

Minutes
RHA Repositioning Committee Meeting
February 12, 2021
3:00 PM

Committee Present: Eric Braun, Arne Morris, Gregg Warren, Wayne Felton

Committee Absent: Bahati Mutisya

RHA Board Present: Joe Whitehouse

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

Visitors: Elizabeth Alley; Larry Zucchini, JDavis.

Review of Minutes from 1/22/21 Meeting

Commissioner Morris moved and Commissioner Braun seconded approval of the Minutes from the January 22, 2021 meeting. A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, Arne Morris, Gregg Warren, Wayne Felton

Nay: None

Review of Recent Plans

Mr. Zucchini reviewed the most recent plans with the committee.

C2 Changes include:

- Take out the program for Parcel E so that it shows as future development.
- Moved the Community Center into a building that faces on South Street.
- Put in a small corridor building where the Community Center was located. This would create a more urban edge along West Street.
- Moved the playground to the square near the child care building.
- Parking ratio remains the same.



Commissioner Warren said the objective for today is to reach some concurrence on a couple of items, including this plan, to be able to report to the full RHA Board during the February 25th RHA Board Meeting. This plan is a schematic and will have changes over time as it gets refined.

Commissioner Braun suggested the structure for the Community Center be relabeled “Community Center/Flexible Space” (or something similar) because there are other possibilities that may fit in to this space as well.

Commissioner Warren asked if there were objections to that suggestion as well as additional labels for that space. Commissioner Whitehouse suggested “Multipurpose Space”.

Commissioner Morris asked if the Community Center or Childcare Center could be made a multi-story building (for example, Childcare on the first floor, Community Center on the second floor, and possibly units on the third floor). That would maximize space.

Community Whitehouse said his concern is security when mixing with childcare. Mr. Felton said staff would also need to talk with a daycare provider because they have certain requirements and regulations they need to follow.

Commissioner Warren said there are childcare centers in an urban environment with multiple uses above. It would be more difficult, but maybe not impossible.

Commissioner Whitehouse suggested that might tax the parking situation. He said his concern is putting a Community Center where parking is already challenged. Before it was moved to its current location, it was self-contained and had its own parking in that area and wouldn't compete with the resident parking. Also, the playground on that plan fit well. In this current plan, RHA is losing a green space in that area.

Commissioner Whitehouse suggested the committee reopen the conversation to make sure this is the best place for these buildings.

Commissioner Warren said he went back and forth between having a free-standing Community Center and having an active space on the corner of one of these buildings that could have some of these functions. RHA would lose units if it was moved back to the original location.

Commissioner Braun said he feels there can be two or three iterations of what RHA is considering, with the understanding that the plans are still being refined.

Commissioner Warren said some of these discussions are premature because they need to come together with the financing phases. Program C2 has a unit count of 105 units in the first block of South W. Street and South Saunders Street. That's between a 4% and 9% tax credit (generally, most 9% tax credits don't go above 80 units). If that were one financing structure, it could still work because you would want to include the childcare center in the tax credit basis (it would provide equity). Therefore, Community Center function would also need to be part of that deal

to get equity with that as well. If it were down in the corner, it wouldn't work. Whatever RHA comes up with here, it needs to be noted that this is subject to change.

Commissioner Whitehouse suggested a disclaimer be added to the plans that states they are subject to revisions.

Commissioner Braun said if C2 is the only plan shown, you might want to add footnotes on some of the buildings that say "subject to change" or "potential Community Center" (or show a couple different versions of plans).

Commissioner Warren suggested they might not want to show any of these plans yet to the public or the residents. Staff might show it to the City Council in the context of rezoning (with all of the caveats).

Commissioner Whitehouse thinks it would be a good idea to take the plans back to the RHA Board and go over the pros and cons of the plan.

