

MINUTES OF ZOOM MEETING OF
THE HOUSING AUTHORITY OF THE CITY OF RALEIGH
BOARD OF COMMISSIONERS
JANUARY 28, 2021

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, January 28, 2021 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, Arne Morris, Bahati Mutisya, Gregg Warren, Yolanda Winstead (late), Joe Whitehouse, Doris Wrench

Absent: Kistina Freeman

Visitors: Elizabeth Alley, public; Sarah Baker, City of Raleigh liaison to RHA; Charles Francis, The Francis Law Firm, PLLC.

RHA Staff: Sonia Anderson, Priscilla Batts, Suzy Bryan, Lisa Currie, 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

The Board Chair welcomed the visitors to the meeting.

CONSENT AGENDA

Item 1

Charge-off of delinquent resident accounts for November 2020

Charge-off of delinquent resident accounts for December 2020

Item 2

Financial statements for December 2020

Item 3

Vacancy and Turnover Summary for November 2020

Vacancy and Turnover Summary for December 2020

Item 4

Minutes of December 3, 2020 regular meeting

Minutes of January 12, 2021 special meeting

RECOMMENDATION: Approval as submitted by staff.

Commissioner Warren moved and Commissioner Fonville 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, Gregg Warren, Joe Whitehouse, 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

COVID Issues Update

- Approximately 6 employees out currently being tested.
- Approximately 4 residents who are quarantining or being tested.
- All are isolated incidents.

Vaccinations for Residents

Ms. Cruz, RHA's Resident Service Coordinator, has been working with Alliance Health to do vaccinations for residents who are 65 and older at RHA properties. They tentatively have one scheduled in February for Glenwood Towers and Carriage House. The residents will schedule their appointment so there isn't a long line in the lobby.

New Financials in Board Book

- Budget to Actual are included in Board book (new this month).
- Also shows the previous year so the Board can have a reference point.

PHADA e-Conference

- Good conference for commissioners.
- Presentations are online for review.

Commissioner Whitehouse asked that the link to the presentations be sent to the Commissioners.

Commissioner Warren said he downloaded presentations from the Novogradac 2021 RAD Public Housing Virtual Conference that he will send to staff to make available to the other commissioners.

RAD conversion

- Dominion Due Diligence is coming Monday, Tuesday and Wednesday next week to finish their inspections of RHA units at Terrace Park, Berkshire, Meadowridge and Valleybrook.
- Once they complete their report, staff can finalize the Finance Plan which will be submitted in May 2021. This will put RHA on track to close at the end of the year.
- Staff is considering converting gas furnaces and water heaters to electric as part of the RAD conversion. This will take care of any potential issues with carbon monoxide going forward. Staff is reviewing the cost and the details.

Resident Meetings

Staff had three Zoom meetings last week with residents to discuss RAD. Various times were scheduled and there was good attendance (35 total for all three meetings). None of the residents had any issues with RAD or what RHA is considering for those properties.

Staff also asked them about other issues and promoted things that are upcoming, including:

- Asked if there are issues due to COVID (issues with school, etc.). One person said the children needed things to do outside. Staff will look at purchasing outdoor games and toys for the kids.

Commissioner Warren asked at which property this meeting took place. Mr. Felton said it was a Zoom meeting and it was residents from multiple properties.

Commissioner Warren asked if it was Heritage Park-focused. Mr. Felton said it was not. Staff is looking at the first four RAD conversions (Terrace Park, Berkshire, Meadowridge and Valleybrook).

- Promoted the dance classes that Arts Together is trying to provide for the residents.
- Informed residents that staff will be communicating with them through automated phone messaging so they need to make sure their manager has their current phone number.
- Informed them that staff is doing re-certifications and leases digitally so they need to make sure their managers have email addresses, if they have email setup.
- Discussed paying rent online versus money order/check. Each meeting had someone who was paying their rent online. They liked it as it was convenient and saved them time from running a check to the RHA office drop box.
- Discussed Building Futures Initiative and let them know there would be a survey to gather information from them. Staff will be drawing for prizes for those who completed the survey.

Commissioner Warren asked what percentage of residents responded the first time. Mr. Felton said there were 29 out of 1,444 residents.

Building Futures Initiative

Building Futures Initiative is a HUD Pilot program that focuses on helping residents find construction jobs. Staff completed the initial conversations where they gather information about RHA and some of the training institutions in the area. They will have a program created by June 2021.

Carousel Place

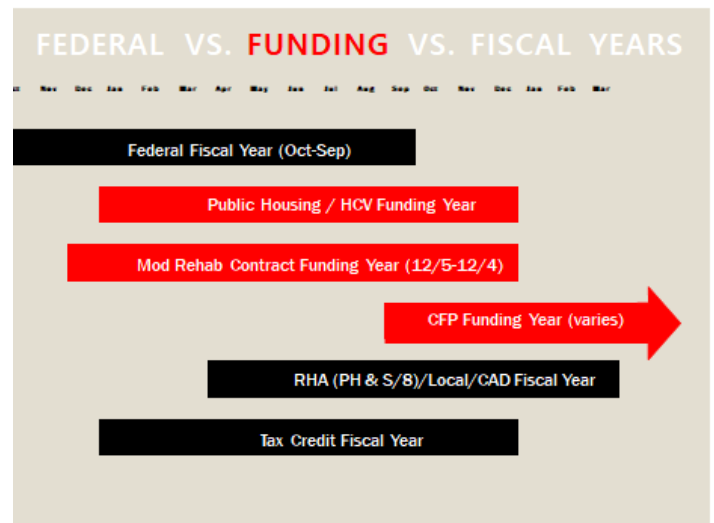
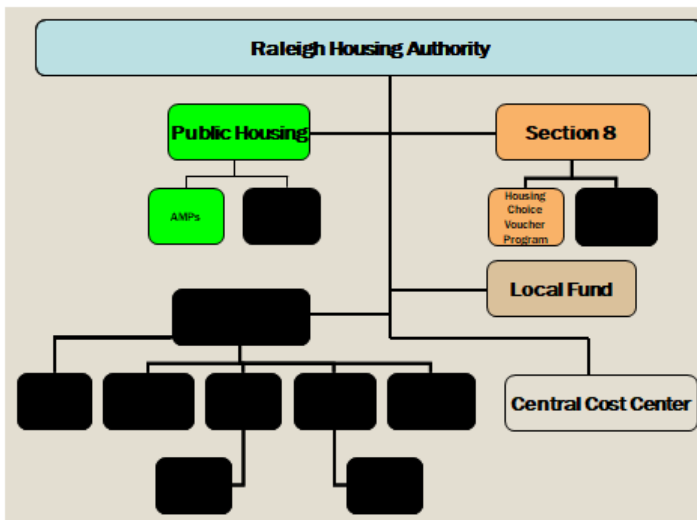
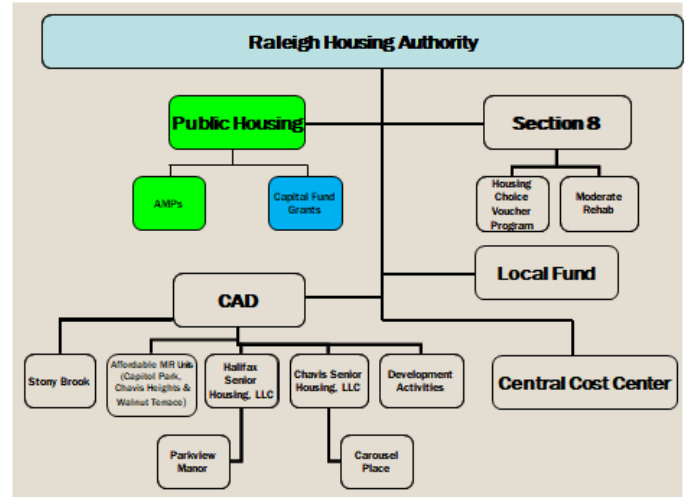
CAD will be purchasing Carousel Place at the end of this year. Carousel Place is a tax credit property at Chavis Heights. This is the last year of the initial compliance period.

