

Minutes
RHA Repositioning Committee Meeting
June 30, 2021
11:30 AM

Present: Eric Braun, Arne Morris, Gregg Warren, Yolanda Winstead, Wayne Felton

Absent: Bahati Mutisya

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

Visitors: Wanda Gilbert-Coker, Deidre McCullers, Wanda Hunter, Hwa Hung

Committee Chair Gregg Warren welcomed everyone to the meeting and stated that the meeting.

The following rules of procedure will be followed for this meeting:

Rules of Procedure for Public Comments

Public input and participation are of the utmost importance to the Raleigh Housing Authority. While RHA encourages public participation, time constraints during the monthly RHA Board Meetings do not allow for active participation throughout the meeting. Therefore, the RHA Board has agreed upon the following Rules of Procedure for Public Comments to allow for public comment:

1. Each speaker is allocated 3 minutes to speak at the start of the meeting. The Board Chair may, at their discretion, increase or decrease this time allocation.
2. The total time for Public Comments will be limited to 30 minutes per meeting.
3. A speaker may not share or relinquish any remaining time they have not used to another speaker.
4. Speakers are only allowed to speak one time during the Public Comment period.
5. Speakers shall refrain from personal attacks and/or threats directed towards staff, Board Commissioners, or members of the public.
6. Speakers shall be civil and courteous in their language and presentation. Insults, profanity, use of vulgar language or gestures or other inappropriate behavior are not allowed.
7. Speakers should not expect Board Commissioners to comment on or respond to their comments directly during the meeting. The Board Chair may, however, request the Executive Director's office to follow up with a speaker after the meeting or provide additional information to the Board at a later date.
8. The Board Chair has the authority to enforce the Rules of Decorum. Failure to obey these Rules may result in the forfeiture of the remaining speaking time. Individuals who engage in egregious or repeated violations may be asked to leave the meeting.
9. The Zoom Chat Room will be disabled during the RHA Board Meetings. If the public wishes to have additional questions or comments answered, they may do so with the following email addresses:

For questions regarding Heritage Park: heritageparkinfo@rhaonline.com

For general RHA questions:

info@rhaonline.com

REVIEW OF DEVELOPER RFQ

In review of the RFQ, Commissioner Braun said RHA should consider allowing more space on site that is designated specifically for service providers. “Community Meeting Space” doesn’t specify anything about service providers. Also, there is no suggestion for the opportunity for a small retail establishment.

Mr. Felton said, from previous discussions, he thought there would be a computer learning center there – similar to CIS. Also similar to what is on site at Washington Terrace. It sounds like everyone is on the same page. The description needs to be enhanced to specify the use.

Commissioner Warren said, given the number of units that RHA is talking about developing on site, it won’t be difficult to add space for services. For example, in the senior building, there needs to be space for on-site property management staff as well as a separate office for groups like Resources for Seniors that offer services for seniors. There would be a need for a separate office they can use to conduct private interviews with residents, etc. RHA can easily accommodate a few extra offices for those service providers – both in the family component as well as in the senior component. Where that’s located on the site exactly is still to be determined.

Commissioner Morris asked if they were talking about reconfiguring anything. It will be the same configurations – just labeling the current site plan to make it consistent with what they’re wanting. If the configuration needs to be changed, will there be a reduction in housing to accommodate retail.

Commissioner Braun said right now the plan is 2-dimensional, with no suggestion of square footage or anything else. He’s not suggesting reducing anything. As heard from City Council, they will make strong suggestions that RHA plan for more, not less. I also suspect that they will ask us about this service issue. I think the conception of these communities is changing some. For residents to be successful as RHA might hope, we need to at least plan for the possibility of service providers coming in to provide services to our residents. There are a lot of financial resources available so RHA needs to put that in this RFQ so that the potential responses understand what we’re looking for. Those conceptual drawings are going to change dramatically before this is over with so I don’t think we need to be tied to those other than that’s just a general concept.

Commissioner Winstead said maybe it makes sense to have a section that deals with the vision of the conceptual plan for the redevelopment (around design and services plans, etc.) – instead of having to carve out all of those things in the introduction. This would be where we lay out what the minimum RHA is seeking on site and what our goals are.

