEREAS, the Property would be helpful to 615 Peace Street, LLC in the above-referenced development and construction due to constraints on its site; and

WHEREAS, the proposed Lease Agreement by and between Housing Authority of the City of Raleigh, North Carolina and 615 Peace Street, LLC would be for an initial term of 12 months unless renewed for up to an additional 12 months consistent with the terms of the Lease Agreement by and between Housing Authority of the City of Raleigh, North Carolina and 615 Peace Street, LLC; and

WHEREAS, staff has determined the Lease Agreement by and between Housing Authority of the City of Raleigh, North Carolina and 615 Peace Street, LLC would not negatively affect the Property or RHA and 615 Peace Street, LLC will be obligated to restore the Property to its original condition at the end of the lease term; and

WHEREAS, staff will use income from the Lease Agreement by and between Housing Authority of the City of Raleigh, North Carolina and 615 Peace Street, LLC to reinvest and make improvements on the NC2-6 site, which includes Glenwood Towers, 616 Tucker, and 618 Tucker Street buildings.

NOW, THEREFORE, BE IT RESOVLED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH, that staff execute the Lease Agreement with 615 Peace Street, LLC.

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, Niya Fonville, Arne Morris, Bahati Mutisya, Yolanda Winstead, Doris Wrench, Kistina Freeman

Nay: None

Resolution No. 44 (2020) has been adopted.

Mr. Felton said Murphey School Apartments is a 46-unit Moderate Rehabilitation Section Eight property whose 15-year contract has expired. Annually, for the last 15 years, RHA is requested by DHIC to seek renewal funding from HUD. The current contract extension expires in December 2020 and they have asked RHA to pursue another year from HUD.

This resolution authorizes staff to draft a letter to HUD seeking approval. If approved, it also authorizes RHA to requisition the additional funding which is just over \$379,000 for HAP and Administrative Fees for the upcoming year.

Commissioner Winstead said that, while DHIC does not own Murphey School Apartments, it is controlled by DHIC so she has abstained from voting.

(Please note that the resolution has been revised to show Murphey School, LLC as the owner of the property.)

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 45 (2020)

WHEREAS, in June 1988, the Housing Authority of the City of Raleigh (“RHA”) entered into a contract with the U.S. Department of Housing and Urban Development (“HUD”) for the administration of a Section Eight Moderate Rehabilitation program (A-2900-K) in the amount of \$14,148,000 to provide project-based housing assistance for a period of fifteen years; and

WHEREAS, the contracts for the Housing Assistance Payments (“HAP”) with the property owners were executed in stages with each stage having a separate fifteen year term resulting in contracts that expired at different times; and

WHEREAS, of the initial 104 units originally under contract in this program, only 46 remain; and

~~WHEREAS, the remaining units are part of Murphey School Apartments located at 443 North Person Street, which is owned by Downtown Housing Improvements Corporation (“DHIC”); and~~

WHEREAS, the remaining units are part of Murphey School Apartments located at 443 North Person Street, which is owned by Murphey School, LLC; and

WHEREAS, the original contract for these units expired on December 4, 2005; and

WHEREAS, RHA has received approvals from HUD in the fourteen previous fiscal years to extend the contract for additional twelve month terms; and

WHEREAS, the current contract will expire on December 4, 2020; and

WHEREAS, DHIC has asked RHA to contact HUD to request a one-year renewal of the contract for these 46 units; and

WHEREAS, the available funding remaining in the HUD-held project reserves is approximately \$92,617; and

WHEREAS, RHA estimates \$379,083 is needed for the HAP payments and administrative fees for these units for an additional year;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that staff is authorized to seek renewal funding from HUD for the 46 units at Murphey School Apartments.

BE IT FURTHER RESOLVED that following HUD's approval of the renewal funding, staff be authorized to prepare and submit the HUD forms necessary to renew the contract and request the additional funding needed to support these units through the end of the current fiscal year which will end on March 31, 2021.

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, Niya Fonville, Arne Morris, Bahati Mutisya, Doris Wrench, Kistina Freeman

Nay: None

Resolution No. 45 (2020) has been adopted.

Mr. Felton said RHA has two resolutions to write off equipment as part of its year end fiscal close out; one is for fixed assets, the other is for custodial equipment.

Fixed assets are items that cost more than \$5,000. The items are capitalized and depreciated over time.

Custodial equipment has a value of \$250 to \$5,000. The cost for these items is expensed at the time of purchase, a onetime journal entry.

This first resolution is for fixed assets, greater than \$5,000. These are either broken, obsolete or cannot be used anymore. These assets are assigned to staff and accounted for annually.

The list that is attached is of items staff has accumulated over the year for disposal. In 2012, staff raised the limit for fixed asset from \$1,000 to \$5,000 so that is why there are items on the list that are less than \$5,000.

The next spreadsheet is a list of the fixed asset disposition over the last 20 years. The total for this year is approximately \$47,000.