New Washers and Dryers

New washers and dryers will be installed at Carriage House on February 10th. Tenants will be able to use their debit or credit cards to do their laundry or they can use their smart phones. Staff feels this will be better for the tenants since it is difficult finding coins during the pandemic. It is also better for staff as they will not have to count coins and take them to the bank. New washers and dryers will be installed at Glenwood Towers in the future.

NEW BUSINESS

Mr. Felton said this is RHA’s conservatively realistic budget. Staff tries to under-promise and over-deliver on the budget. The following PowerPoint presentation was shown:



ISSUES AND STRATEGIES

Unique to RHA

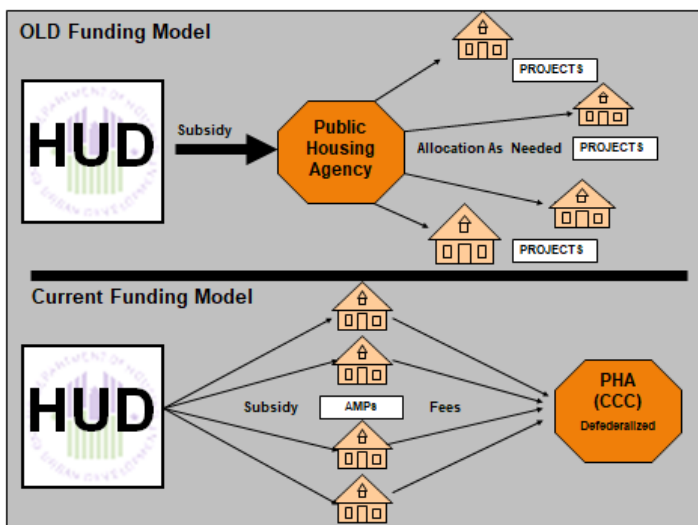
ISSUES FOR FYE 2022

- Funding proration for PH – The budget includes a 92% proration to be conservative due to the lack of 2021 Operating Subsidy information available.
- HCV administrative fees budgeted at 79%
- RHA’s position on the Rental Assistance Demonstration (“RAD”) program
- HOTMA – Using 20% of prorated operating subsidy for capital improvements.
- Heritage Park redevelopment

HCV FUNDING – OPERATING INCOME

- Program Operating at a Net Income
 - Increased funding = \$1.95 million. Creates a net income of 73K.
 - We have already streamlined the Department. Through staff attrition, we currently have 22 positions; we had 30 positions in 2011. We have reorganized the client and accounting functions in LH Dept. We are considering a system to use less paper for our recerts.
 - Reduced 100% file audit to random and partial (100% of new/moves).
 - It is important to show the true cost of operating the program.
 - Administrative fee proration for CY 2020 is 81%. A proration of 79% has been budgeted for FYE 22.

ASSET MANAGEMENT



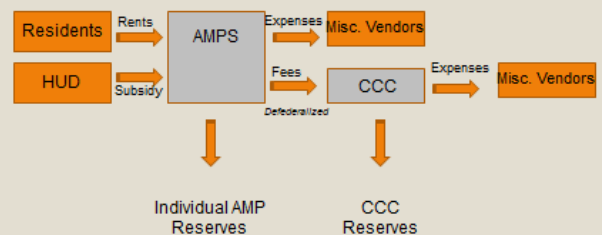
ASSET MANAGEMENT PROJECTS (“AMPS”)

Glenwood Towers	288
Kentwood	89
The Oaks	50
Mayview	61
Heritage	122
Meadowridge	60
Carriage House	101
Birchwood/Eastwood	96
Valleybrook	50
Stonecrest	42
Terrace Park	46
Berkshire	40
Capitol Park	60
Scattered Sites (SFHs)	108
Chavis Heights	86
Walnut Terrace	145
TOTAL	1444

FEE SCHEDULE

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Safe Harbor Fees <ul style="list-style-type: none"> Property Mgt. Bookkeeping Asset Management CFP/Development Mgt Fees | Miscellaneous Fees for Service <ul style="list-style-type: none"> Work orders Centralized warehouse Contracting staff PILOT Management HQS inspections IT Fee Rents (office & non-dwelling) Investment fee Centralized Maintenance <ul style="list-style-type: none"> Vacancies Plumber Carpentry Locksmith Electrician HVAC Exterminations Bulk trash removal |
| Allocated Costs <ul style="list-style-type: none"> Rent Collection Resident Services Applications / intake | |

FUNDING OVERVIEW



Commissioner Warren asked if the CCC reserves are restricted. Mr. Felton said the CCC reserves are defederalized (to be explained in an upcoming slide).