Commissioner Braun said he thinks that’s a good idea – it is easier. It makes sense because it will be very precise inside the document.

Commissioner Morris asked who will be responsible for drafting that – RHA staff or a committee member.

Commissioner Warren suggested, on some of these broad comments that the RHA staff take another shot at some of these points that we're asking them to clarify or modify. Then the committee can review it again.

Commissioner Warren said he made a minor edit in the "local contributions". He doesn't feel that RHA has to commit to investing in this development at this stage so he's suggesting RHA "may" be able to contribute to development efforts. The final bullet point has been a point that Commissioner Winstead mentioned (page 3). It is awkwardly worded and Commissioner Winstead suggested some different language.

Commissioner Winstead suggests having a qualifier in there. The question is around who is involved in making the decision around how things are structured. You're definitely going to have to have input from tax counsel for the investor as well as for the ownership entity to map out how things are structured and what each entity controls.

Commissioner Warren said he didn't think RHA or its affiliate was going to own the improvements – but instead it would be owned by the LLC (the tax credit entity that's created). He didn't think that was correct factually.

Commissioner Braun said in the sentence before that (RHA's affiliate non-profit has secured equity financing) we could state "a similar structure is anticipated for this redevelopment".

Commissioner Warren said "no", because RHA's affiliate non-profit will probably not be taking the lead in securing the equity and financing. That is going to be the developer. That's not to say RHA isn't going to have approval rights over that.

Commissioner Braun asked why we would need that first sentence.

Commissioner Warren suggested deleting the entire bullet point and adding "as our preference, that the co-developer be prepared to exit the ownership structure as soon as possible, subject to approval of the investor's lenders and the North Carolina Housing Financing Agency". That's an important bullet point to put out there very early.

Commissioner Braun said he's fine deleting the whole thing. Based on what Commissioner Warren just said, the first sentence is definitely not what we will be doing with this redevelopment. If it is going to be entirely different this time, then he doesn't know why it's needed.

Commissioner Winstead said the reference to the co-developer exiting is covered under the terms of the agreement. She asked Commissioner Warren if that should be moved up.

Commissioner Warren said "yes" – it's important for people to read that early in their review. A number of developers will decide they're not interested.

Mr. Felton said he's fine with what you're saying. He had a question about something that was mentioned earlier about how RHA "may" put money into the deal. Would there be a situation where RHA wouldn't put money in? If RHA doesn't put money in, it would limit any say that RHA has in it. He said he assumed RHA would be putting some money in to have approval authority.

Commissioner Braun said RHA is contributing a very expensive piece of property.

Commissioner Warren said in the end RHA likely will contribute dollars. However, it shouldn't be committed up front.

Mr. Felton said RHA would put the land in the deal and be the co-developer. He wants to make sure RHA isn't handing everything over to the developer.

Commissioner Warren said that would be part of the joint venture agreement.

Commissioner Warren asked if RHA is expecting the co-developer to be in charge of demolition – or is that something that RHA is going to do (or is it something that hasn't been determined).

Mr. Felton said if RHA is doing obsolescence and Section 18, RHA would have money to use in HOTMA that can be used for demolition. RHA can't use that money for the construction of the buildings.

Jennifer Morgan said, in talking with HUD, as long as the ACC is still on the property, RHA can use federal funds. The money can be used for demolition and relocation, but would not be able to use it for the rebuilding of the units.

Commissioner Warren asked which entity is responsible for the demolition.

Mr. Felton said RHA would be responsible for the demolition and then turn it over to the development team to do the development part.

Commissioner Warren said this is a good question for the consultants. The co-developer will likely prefer RHA to do the demolition.

Mr. Felton said staff will check with EJP to make sure they agree with that.

Commissioner Braun wanted to clarify for the public attending the meeting, when we are talking about "turning something over", we're talking about an affiliate that is still controlled by RHA through a subsidiary organization.

Commissioner Warren said the 7th bullet – page 6 – starting with "implement" is inconsistent with what was just discussed (where RHA is going to be in charge of that).