Commissioner Braun asked if the fixed asset and custodial equipment write offs could be moved to the consent agenda in the future (to save time). Mr. Felton said, in the interest of transparency, he would like to keep it as a separate resolution. Commissioner Braun said that is fine with him.

**HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 46 (2020)**

WHEREAS, Chapter 9 of the Low-Rent Housing Accounting Guide Book issued by the U.S. Department of Housing and Urban Development requires a physical inventory of all non-expendable equipment be taken not less often than once each fiscal year and the equipment accounts be appropriately adjusted; and

WHEREAS, Resolution No. 29 (2012) approved on March 22, 2012 increased the capitalization threshold for purposes of accounting for fixed assets from \$1,000.00 to \$5,000.00; and

WHEREAS, a physical inventory of the non-expendable items of equipment belonging to the Housing Authority of the City of Raleigh indicates that certain items should be removed from the inventory; and

WHEREAS, items proposed to be removed from the inventory include those which have been replaced, become obsolete or worn out, misplaced or stolen, traded-in on similar items of equipment, declared surplus, sold, damaged, are of low-value, or are inappropriate inventory items; and

WHEREAS, all items of equipment proposed to be removed from inventory are shown on pages accompanying this resolution and thereby made a part of this resolution; and

WHEREAS, Resolution No. 59 (2018), approved October 25, 2018, allows the disposal of vehicles once they are deemed inoperable and not worth repair or totaled by the insurance company;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that all fixed assets made part of this resolution be removed from the records of account as of August 27, 2020 as follows:

- Book Cost/Basis \$46,900.71
- Accumulated Depreciation \$43,244.49
- Cost Net of Accumulated Depreciation \$ 3,656.22

BE IT FURTHER RESOLVED that;

- (a) All items with little or no value be disposed of by junking;
- (b) Items of minimal value (under \$50) with some serviceable life remaining be disposed of in the most expeditious manner including donation;
- (c) Items having an estimated current value in excess of \$50 be sold to the highest bidder (if a bidder can be found), otherwise, disposed of in accordance with (b) above.

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

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

Aye: Eric Braun, Niya Fonville, Arne Morris, Bahati Mutisya, Yolanda Winstead, Doris Wrench, Kistina Freeman

Nay: None

Resolution No. 46 (2020) has been adopted.

Mr. Felton said as part of RHA's year-end fiscal close out, staff proposes a resolution to write off any custodial equipment which is broken, obsolete or cannot be used anymore. Custodial asset costs are expensed one time at time of purchase and cost \$250 to \$5,000. The equipment is assigned to staff and accounted for annually.

The list that is attached is items staff has accumulated over the year for disposal. Several blowers were taken this past year and there was a landscaping shed broken into at one of RHA's sites. The printers, computers and equipment are out of date and no longer work with RHA's updated software.

For the computers, staff strips the hard drives out of the computer and they are taken to be shredded so no one can recover any data from the hard drives. RHA receives a certification from the shredding company that they have been destroyed. Staff then strips the remaining computer for parts and properly disposes of them.

**HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 47 (2020)**

WHEREAS, the Board of Commissioners approved Resolution No. 29 (2012) on March 22, 2012 increasing the capitalization threshold for purposes of accounting for fixed assets from \$1,000.00 to \$5,000.00; and

WHEREAS, good fiscal control demands that some items of equipment that cost less than the capitalization threshold still need to be tracked and accounted for by those employees having responsibility for their safekeeping; and

WHEREAS, these items are commonly referred to as custodial equipment; and

WHEREAS, a physical inventory of the items of custodial equipment belonging to the Housing Authority of the City of Raleigh indicates that certain items should be approved for disposition; and

WHEREAS, the custodial equipment items proposed for disposition include those which have been replaced, become obsolete or worn out, misplaced or stolen, traded-in on similar items of equipment, declared surplus, sold, damaged, or are of low-value; and

WHEREAS, items of custodial equipment that are approved for disposition are for informational purposes only and do not require an adjustment to the books of account; and

WHEREAS, all items of custodial equipment proposed for disposition are shown on the pages accompanying this resolution and thereby made a part of this resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that all items of custodial equipment with

historical costs aggregating \$10,465.73 made part of this resolution be approved for disposition as of August 27, 2020;

BE IT FURTHER RESOLVED that;

- (d) All items with little or no value be disposed of by junking;
- (e) Items of minimal value (under \$50) with some serviceable life remaining be disposed of in the most expeditious manner including donation;
- (f) Items having an estimated current value in excess of \$50 be sold to the highest bidder (if a bidder can be found), otherwise, disposed of in accordance with (b) above.

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

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

Aye: Eric Braun, Niya Fonville, Arne Morris, Bahati Mutisya, Yolanda Winstead, Doris Wrench, Kistina Freeman

Nay: None

Resolution No. 47 (2020) has been adopted.

ADJOURNMENT

There being no further regular business to come before the Board, the Chair declared the regular meeting adjourned at 6:30 p.m. and moved into Executive Session for the purposes of discussion a personnel matter.