Mr. Felton asked if staff should get resident's feedback about what they would like to see at the redeveloped Heritage Park. Commissioner Warren said, to a certain extent, what is shown on this plan reflects what was heard earlier (that there would be a Childcare Center, centralized laundry facilities, washer and dryer hookups in every unit).

Commissioner Warren said he doesn't think people will walk up 4 floors (in context of the 3-4 split). He believes 3 floors in the maximum number of floors that people will walk up. Historically, when DHIC has done 3-4 splits, there was parking on both sides so nobody would go up more than 3 floors.

Mr. Zucchini said their current assumption is that the 3-4 split would have an elevator (all of the buildings along South Street would likely have an elevator).

Commissioner Warren asked if the two buildings could be connected with a bridge (like at Carlton Place). Mr. Zucchini said those two buildings could probably be connected solidly.

Commissioner Whitehouse asked if the thought is to leave that ground floor vacant and put the 2,3,4 levels on top of it so that it's like a breezeway through there, but connect them?

Commissioner Warren said it would be an opening on the first floor, not a breezeway, and the second and third floors would have units above them.

Commissioner Braun said the age of Raleigh residents is skewing older (as is the RHA population). Even though this development will have a senior building, putting elevators in the buildings gives older residents the opportunity to be in units that aren't necessarily built for seniors.

Commissioner Whitehouse said he didn't think the elevator capacity study would support that. If this were done in a market property it would require at least two elevators. Mr. Zucchini agreed.

Commissioner Warren asked which buildings he was referring to. Commissioner Whitehouse said the connected buildings will require two elevators. The capacity study wouldn't allow for only one elevator.

Mr. Felton said, with the garden apartments, RHA makes the bottom floor handicap accessible.

Mr. Zucchini commented that there is a broad conversation going on with the city about the disposition of the interchange quadrant on South Saunders and Western Blvd. There's a practical reason to think that the right-of-way might become available and RHA would be allowed to use it. Also, the way the roads are laying out is that parcel D is just a residual for right now. If RHA knew that the rest of the property would be available, a much different program would go in there. Early on, the thinking was to try not to commit to that small parcel with anything other than a park so that there is flexibility down the road if that did happen. If it didn't, a Community Center or additional units could be added after they figured out what's going on. If RHA builds now, RHA will probably not be as efficient or creative as what could be done with this property.

Commissioner Whitehouse suggested that be one of the last phases to go in. Mr. Zucchini agreed. However, having it a Community Center would suggest that it be phased first.

Commissioner Whitehouse asked Mr. Zucchini asked about the timing on that. Mr. Zucchini said it's at least five years out. However, they will know much earlier than that.

Commissioner Warren said there are basically two or three financing phases in this plan. Mr. Felton said they discussed three.

Commissioner Whitehouse said there could possibly be four if you include parcel E.

Commissioner Warren asked if the committee can agree broadly that this is something to recommend to the full RHA Board and get their comments for a broad endorsement. Then staff can talk to the public and city council with a concept plan for the redevelopment and they will know the support of the Board is behind this.

Commissioner Braun said he agrees. However, he wants to make sure he knows what plan is going to be shown (whether it's just C2 or multiple plans).

Commissioner Warren said he would show just C2 because nothing more for parcel E should probably be shown.

Commissioner Braun said the footnotes should also be shown along with qualifications. He said they should be upfront about where they are in the process and they're not inadvertently misleading anyone.

Commissioner Morris had a question about the development. He said he understands nothing more can be added to the childcare. However, is there a way to add more stories to the Community Center to add additional units or something else above it?

Mr. Zucchini said the assumption is that there would be two levels to the Community Center with residential units above it.

Commissioner Warren said some of that might be on the lower level, too. Mr. Zucchini said that was correct.

Mr. Zucchini reminded the committee that half of parcel E is owned by the City of Raleigh. The assumption is that the city will dedicate that to RHA.

Commissioner Morris asked how the city will feel if RHA ends up selling that parcel.