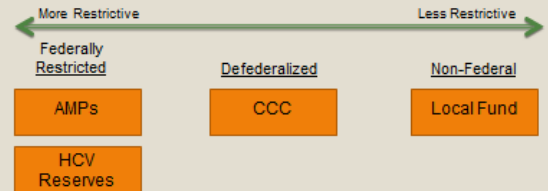
STRATEGIES

- Maximize income on non-dwelling assets.
- HUD is supposed to revisit the funding for the AMPs after three years of history have been accumulated under asset management.
 - Ensure all costs are in at the project level at market rate. It is not in RHA's best interest to artificially lower the cost to a project to show an "artificial profit."
 - If there are needs in a project that otherwise has a surplus, that surplus should be used to address those needs even if that expenditure might produce a loss.
 - Individual project losses are acceptable if the expenditures are necessary for the operation of the development and the property is efficiently managed.
- Minimize the risk of recapture by defederalizing reserves/fees where permissible. Take the maximum allowable fee, even if that creates a loss in the program if it's a simple matter of defederalizing the funding (Sec.8).

EXAMPLE STRATEGY

Section 8 Management Fee Comparison

- PHAs can choose to take either: (1) \$12 per unit managed; or (2) 20% of the administrative fee.
- RHA decided (Reso. #93 – 2010) to take the larger of these even if it causes the program to show a loss.



OPERATING BUDGET



Highlights in Budget

- Budgeted for the replacement of 4 vehicles in Maintenance.
- \$253,900 for security cameras at Glenwood Towers, Mayview, and Chavis Heights.
- \$362,139 for new HVAC at 900 Haynes Street.
- Budgeted for 1.25% Cost of Living adjustment.

Commissioner Warren asked how RHA came up with the 1.25% Cost of Living Adjustment. Mr. Felton said that was the recommendation from Evergreen.

Conventional Operating Budget

Executive Summary

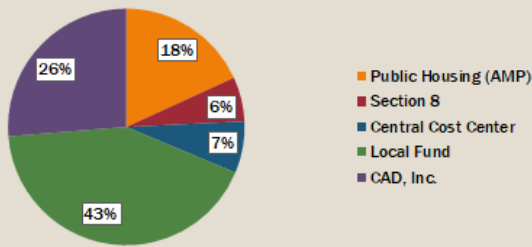
	Category	CCC	AMPs	Total
1	Revenue	4,717,650	4,519,909	9,237,559
2	Expenditures	5,073,956	9,632,495	14,706,451
3	Subsidy (after proration)	0	4,782,768	4,742,608
4	20% of Operating Subsidy for CFP (HOTMA provision)	0	-956,553	-956,553
5	Surplus/Loss	-356,306	-1,286,371	-1,642,677
6	Equity Transfer (Gross HCV Program Mgmt. Fee to Local)	-568,627		-568,627
7	Loan Payments	58,667		58,667
8	Surplus/Loss (after eq. tfer)	-866,266	-1,286,371	-2,152,637

BUFFERS IN BUDGET

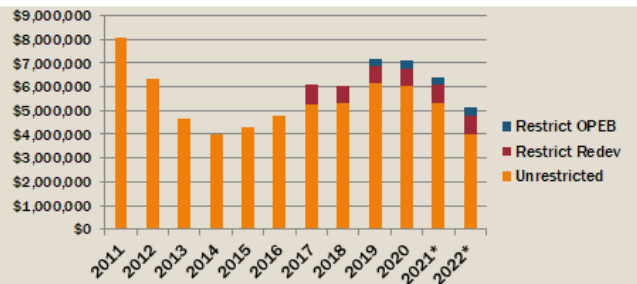
1	Projected loss – AMPs and CCC	-\$2,152,637
2	HOTMA – 20% of subsidy for modernization and capital improvements option not exercised	\$956,553
3	Contribution to Service Providers – dependent upon successful year	\$25,000
4	Security Cameras budgeted in operations could be paid for by CFP	\$253,900
5	Contingency for CCC Fee Income	\$80,000
6	Projected surplus post eq. tfer – Local Fund	\$568,627
	TOTAL	-\$268,557

ALL PROGRAM RESERVES

Reserves at March 31, 2020

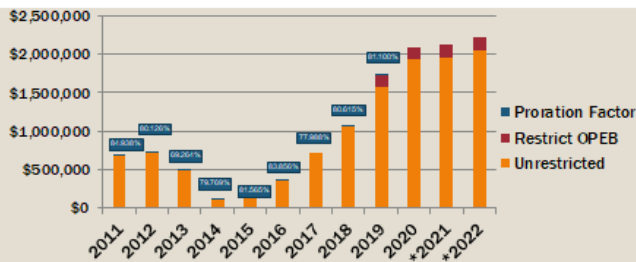


AMP RESERVES



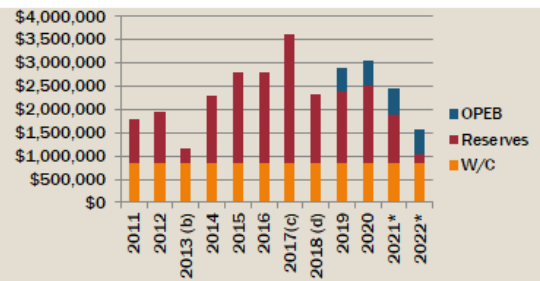
* 2021 and 2022 are conservative estimated amounts. 2011 started the relocation/demolition of Walnut Terrace and the reserves were further reduced by the \$4.3 million OFFP. 2019-2022 reflect the 20% HOTMA provision to use operating subsidy for capital improvements and redevelopment.

