

Repositioning Committee  
Minutes  
11/17/20

Present: Eric Braun, Arne Morris, Bahati Mutisya, Gregg Warren, Wayne Felton  
Absent: None

RHA staff: Liz Edgerton, Laura McCann, Jennifer Morgan Donna Perez, Gwen Wall

Visitors: Charles Francis, the Francis Law Firm (joined meeting in progress).

Commissioner Warren said after the last meeting, one sound principle was established: at a minimum, RHA will replace the existing 122 public housing units with at least the same number directed to the public housing clientele.

Commissioner Mutisya added that RHA should do more units, given the need for affordable housing.

Commissioner Braun said, given the value of the property, RHA must do substantially more than what is currently on the property. If not, it is an irresponsible use of a very valuable asset. As a public agency, RHA has the responsibility to use its assets wisely.

Commissioner Braun said the Committee needs to focus on how many units will be on the property, and what that mix of units will be.

Commissioner Mutisya asked Mr. Felton what the maximum number of units staff would feel comfortable managing on this property. Mr. Felton said the city approached RHA in 2018 when they had finished the master plan for Dorothea Dix. They wanted to know what RHA was planning for density at Heritage Park. The city wanted to include some affordable housing in the Dorothea Dix plan. When staff met with the city, they suggested 40– 50 units per acre. Staff told them RHA did not want to do anything that dense because it would be difficult to manage. Staff did agree that it could be denser than the current community which is 10 units per acre. From that discussion, staff went to JDavis to design the plans with that amount of density in mind.

Commissioner Warren said he doesn't think this is a townhouse site. That has been a good program for Capitol Park, Chavis Heights, and Walnut Terrace. However, given this urban setting, RHA could build breezeway buildings and increasing the senior units.

Commissioner Warren suggested that staff revisit having mixed-income within a particular building. He said his experience is that it isn't difficult.

Mr. Felton said with mixed-income within a building, RHA will have an entire building with one income source. Commissioner Warren said they can be mixed, too. He thinks it's better to integrate and have income levels throughout the building.

Mr. Felton said RHA has made it work in Capitol Park, Chavis Heights, and Walnut Terrace. By keeping them in separate buildings, RHA doesn't run the risk of co-mingling funds. They are still in the same community. The HOPE VI funds and CAD funds were kept separate because they were two funding sources.

Commissioner Warren said he thinks RHA should use 4% LIHTC and bonds for the apartments on site and scatter the rental assistance across all of the properties. The senior building and family buildings would be two separate financing deals.

Commissioner Warren said of the tax credit properties that are located throughout the city, on average, 30-40% are occupied by voucher holders. There is a mixture of incomes in those tax credit properties. That can work at Heritage Park, too.

Commissioner Braun said if there is a multiple ownership within parcels, it's harder to redevelop in the future, especially if RHA doesn't control the entities that own the projects.

Mr. Felton said, with tax credit properties, about 30-40% of the residents have a voucher. 98% of RHA's voucher holders are making 50% or less AMI (92% are making 30% or less AMI). Based on those numbers, Program A has about 300 units which means approximately 90 units will be for the 0-30% AMI families. Mr. Felton asked if the Committee was ok with those numbers.

Commissioner Warren said the 30% number was based on mobile vouchers. RHA can project-base vouchers and therefore control how many lower income clientele are moving into the tax credit properties. Mr. Felton said RHA has never done project-based vouchers before but he thinks that is correct.

Commissioner Mutisya asked Mr. Felton to clarify the number of 0-30% AMI residents who would be on the property. Mr. Felton said 92% of RHA's current overall Section 8 program has 0-30% income. Since the residents must be elderly, disabled, or working to live in RHA's incentive properties, there are far fewer than 90% making 0-30% AMI in those properties.

Commissioner Warren asked if the work requirement works against RHA's objective to replace 122 units at Heritage Park with at least that number or more of the public housing clientele of less than 30% AMI. Mr. Felton said it could, if they aren't working. Commissioner Warren said there is an incompatibility between the goals.

Commissioner Warren suggested having two different financing packages – one for all of the family units and one for the senior units. Also, that they both be bond executed with project-based assistance attached to them with diversity of income levels.

Mr. Felton said it was laid out that way - with the senior building as one tax credit deal, and two additional tax credit deals. They wouldn't all have to be tax credit deals - there could be affordable market rate as well. RAD could be a funding source. However, staff would prefer demo-dispo because it would allow higher rents which helps with sustainability in the long term.

Commissioner Braun said with his research, HUD suggests that Section 18 is the best approach to redeveloping a community because it provides the most flexibility. Mr. Felton Section 18 is how staff would like to handle the redevelopment because it allows for higher rents.

Commissioner Morris asked Mr. Zucchini about the total number of units in each plan that was presented to the Committee. Mr. Zucchini said Program A is 300 units (20 units/acre), Program B is 360+ units (25 units/acre), and Program B1 is 500+ units (34 units/acre).

Mr. Felton said he thinks mixed income is very important in the redevelopment. One of the things to consider is whether the density is manageable.

Commissioner Warren asked if there could be an optional plan that didn't include townhomes – moving more toward breezeway buildings. Mr. Zucchini said that may lead to a different parking situation to accommodate the higher density. He said he can test not having townhomes on the site but there would be a cost to that with the extra parking.

Commissioner Warren said the parking can be moved down to 7/10 space per unit. Mr. Felton said if there is a work requirement on site, there may be need for more parking than that. Commissioner Warren said Washington Terrace and the downtown Durham development have parking of less than one space per unit.

Mr. Zucchini asked about the objective for replacing the townhomes in the program. Commissioner Warren said to create more density on the site.

Commissioner Warren asked if there will be units on the site that are owned by RHA with no income restrictions. Commissioner Braun said he would like RHA to incorporate market-rate housing on the property - whether it's through RHA, a subsidiary, or a private developer that purchases or leases from RHA.

Commissioner Braun suggested a parcel on the site be identified as the most likely target for sale or lease.

Mr. Zucchini said in early discussions they looked at 2 acres of parcel adjacent to Dawson and South Streets for the private sector.

Mr. Francis asked how many units could be built on 2 acres zoned at DX-20. Mr. Zucchini said a private developer could get at least 100 units. If they went to a mid-rise, they could probably get more.

Mr. Francis said one of the factors of consideration should be what the character of the site is going to be. The private developer with 2 acres of DX-20 could produce something with a different character than the mixed-use units being built by RHA. It would change the nature of the development and should be considered.

Commissioner Warren said if RHA chooses to sell an out parcel, it would have an RFI process, where RHA would control, to a certain extent, what is being built on the site.

Commissioner Braun asked if it was possible to reduce the number of work hours that are needed for the incentive housing. Mr. Felton said he would be willing to look at reducing that number - especially with the pandemic.

Commissioner Warren suggested the following areas of agreement within the Committee:

1. We will build more than 122 apartments for very low-income public housing residents.
2. There will be more income restricted apartments built - up to 80% AMI.
3. It is important to have a mix of incomes within buildings.

4. Ask JDavis to develop a plan without townhomes and more senior housing.
5. Keep a structured parking option on the table.
6. Keep out parcel available.
7. Retain potential for market rate housing to be developed in this outparcel, or other complementary uses.
8. A family corridor building is still on the table.