Commissioner Whitehouse said that might be a financing vehicle for the expansion of the existing development so a good case could be made for selling off the parcel (using the funds to promote additional housing in that area).

Commissioner Braun said it wouldn't necessarily be that RHA would sell it to the highest bidder. It could be an RFQ process that has affordable housing requirements.

Mr. Felton said staff had conversations early on with the city about that piece of land and they indicated they would be willing to do that. With selling that land, staff would need to look at the HUD requirements so it gets a little more complicated.

Commissioner Whitehouse asked if it should be noted on the plan that part of parcel E is owned by the city. Mr. Zucchini said they could do that.

Mr. Zucchini said there's still a question about West Street and this plan implies that it will go through to Western Blvd.

Commissioner Braun said this is the time to consider whether RHA wants to do a development agreement with the city so that certain aspects of the redevelopment can be locked in (who's doing what). It could alter what RHA can do with the property from an expense standpoint and a physical layout standpoint.

Commissioner Whitehouse asked if the bond package that was recently passed could be used for a project like that. Commissioner Warren said it's basically for low income housing and not infrastructure. However, RHA could cover the infrastructure and possibly have the city give a like-amount of funding to help subsidize the housing.

Commissioner Braun said the city can independently decide that this is in the public's interest in the plan for affordable housing and they cannot require RHA to do the normal things that a developer would be required to do. The city has a fund for reimbursements but as a matter of their discretion, under the statute that allows for development agreements, the city can contribute financially in any way it wants to further the goal of public housing.

The committee asked Mr. Zucchini to make a presentation to the Board during the February 25th Board Meeting. Mr. Zucchini said he would do that.

Mr. Felton asked the committee if they think it's best to meet with the full Board first to get their input and finalize the talking points before meeting with the residents.

Commissioner Whitehouse suggested waiting until after the RHA Board meeting to have a general meeting with the residents about what is taking place and the general direction of the redevelopment.

Mr. Felton asked if the plan that's decided on at the Board meeting would be the concept of what RHA is thinking. From that staff will get the resident comments.

Commissioner Whitehouse agreed with that and suggested staff get a few more images that explain 3-4 split, etc.

Mr. Felton said they had a meeting with the residents pre-COVID and included some pictures so they will include some illustrations of the different types of buildings.

Review of Development Principles

Mr. Felton asked the committee to clarify the meaning of the development principles.

Commissioner Warren said he was hoping that they would be guiding principles that RHA would seek to keep in place and direct RHA's efforts.

Commissioner Whitehouse said they may evolve over time.

Commissioner Warren said they could and more principles could be added.

Commissioner Braun said we should be clear about the things that RHA can't absolutely commit to in the principles. Replacing the existing units at or below 30% AMI has been one of RHA's rock-solid principles.

Mr. Felton said his concern is the bullet talks about *more* than 122 apartments. He wants to be careful not to commit to that. It's fine as a principle. However, until staff makes sure it works from a pro-forma standpoint, maybe we should just say RHA is going to try to achieve that. RHA shouldn't commit to it and then we find out it doesn't work financially or there's some other hurdle that we haven't thought of.

Commissioner Whitehouse asked if he has a problem with the word "more". He suggested wording it "at least" but doesn't think anything less than 122 should be stated.

Mr. Felton agreed and thinks it can be stated that RHA will try for more but doesn't want it absolutely committed in the principles. He understands that is a goal, but doesn't want to put RHA in a financial box.

The committee agreed on wording it “RHA will put in at least 122 units”. The goal is to get more than that but need to make sure they determine it is financially feasible and won’t threaten the overall development.

Commissioner Warren said to keep in mind as they think about phasing the 122 units are not necessarily going to come in the very first phase.

Commissioner Whitehouse asked if Mr. Felton knows how many existing residents are seniors. Mr. Felton said there are 39 people who are elderly (62 and over).

Commissioner Warren said it’s also been discussed to go to 55+ as opposed to 62+, which is still a decision to be made.