HCV ADMIN RESERVES



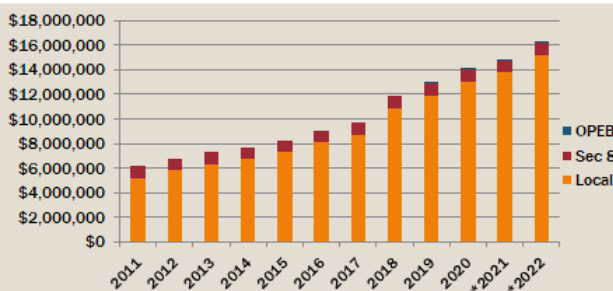
- Due to Sequestration, HUD funding and proration of administration fees was reduced in CY 2013. Admin Fee proration factor was 69.264%
- Reduced staffing levels and increased funding and proration of administration fees have caused reserves to increase since 2017. CY 2019 Admin Fee proration factor was 61.10%
- CY 2020 Admin Fee proration factor is still pending but estimated to be 80%
- HCV Admin Reserves are as of FYE's 3/31. Admin Fee proration factors are as of CYE's 12/31. *2021 and 2022 are estimated amounts with a 79% proration factor

CCC RESERVES



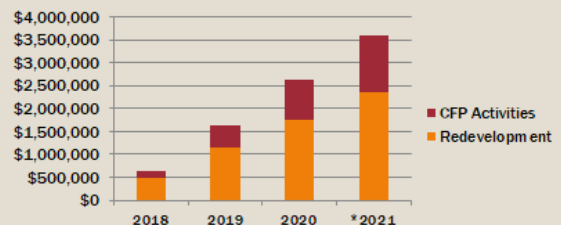
- Working Capital Allowance represents 6 months worth of "safe harbor" fees paid by the AMPs to establish a reserve in the CCC - \$85.5k
- Beginning in 2013, amounts were restricted for WT redevelopment which are not included
- In FYE 2017, \$1,000,000 was loaned to Capitol Area Developments for Halifax Senior Housing
- FYE 2018 reflects \$1,300,000 of defederalized fees transferred to Local Fund (Res. #43 2017) *2021 and 2022 are estimated amounts

LOCAL FUND RESERVES RESTRICTED AND UNRESTRICTED



- FYE 2018 reflects \$1,300,000 of defederalized fees transferred to Local Fund from the CCC.
- In FYE 2016, \$1,800,000 was loaned to Capitol Area Developments for Walnut Terrace. *2021 and 2022 are estimated amounts

HOTMA FUNDS RESERVED FOR REDEVELOPMENT AND CFP



- HOTMA funds expended for an AMP can not exceed the subsidy earned by that AMP in a Calendar Year ("CY").
- All HOTMA funds reserved for redevelopment will be used at Heritage Park.
- Operating Subsidy reserved through HOTMA must remain with HUD until expended.
- CY 2021 is an estimate.

Commissioner Warren asked if the Local Fund can be used to produce affordable housing in any manner that RHA wants. Mr. Felton said yes, as long as there is approval from the Board. (Approximately \$15 million.)

CAD DEBT/RESERVES – POST WT AND PURCHASE OF PARKVIEW MANOR

Total Debt at 12/31/20	Walnut Terrace	Parkview	Total
Internal	\$1,042,500	\$702,324	\$1,744,824
External	\$3,821,048	\$376,851	\$4,197,899
Total	\$4,863,548	\$1,079,175	\$5,942,723

Debt per Unit	Walnut Terrace	Parkview	Total
Internal	\$7,092	\$7,804	\$4,067
External	\$25,994	\$4,187	\$9,785
Total	\$33,086	\$11,991	\$13,852

Reserves all CAD Units	2017	2018	2019	2020	Projected 3/31/21
Operating	\$5,989,486	\$7,415,560	\$8,770,690	\$9,971,273	\$10,333,388
Replacement	\$474,025	\$558,775	\$656,580	\$781,984	\$871,155
# of Units	429	429	429	429	429

Note: Operating Reserve balances and unit counts do not include Carousel Place. Effective 1/1/17. CAD purchased Parkview Manor

ISSUES WITH BUDGET

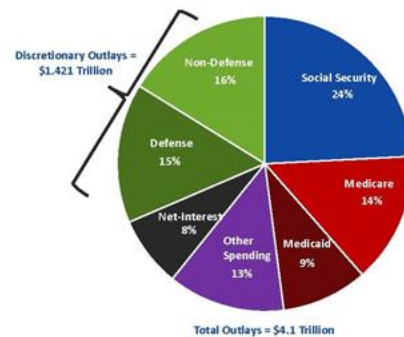
■ The Big Unknowns



THE BIG UNKNOWN FOR 2022

- Cash management proposed for Public Housing?
- Final Funding Numbers for HCV/PH?
- Subsidy amount CY 2021 (9 mos.) and CY 2022 (3 mos.)?
- The proration of the new admin fee formula established by the Admin Fee Study?
- Looming deficit issue?
- New Administration
- Pandemic
 - HUD Waivers
 - Additional CARES Act funding
 - Lower tenant rents due to loss of income

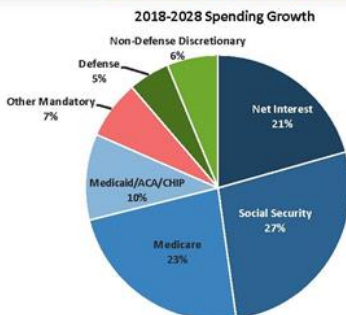
Spending in the Federal Budget – FY 2018



Source: CBO April 2018 Baseline, FY 2018 Omnibus



Social Security, Health Care, And Interest Explain 82% of Spending Growth



Source: CRFB calculations based on Congressional Budget Office data. Numbers may not add due to rounding.



ITEMS BEING CONSIDERED

- Budget FYE 3/31/22 for Local Fund (Res #4)
- Master Operating Budget (Res #5)
 - Cost Allocation Plan
 - Budget FYE 3/31/22 for AMPs
 - Budget FYE 3/31/22 for CCC
 - Budget FYE 3/31/22 for HCV

Commissioner Winstead asked if the funds that go into the Local Fund are ever subject to recapture. Mr. Felton said those are non-federal funds which means the PHA can spend it with Board approval.

Commissioner Winstead asked, when there is an issue about cash management, what bucket is in jeopardy, depending on what happens at the federal level. Mr. Felton said HUD only gives the money that the PHA asks for and they hold all reserves (PHAs are no longer able to grow reserves in a cash management system). The CCC is currently de-federalized. However, there is talk that it might be re-federalized (that's another reason for RHA to move the money out of the CCC, in case they re-federalize it).