Mr. Felton said that making it 55+ doesn’t increase that number by more than 5 people.

Commissioner Warren said structured parking was taken out of the plan during the last discussion. It was determined to be something that RHA will not pursue.

Commissioner Warren said the next item discussed was whether or not RHA would support the construction of a free-standing Community Center building or would it be better located in one of the residential buildings facing South Street.

Commissioner Warren said that item is still open for discussion so it should not be included in the principles.

Commissioner Whitehouse asked if it is agreed-upon that RHA will include a Community Center in the redevelopment. Commissioner Warren said RHA would like to include space for community functions, meetings of residents, space for service providers, etc. That does not need to be called a “Community Center”. It is already stated “there will be space provided for on-site property management offices, community meeting space, and space for service providers...”.

The committee agreed that the statement covers the Community Center function.

Commissioner Warren asked about keeping office, retail, or commercial spaces on South Street.

Commissioner Braun said that could be added to the concept that was just discussed.

Commissioner Whitehouse suggested it be could be added to “other principles to be explored”.

Commissioner Braun thought that was fine – he wants to make sure it is still included somewhere in the principles. He understands RHA is not committed to it at this point.

Commissioner Braun asked if there is a way to state that there will be a blend of higher AMIs and lower AMIs to include something in between as well.

Commissioner Warren said number 3 can be worded to that effect. He said he would work with Mr. Felton to send something out before the RHA Board Meeting for the committee's consideration.

The committee discussed the Childcare Center and whether it should be included in the principles. Commissioner Warren suggested including it in the RFP for childcare providers that the childcare operator must commit to provide affordable fees for at least 60% of the children (and those fees are defined).

Commissioner Warren doesn't think it needs to be included in the principles but the question of affordable childcare will come up.

Commissioner Braun said it is a good selling point for the community and should be included in the talking points.

The next principle discussed was #9: "The development will be phased leaving eastern parcel available for market rate housing or other complementary uses."

Mr. Felton suggested taking "market rate housing" out and mentioning something about a potential funding source for more affordable housing. He wondered if they should get into the uses of the parcel.

Commissioner Braun said they don't yet know the potential uses for the parcel.

Commissioner Whitehouse suggested they leave it fairly generic stating it will be developed at a later time.

The committee agreed with leaving it generic.

Commissioner Warren asked what RHA wants to say about B4 in the public comments.

Mr. Felton said RHA is giving the tenants options to move to other public housing, they can select a Section 8 voucher, or they can relocate on site. Staff is trying to minimize displacement and RHA is giving them a choice of where they want to live.

Commissioner Warren said that is RHA's obligation under Federal rules. It is not being stated that RHA is doing all it can to minimize displacement, which is a much different statement.

Mr. Felton said that's where RHA gets into the phasing of the property to minimize that.

Commissioner Warren asked if RHA can let vacant units remain vacant.

Mr. Felton said staff spoke with EJP about that and RHA will be able to do it. Staff will need to work through it with HUD to leave some units vacant. RHA already has six units vacant at Heritage Park due to abatements that will be too costly to turn since staff knows they will be demolished.

Commissioner Warren suggested what RHA could say is that tenants are going to be protected with vouchers or the ability to move into other public housing and given choices. However, RHA is also trying to minimize displacement by letting vacant units remain vacant as well as phasing the development.

Commissioner Whitehouse said that's the right direction and said that's an agreed-upon development principle.

Talking Points Discussion

Commissioner Warren suggested they don't necessarily need to say how many senior units will be built. It could just be stated that there will be dedicated senior units.

Commissioner Whitehouse suggested leading off with a section about how this redevelopment will be better for the residents (rather than seeding it throughout the document).

Commissioner Warren said maybe the last section with some rewrites – quality of life, fostering community – should be highlighted.

Commissioner Braun agreed with Commissioner Whitehouse in that the section of how it will be better for the residents be put toward the top of the document.

Mr. Felton suggested moving the “quality of life” section up to the top and make it the first section.

Commissioner Whitehouse said that's such a big piece of this redevelopment – taking care of the existing residents.

Commissioner Braun said maybe move it under the “background” section (the second section). Copy and paste the last section to the second paragraph.

Commissioner Whitehouse asked if there were one or two Board Commissioners who would be willing to work with staff on the talking points.

Commissioner Braun said he would help edit, if needed.

Commissioner Braun said he would send the proposed revision and staff can review it to see if it can be used and/or finalized. It would save time rather than send his edits to the document.

Commissioner Warren said the committee should take the following documents to the Board for their review:

- Site Plan
- Redevelopment Principles
- Talking Points

Commissioner Warren asked Mr. Felton for staff's plans regarding meetings with residents and City Council. Mr. Felton said there would be resident meetings first and then meetings with City Council.

Commissioner Whitehouse asked if there is an overall schedule for how this lays out – meetings with residents, council, zoning process, etc.- that shows the big picture in terms of timing. Mr. Felton said there is not a current schedule (there was a schedule at one time but that was pushed back due to COVID). The goal is to do the tax credit application January 1st.

Commissioner Whitehouse said that the developments he's been part of detailed a master schedule of everything and how they relate to each other and the timing of each (during the re-zoning process and leading into the development phase). This would give everyone a good idea of when things need to happen. He offered his assistance, if needed.

RFQ

Mr. Felton said staff has given the RFQ to EJP to review. They will have their comments back to RHA on Monday.

Relocation Plan

Comments included:

- The relocated residents would be allowed to return to the property without rescreening after the rehab is done.
Mr. Felton said if it's a RAD conversion then RHA would not re-screen people. If it is tax credits at Heritage Park, it will owned by an LLC so the people returning will need to apply to live at that building.

Commissioner Warren said even if it's a RAD deal, the principles expressed by RAD are good principles to follow for RHA (so that the resident has the right to return). They would still have to apply but there shouldn't be additional screening criteria put on them unless they've had criminal activity since they left.

Mr. Felton said they should also include lease violations since they left.

Commissioner Warren said the point is that there's a right to return.

Mr. Felton said he's confused about the right to return vs. being allowed to return.

Commissioner Warren said they have the right to apply, and the right to move in (subject to eligibility criteria).

Mr. Felton asked if he was referring to a work preference. Commissioner Warren said that would certainly be one.

Commissioner Morris said he thinks (between the two words – “allowed” vs. “right”) it’s whatever RHA thinks the public will be more comfortable with. RHA will likely do what they’ve always done and give people the opportunity to return and if there are issues, they won’t be able to return.

Mr. Felton said where it says the residents have a right to return to the property without rescreening it is staff’s understanding from the consultants that they don’t have to requalify. If they’re already in public housing that converts to RAD, then they’re already in and wouldn’t be kicked out. They will certainly have the right to come back but would need to qualify for the tax credit building.

Commissioner Morris asked if any of this is contractual. Commissioner Warren said it would be in the Relocation Plan approved by HUD that would be a public document. The public would be expecting RHA to follow that document.

Commissioner Warren had a question about Heritage Park residents getting options to move into three other RHA public housing developments. Who chooses those?

Mr. Felton said residents are given a choice of three public housing communities they wish to move into. It’s determined by vacancies and bedroom size. Per RHA’s plan, staff can over-house by one. However, staff tries to put them in the appropriate size unit. Staff tries to get their top choice but it depends on vacancy and demand.

Commissioners Whitehouse asked if there are public housing units at Walnut Terrace, Chavis Heights, and Capitol Park. Mr. Felton said yes. However, those are RHA’s “incentive properties” and have work requirements or a work preference.

Commissioner Warren said the work requirements/ preferences should be waived for relocation from Heritage Park.