Commissioner Whitehouse asked what RHA's investment strategy is on its reserves. Also, are there restrictions on what RHA can do with the reserves? Mr. Felton said, with the AMP reserves, the "restricted redevelopment" funds are from the sale of the scattered site homes from Walnut Terrace. RHA can use those for the Heritage Park redevelopment, if desired. The "unrestricted" funds are unrestricted and only for use in Public Housing units.

Commissioner Whitehouse asked if those funds are sitting in the bank or are they being invested. Mr. Felton said the money is put into CDs and moved around to earn the most interest.

Commissioner Whitehouse asked what the thinking is about keeping 100% of the money in CDs versus putting it into other investment strategies to grow those funds. Mr. Felton said RHA is restricted in what it can do for investments. Liz Edgerton said they have to be fully collateralized and it must be a HUD-approved investment.

Commissioner Whitehouse asked if staff works with the banking relationships on how to use the money to the best advantage for RHA. Ms. Edgerton said staff talks with the bank contacts regularly and shops around with the different banks that RHA's money is in.

Commissioner Warren asked if RHA has a primary depository. Ms. Edgerton said RHA has multiple banks—and that is due to the FDIC limits and the fact that RHA must collateralize its funding. RHA currently has relationships with Bank of America, BB&T, Truist Bank, PNC Bank, and First Federal Bank.

Commissioner Whitehouse asked if RHA uses short-term or long-term CDs. Ms. Edgerton said with the current low interest rates, RHA is doing more short-term CDs.

Commissioner Morris told Commissioner Whitehouse that PHAs are very restricted in their investment strategies and he would be glad to talk about it offline. .

Commissioner Warren said the Local Funds might not be restricted or controlled by HUD. Commissioner Morris said RHA is still a governmental agency and staff may need to look into that. He said, historically, it has been very restricted.

Mr. Felton said this resolution approves the budget for the Local Fund.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 4 (2021)

WHEREAS, the Housing Authority of the City of Raleigh (“RHA”) established the Local Housing Fund for entrepreneurial activities, which include issuing non-recourse housing revenue bonds and earning non-federal property management fees from properties that support RHA’s mission; and

WHEREAS, PIH Notice 2007-15 issued June 20, 2007 defines an Instrumentality as the PHA’s related entity whose assets, operations, and management are legally and effectively controlled by the PHA, which assumes the role of the PHA for purposes of implementing public housing development activities and programs, and which must abide by the public housing requirements that would be applicable to the PHA; and

WHEREAS, PIH Notice 2007-15 has been extended by PIH Notice 2008-27 issued on July 2, 2008, PIH Notice 2009-24 issued on July 23, 2009, PIH Notice 2010-30 issued on August 2, 2010, and PIH Notice 2011-47 issued on August 17, 2011 is effective until amended, superseded, or rescinded; and

WHEREAS, the Local Housing Fund is under the oversight and control of the Board of Commissioners; and

WHEREAS; with Board approval, the reserves in Local Fund may be used to:

- Loan funds to the Housing Choice Voucher (“HCV”) program to timely pay landlords when HUD funding is delayed;
- Loan funds to RHA and RHA’s affiliate, Capitol Area Developments, Inc. (“CAD”) to build affordable housing; and

WHEREAS, the U. S. Department of Housing and Urban Development (“HUD”) mandated housing authorities with 250 or more units of public housing convert to Asset Management and encouraged housing authorities to generate income from entrepreneurial activities and sources other than traditional subsidies and revenues; and

WHEREAS, the Supplement to HUD Handbook 7475.1 (Revised April 2007) which was issued with PIH Notice 2007-9 on April 10, 2007 states, “...any internal fee-for-service charges to Asset Management Projects or programs (property management fees, asset management fees, etc.) are considered non-program income for purposes of A-87 and 24 CFR part 85. Consequently any reasonable fees earned by PHA/Central Cost Center will be treated as local revenue subject only to the controls and limitations imposed by the PHA’s management, Board or other authorized governing body.”; and

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

WHEREAS, the Board of Commissioners has passed resolutions to transfer Asset Management Fees earned in the CCC to the Local Housing Fund as shown on the attached which by reference is incorporated herein; and

WHEREAS, per the resolution, these reserves were placed into a unique account so they are readily identifiable and these funds are not to be expended except for housing purposes that receive prior approval from the Board; and

WHEREAS, the Master Operating Budget for the fiscal year ending March 31, 2022, includes the Local Housing Fund; and

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

WHEREAS, the HCV Management Fee projected earnings of \$568,627 for the fiscal year ending March 31, 2022 in the CCC will result in an estimated equity transfer from the CCC to Local Fund, as reflected on line 176 of the proposed budget; and

WHEREAS, the proposed budget for the operation of Local Housing Fund for the fiscal year ending March 31, 2022 is part of the RHA Master Budget; 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 Operating Budget for the Local Housing Fund included in the Master Operating Budget for the fiscal year ending March 31, 2022 be approved.

BE IT FURTHER RESOLVED that staff is authorized to use the approved Master Operating Budget as a guide and to update and submit portions thereof to the various funding agencies as they are due in the format required by those agencies.

BE IT FURTHER RESOLVED that the Executive Director is authorized to approve the expenditure of funds in excess of the amount budgeted for an account category if deemed necessary in order to address the needs of the agency providing the expenditure does not exceed the total amount budgeted for that program and that this information will be reported to the Board of Commissioners at its next regularly scheduled meeting.

Commissioner Warren moved and Commissioner Whitehouse 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, Gregg Warren, Joe Whitehouse, Yolanda Winstead, Doris Wrench

Nay: None

Resolution No. 4 (2021) has been adopted.

Mr. Felton said this resolution approves the budget for AMP's, CCC and HCV program.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 5 (2021)

WHEREAS, the proposed Operating Budget for Asset Management Projects ("AMPs") NC002000006 through NC002000040, the Central Cost Center ("CCC"), and the Housing Choice Voucher ("HCV")

program for the fiscal year ending March 31, 2022, requires approval by the Board of Commissioners; and

WHEREAS, a public notice was published in the News and Observer newspaper on January 4 and 11, 2021 to announce the availability of the proposed budget for public review; and

WHEREAS, a public hearing has been held as required by North Carolina General Statute 159-12; and

WHEREAS, the budget for the HCV program is included on the Master Operating Budget to show program expenses which are funded by Administrative Fees from the U.S. Department of Housing and Urban Development (“HUD”); and

WHEREAS, HUD has not issued funding provisions for the Administrative Fees for Calendar Year (“CY”) 2021 and the Public Housing Authorities Directors Association (“PHADA”) has advised the proration factor is expected to be 77%; and

WHEREAS, the budgets for Capitol Area Developments, Inc. (“CAD”) and the two tax credit properties are approved separately by the CAD Board of Directors and are shown on the Master Operating Budget for informational purposes only; and

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

WHEREAS, RHA has sufficient operating reserves to meet the working capital needs of its AMPs and the CCC; and

WHEREAS, the proposed budget expenditures are necessary in the efficient and economical operations of providing housing for the purpose of serving low-income families; and

WHEREAS, the various programs administered by RHA are on different funding years and have different budgetary restrictions; and

WHEREAS, several of RHA’s proposed budgets are calculated based on current data since information specific to the subject fiscal year is not available at this time; and

WHEREAS, the proposed budget includes the Housing Opportunities through Modernization Act of 2016 (HOTMA) which allows housing authorities to use up to 20% of Operating Subsidy for Capital Fund Program (CFP) activities; and

WHEREAS, the use of the HOTMA provision has caused the total budgeted Public Housing expense to exceed operating income for FYE 2022 therefore potentially requiring the use of operating reserves; and

WHEREAS, in September Congress passed a Continuing Resolution (CR) that funded the Federal Government through December 11, 2020; and

WHEREAS, a series of four short term CR’s were passed to extend funding through December 28, 2020 and President Trump signed the Consolidated Appropriations Act on December 27, 2020 ; and

WHEREAS, HUD currently funds the Operating Fund for the AMPs on a calendar year basis; and

WHEREAS, HUD has yet to release full guidance for calculating CY 2021 Operating Subsidy as of January 5, 2021 but is scheduled to release functional Excel Tools to calculate 2021 Operating Fund on February 18, 2021; and

WHEREAS, the Operating Subsidy to be provided by HUD for Calendar Year 2021 is estimated in the proposed budget at 92% of funding eligibility; and

WHEREAS, the calculation of eligibility for federal funding reflected in the proposed budget was prepared on a fiscal year basis for internal use only to estimate the funding for the subject fiscal year using nine months of calendar year 2021 and three months of calendar year 2022; and

WHEREAS, all regulatory and statutory requirements have been met including all proposed rental charges and expenditures; and

WHEREAS, pursuant to Section 307, Part II of the Consolidated Annual Contributions Contract, the Authority hereby certifies that all administrative salaries are comparable to local public practice, based upon studies approved by the Board, which are on file for HUD review; and

WHEREAS, the Authority hereby certifies that all positions, as identified, do not exceed 100% of any individual employee's time; and

WHEREAS, the Cost Allocation Plan as required by Title 2 U.S. Code of Federal Regulations Part 225 has been prepared by staff and provided to the Board; and

WHEREAS, there are times when it may be in the best interest of the agency for the Executive Director to authorize the expenditure of funds in excess of the amount budgeted for an account category in order to address the needs of the agency without exceeding the total amount budgeted for that program;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the attached Master Operating Budget for the Asset Management Projects, the Central Cost Center, and the Housing Choice Voucher program for the fiscal year ending March 31, 2022 be approved.

BE IT FURTHER RESOLVED that staff is authorized to use the approved Master Operating Budget as a guide and to update and submit portions thereof to the various funding agencies as they are due in the format required by those agencies.

BE IT FURTHER RESOLVED that the Executive Director is authorized to approve the expenditure of funds in excess of the amount budgeted for an account category if deemed necessary in order to address the needs of the agency providing the expenditure does not exceed the total amount budgeted for that program and that this information will be reported to the Board of Commissioners at its next regularly scheduled meeting.

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, Gregg Warren, Joe Whitehouse, Yolanda Winstead, Doris Wrench

Nay: None

Resolution No. 5 (2021) has been adopted.

Mr. Felton said at the December 2020 Board meeting the Board approved RHA's salary study which resulted in changing some positions, pay grades, and ranges. Staff was asked to also look at a minimum living wage rate to ensure the full-time employees can afford basic housing and necessities in the local area.

Staff reached out to the City of Raleigh and they shared their formula for calculating a living wage. Staff did the same calculation as the city had done, calculating RHA's health insurance cost which was higher than the number the city used. The rates came out to be \$15.28 per hour for employees working 40 hour weeks and \$16.29 for employees working 37.5 hour weeks.

Three (3) employee salaries will need to be raised and possibly a few others will need to be adjusted as they will be compressed on the lower end of the pay scale.

Any pay adjustments due to living wage rate will be effective with the 2021 merits.

Commissioner Warren commended RHA and the staff for researching the living wage rate and moving it forward for the employees.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 6 (2021)

WHEREAS, the Housing Authority of the City of Raleigh ("RHA") desires to maintain competitive compensation and benefit offerings in order to recruit and retain qualified staff; and

WHEREAS, RHA entered into a contract with Evergreen Solutions in May 2020 to complete a Salary and Compensation Comparability Study ("salary study"); and

WHEREAS, a summary of the results of the salary study were presented to the Board of Commissioners along with RHA's proposed pay grade changes and were approved on December 3, 2020; and

WHEREAS, the changes to positions, grades and pay ranges resulting from the salary study shall be effective on April 1, 2021; and

WHEREAS, any necessary pay adjustments based on the revised positions, grades and pay ranges be effective with the 2021 merits for eligible employees; and

WHEREAS, RHA further desires to compensate full-time employees in accordance with its approved grades and pay ranges to ensure they earn, at a minimum, a living wage rate at which they can afford basic housing and necessities in the local area; and

WHEREAS, this living wage rate will be determined and made effective each fiscal year using the following criteria:

- The average of the last four published Fair Market Rents for a one-bedroom apartment (basic housing) in the Raleigh, North Carolina metropolitan statistical area.