Mr. Felton said anyone can apply there now. The work requirements are a minimum of 35 hours/week for the previous two years to qualify to live there. To live there you must continue to work. There is a 10-year limit of how long you stay there. Mr. Felton said he recommends RHA not waive that requirement because they are a big part of the success of the properties.

Commissioner Warren said most of the Heritage Park people would not qualify for those properties and therefore would be limited to moving out further from downtown Raleigh. They currently have neighbor connections, friends, schools that they’re attending that they would lose because of the work preferences/requirements.

Commissioner Whitehouse asked if there’s a monetary amount that RHA would lose if the work requirements were waived.

Commissioner Braun said it’s a financial stability issue for the properties, from the staff’s perspective. Mr. Felton said it’s still the same funding model but the work requirements reflect

the spirit of the property under the HOPE VI program. It was how they were redeveloped and a big part of the success of those programs.

Commissioner Braun asked how many people staff thinks would chose that option. For example, if it's waived for a few people, would it have a huge impact on the community?

Mr. Felton said his concern is why staff would start waiving the work preferences.

Commissioner Warren said it would be because RHA wants to give the maximum possible choice to the residents of Heritage Park. The first priority of RHA should be to treat those residents with the ultimate care.

Commissioner Braun said they wouldn't be waived for the entire community – just those few Heritage Park residents.

Mr. Felton asked why RHA would offer that if staff doesn't know if anyone would want to go there. It's getting away from the spirit of the HOPE VI program that has been very successful.

Commissioner Braun said RHA doesn't need to advertise that it is waiving the requirements. If a few people choose that for their relocation option, could it be waived without stating it publicly?

Mr. Felton said they are talking about it being part of the Relocation Plan and that would be public.

Commissioner Warren said Walnut Terrace has both public housing units and CAD units. So residents at Heritage Park can either move to conventional public housing or they can use a voucher to go elsewhere. One of those "elsewhere" could be a CAD unit in Walnut Terrace that is not public housing. Mr. Felton said CAD does not accept vouchers so that would not be an option.

Commissioner Warren said that is another impediment to providing Heritage Park residents with maximum possible choice for relocation close to them. RHA is discriminating against the Heritage Park residents on the CAD properties because they don't accept vouchers. One of RHA's biggest problems is that there are many landlords who don't accept vouchers.

Mr. Felton said RHA's Section 8 vouchers are 99% utilized. CAD is another vehicle for providing housing to people who are of low income (80% or less AMI). RHA is helping the people who don't have access to vouchers or don't have public housing. By taking vouchers at those CAD units, it would be taking those units away from people who don't have a voucher. It would help fewer people by doing that.

Commissioner Warren said RHA should try to give maximum opportunities for Heritage Park residents to move into RHA-controlled properties that are close to their existing location. There are current roadblocks that prevent that.

Mr. Felton said there are other properties that they can relocate to such as Birchwood/Eastwood, Kentwood, and Mayview that are downtown that do have availability. There are some people who are working at Heritage Park who can apply for the incentive properties.

Commissioner Morris asked if there were many complaints with the other redevelopments that RHA did in the past (regarding relocation). Mr. Felton said he's not aware of any but he will check with staff on that.

Mr. Felton asked about the comment on optional relocation coverage – does that mean assistance in finding units or helping with vouchers.

Commissioner Warren said he wants to make sure RHA is making it as easy as possible for residents to move.

Mr. Felton said with the Relocation Act, the amount to go toward moving is based on bedroom size. The plan states that RHA would give residents the choice to cover their expenses up to that amount or they could get the full amount.

Commissioner Warren wants to make sure RHA is doing all it can to assist the residents with the relocation – and go above and beyond, if possible.

Commissioner Warren said the intent is to give a full report to the Board of Commissioners to keep them aware of what is happening with Heritage Park. It would be helpful to get a broad endorsement (via motion) from the Board that the committee is headed in the right direction.

Meeting was adjourned.