- The living wage rate will be set to ensure the cost to afford basic housing would not exceed more than 30 percent of the employee’s annual gross income.
- The living wage rate will be offset to reflect RHA’s share of the premiums to provide health insurance coverage for an employee on RHA’s base health insurance plan based on the rate in effect as of April 1st.
- The living wage rate determination is subject to funding availability and may not be increased in years in which it would impose a financial hardship to the agency. In years in which the calculated living wage rate has decreased from the prior year, the prior year’s calculation would be maintained as not to reduce RHA’s living wage rate.

WHEREAS, the living wage rate, calculated based on the aforementioned criteria and RHA’s grades and pay ranges as of April 1, 2021, is \$15.28 and \$16.29 per hour for a regular full-time employee who is scheduled to work 2,080 and 1,950 hours annually respectively.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the proposed living wage rate process be implemented in conjunction with RHA’s grades and pay ranges resulting from the salary study and be effective on April 1, 2021.

BE IT FURTHER RESOLVED that any necessary pay adjustments based on the proposed living wage rate process be effective with the 2021 merits for eligible employees.

Commissioner Whitehouse moved and Commissioner Warren 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, Gregg Warren, Joe Whitehouse, Yolanda Winstead, Doris Wrench

Nay: None

Resolution No. 6 (2021) has been adopted.

Mr. Felton said several years ago the Affordable Housing Task Force recommended improvements to the communication between RHA and the City Council. As a result, staff prepares a large portion of the City’s section on affordable housing for their comprehensive plan. Staff also invites the City council to join in on the Board bus tours of the properties.

On years when there is no bus tour, staff sends a letter to the City Council giving them an update on agency. The last bus tour was in October 2018.

This year staff would have done a bus tour. However, due to the COVID pandemic, it was canceled. Staff decided to send another letter to the City council this year.

Attached to the resolution is a letter reviewing RHA’s year. The letter includes:

- With the pandemic, RHA had to adjust how it does business. Some staff are working remotely; and staff is trying not to meet with residents as much as possible and utilize video calls and online documents to work with residents.
 - Work orders were prioritized so staff was only responding to urgent/emergency work orders for most of the year.
 - Staff was provided access to thermometers to check and record their temperatures and any residents who were home when they respond to calls.
 - PPE were issued to staff to utilize and share with residents if necessary and follow prevailing health guidelines while working.
- RHA’s 33rd consecutive year with no financial audit findings.
- RHA received a PHAS score of 95 last year. This designates RHA a “high performer” for the 24th consecutive year.
- RHA’s voucher program received a SEMAP score of 104. This designates RHA a “high performer” for the 13th consecutive year.
- RHA’s partnerships with the City
 - Parks and Rec leases the recreation field at Halifax Park. They have programming at Walnut Terrace which they have expanded over the years.
- St. Savior’s Center
 - Offers health and wellness programs for our seniors at Glenwood Towers and Carriage House.
 - Site for Meals on Wheels.
 - Wake Relief (emergency food).
 - Diaper train- provides free diapers to low income families.
- The operating subsidy is 97%.
- RHA averaged around 99% utilization in the voucher program.
- The façade work has been completed at Glenwood Towers as well as the installation of a new roof on the building.
- The facade work has been completed at Carriage House and a new roof has been installed.
- Staff started the process of converting some of the public housing units over to Rental Assistance Demonstration (RAD). Closing on these properties was delayed due to pandemic. Converting these properties to RAD will help with funding for the future and preserving RHA’s affordable housing.
- Staff has begun exploring the possibilities of redeveloping Heritage Park.

If the letter is approved by the Board, staff will attach the official scores from HUD for the HCV and Public Housing programs and send the package to the City Council and City Manager. The County Board of Commissioners will also be copied on the letter because RHA has jurisdiction in the County.

**HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 7 (2021)**

WHEREAS, the City of Raleigh and the Raleigh Housing Authority (“RHA”) share a close relationship and make the effort to communicate regularly following up on a recommendation of the City’s Affordable Housing Task Force and the Analysis of Impediments; and

WHEREAS, RHA includes the City Council members on tours of the public housing properties and encourages both the council and city staff to contact RHA with any questions or concerns when they arise; and

WHEREAS, RHA participates and provides the use of its multi-purpose building at 971 Harp Street at no charge to the City for its semi-annual Landlord Training Program; and

WHEREAS, RHA staff works closely with the Housing and Neighborhoods Department staff and frequently shares updates; and

WHEREAS, RHA participates in a public meetings with the Housing and Neighborhoods Department staff to share agency plan updates and hear the concerns of the greater community as they relate to affordable housing; and

WHEREAS, RHA makes staff available for the City’s public meetings on issues of interest to RHA’s low-income families and city policies; and

WHEREAS, the COVID-19 pandemic has significantly changed business practices during 2020; and

WHEREAS, gathering for a bus tour is unsafe at the present time based on recommendations from the CDC and the NC Department of Health and Human Services; and

WHEREAS, RHA has prepared a brief written update on its activities during 2020 in lieu of a bus tour;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the attached “2020 Year in Review” is approved and the Board Chair and Executive Director are authorized to send it to the Mayor and City Council and other interested parties on behalf of the Board of Commissioners.

Commissioner Braun moved and Commissioner Fonville 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, Gregg Warren, Joe Whitehouse, Yolanda Winstead, Doris Wrench

Nay: None

Resolution No. 7 (2021) has been adopted.

Mr. Felton said HUD Regulations require Public Housing Authorities to contract with an Independent Public Accountant to audit the books of the Authority following each fiscal year end. This selection is based on the qualifications of the audit firm, not the cost of the audit. This is the same method used for the services of other professionals, such as attorneys, architects, and engineering firms. RHA solicits proposals from qualified auditing firms every five years.

Staff put out a Request for Proposals (RFP) for auditing services in 2019. Only one proposal was received (Rector, Reeder, and Lofton, PC). They have done RHA’s audit for the past 11 years.

Staff recommends Rector, Reeder, and Lofton because of their:

- Years of experience auditing public housing authorities.

- Over 35 years of experience by the Principal.
- Over 66 years of experience by the audit team.
- Audit experience specific to North Carolina including working with the Local Government Commission on more than 55 housing authority audits
- Quality work.

This resolution exercises the option to contract with Rector, Reeder, and Lofton for the second year of the five year term for FYE 2022 audit.

The cost is \$42,000, which is a slight increase from previous contract of \$39,550.

Commissioner Warren said, where the same auditor is used for multiple years, it seems that best practices would be to move the managing partner in the audit around every few years. Commissioner Warren asked if that has ever come up in discussion. Mr. Felton said, to the best of his knowledge, it has not come up in the past.

Commissioner Morris suggested it is something staff could ask Rector, Reeder, & Lofton. Mr. Felton said staff will ask about it.

Commissioner Warren said he doesn't object to continuing the relationship. However, he thinks it would be good to explore that option.

**HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 8 (2021)**

WHEREAS, the U.S. Department of Housing and Urban Development regulations require that a housing authority contract with an independent auditor for an annual audit; and

WHEREAS, the staff of the Housing Authority of the City of Raleigh ("RHA") prepared specifications for auditing services for fiscal year ending March 31, 2020, including optional renewals for the fiscal years ending March 31, 2021, 2022, 2023, and 2024; and

WHEREAS, the Request for Proposals ("RFP") was publicly advertised stating that sealed proposals must be received at RHA by 11:00 a.m. on November 15, 2019; and

WHEREAS, one proposal was received for auditing services, and it was determined that the RFP would be advertised for a second time stating that the sealed proposals must be received at RHA by 11:00 a.m. on December 17, 2019; and

WHEREAS, at 11:00 a.m. on December 17, 2019, the one proposal received for the auditing services was opened and recorded; and

WHEREAS, the proposal received is set forth on the attached bid tabulation sheet, which by reference is made part of the resolution; and

WHEREAS, the staff of RHA evaluated the proposal in areas including size and organizational structure of the firm, staff qualifications and experience, technical expertise in auditing large public housing authorities ("PHAs"), planned time on-site conducting the audit, experience with North Carolina

governmental audit requirements including knowledge of Local Government Commission requirements, and fair and reasonable cost; and

WHEREAS, the staff of RHA recommends the acceptance of the proposal for fiscal year ending March 31, 2021 as follows:

Rector, Reeder, and Lofton, PC \$42,000

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the contract for the auditing services for the fiscal year ending March 31, 2021 be awarded to Rector, Reeder, and Lofton, PC.

BE IT FURTHER RESOLVED that the Executive Director is authorized to enter into a contract with the firm of Rector, Reeder, and Lofton, PC for these services.

Commissioner Warren moved and Commissioner Whitehouse 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, Gregg Warren, Joe Whitehouse, Yolanda Winstead, Doris Wrench

Nay: None

Resolution No. 8 (2021) has been adopted.

Mr. Felton said the next two resolutions write off equipment as part of RHA's 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.

The 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 lists attached are of items staff has accumulated over the year for disposal. The second spreadsheet is a list of the fixed asset disposition over the last few years.

The total for this year is approximately \$28,000.

Commissioner Winstead asked if the write-off of fixed assets and custodial equipment could be moved to the consent agenda. Commissioner Morris said these resolutions are to make sure the Board is aware what is happening. Mr. Felton said staff needs to be transparent with the Board on how the fixed assets are disposed of.

Nay: None

Resolution No. 9 (2021) 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 can no longer be used.

Custodial assets 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 lists that are attached are of items staff has accumulated over the year for disposal. There is a lot of landscaping equipment which is broken or obsolete. 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. Staff 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.

The total for this year is approximately \$11,000.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 10 (2021)

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 \$11,125.43 made part of this resolution be approved for disposition as of January 28, 2021;

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 Warren moved and Commissioner Fonville 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, Gregg Warren, Joe Whitehouse, Yolanda Winstead, Doris Wrench

Nay: None

Resolution No. 10 (2021) has been adopted.

Commissioner Morris asked the staff for the following:

- Outline of what PHAs are allowed to invest in and send it out to the Board.
- Report on when the last banking RFP was sent out. Review whether or not it's time to do another RFP to ensure honest banking relationships.

Commissioner Warren said it is a great idea. He would also like to see a snapshot of how much money is invested in each institution.

Report of the Repositioning Committee Chair

Commissioner Warren said the intention of the Repositioning Committee is to give the Board a detailed report at the end of February. The committee was developed to look at the entire RHA portfolio of properties that might be converted to a new financing scheme under RAD. This will move the public housing portfolio into a different financing model which is less dependent on federal government appropriations for operating subsidies.

The committee has been focused on the Heritage Park redevelopment. Heritage Park has served the community very well for a long time. However, the committee feels that RHA can make a significant impact on increasing the amount of affordable housing on that site by building a higher density. RHA needs to do this carefully by respecting the existing residents.

The committee is trying to work through several development plans. The following principles have been discussed:

- It is important that RHA replace the existing public housing units (122) on a one-to-one basis (at least) with a similar number of new units to serve a very low income population (30% AMI or less).
- More density: 2, 3, or 4 story buildings and some elevator buildings.
- Dedicated senior building
- Public streets going into the community to interconnect Heritage Park more directly with the existing community.
- Childcare as a possibility.
- Community building for service providers to offer services to the residents.
- Possibility of getting 300+ units on the site and still have the opportunity to sell off 2 acres on the most eastern part of the site to a developer. This would be sold at market value and would allow RHA to better serve the community (this is a very high-value property).

RHA is getting ready to go through the rezoning process. However, staff needs to have a communications plan in place first to reach out to stakeholders. Once the rezoning process is started, the public will be asking questions to the staff and Board. Having talking points about redevelopment plan will help with those questions / discussions.

The committee had several meetings so far, with good involvement from staff as well as consultants.

Commissioner Morris asked Commissioner Warren to talk about the tour that some of the committee members took. Commissioner Warren said he —along with Commissioner Morris, Commissioner Winstead, and Mr. Felton— took a tour of Chavis Heights, Beacon Ridge Apartments, and Washington Terrace. The tour was helpful to get a feel for what Heritage Park might look like with the higher density. Washington Terrace has a childcare center on site as well as a community center and community gardens. The committee was also interested in looking at some corridor buildings to see how they would work in the new development.

Commissioner Morris said one thing they discovered is that the corridor buildings have several security cameras that help keep the building safe and well-managed.

Commissioner Warren said they could plan another tour if there is interest from the Board.

ADJOURNMENT

There being no further business to come before the Board, the Chair declared the regular meeting adjourned at 6:30 p.m. The Board then went into Executive Session to discuss personnel, legal, and real estate matters.