Mr. Felton said staff will talk with EJP to make sure they're good with RHA handling the demolition and the front-end things.

Commissioner Morris asked to clarify whether RHA will be responsible for the demolition. Historically, RHA has contracted out the demolition.

Commissioner Warren said RHA will be responsible for the demolition (they will contract it out to a demolition contractor). RHA staff will check with EJP to make sure that is correct.

Mr. Felton said this will be covered in the developer task list.

Commissioner Morris asked about page 7 – the 2nd and 4th bullet both mention a commercial mixed-use development. Does that tie into your earlier conversation?

Commissioner Braun said that is part of it. However, it doesn't address the office space. We need to be consistent and if we put all of it in one place, it will make more sense.

Commissioner Morris said he thinks Commissioner Winstead's suggestion is a good one (putting all of that information in one place) to make it clearer and easier to find.

Commissioner Warren said he softened the language about the joint venture agreement slightly because RHA will try to negotiate the joint venture agreement after the developer is selected.

Mr. Felton said that works.

Commissioner Braun said Commissioner Warren's suggestion is fine with him.

Commissioner Warren asked about the language on page 7: "RHA's non-profit affiliate will have the sole discretion in determining how the land is obtained from RHA – whether a purchase or land lease or donation." He said he's ok with that.

Commissioner Braun said it doesn't matter – it's our land. He would take it out.

Commissioner Winstead said since the language has been added at the beginning stating these bullets are important to RHA, she does not see a problem leaving it in there. If it's important to RHA, it should be left in.

Commissioner Braun said that is fine with him.

Commissioner Morris agrees.

Commissioner Warren said that Commissioner Whitehouse added (page 9) "the use of an established team of architects, contractors, etc. is not required but is desirable".

Commissioner Braun asked what that means. We're asking for experience in other ways to show that they have relevant experience. Does that mean they've used the same architects, contractors, etc. for multiple projects?

Commissioner Warren said he does not think “that’s desirable” is needed. He’s inclined not to accept that change.

Commissioner Braun said it should be dropped.

Mr. Felton asked if we are saying we want to use local engineers and architects – or is that part of the negotiation.

Commissioner Warren said he’s not making any opinion as to where the contractors are located.

Commissioner Braun said the overall package they submit in their experience is going to address this issue. What does the use of an established team of architects, contractors, etc. mean? Does anyone have a sense of what that means?

Mr. Felton said, in his opinion, what he took that to mean is that the developer may have an engineer and architect that he’s worked with on multiple projects and they work well together and they may use them for all of their tax credit properties.

Commissioner Braun asked, when they are responding to this RFQ, wouldn’t that address this issue? He does not think it adds anything.

Commissioner Winstead said she doesn’t think it adds anything.

Commissioner Warren said he’s going to strike it from the document.

Mr. Felton said EJP mentioned that whoever the developer is needs to make sure they are familiar with the North Carolina Building Code. That will be addressed because they will have to have done a tax credit property in North Carolina within the last 5 years.

Commissioner Warren said Mr. Felton is misspeaking regarding qualifications for bond transactions. For the 4% bond deal, you don’t have to have done a North Carolina transaction recently.

Mr. Felton asked if they have to have done a tax credit transaction within the last 5 years.

Commissioner Warren said yes – but it does not have to have been in North Carolina. They must have done a bond deal in the last 3 or 4 years.

Mr. Felton clarified that it does not go by state – it is strictly tax credits. He asked about a developer that has never worked in North Carolina before.

Commissioner Braun said number 4 on page 10 somewhat addresses that (argument for best candidate). However, we can put in a requirement that they have done work in North Carolina and are familiar with the North Carolina building code. We will be able to flesh that out through their submittal because anyone who has done work in North Carolina and Raleigh will put that in there. Additionally, we will be able to address that through the interview process.

Commissioner Warren said many of the developers who will be attracted to this development are national developers that move from state to state without much difficulty. Therefore, having a preference for a North Carolina based developer or one that has done something recently in North Carolina would limit our choices.

Commissioner Braun said we should probably strike the sentence that reads, “Development experience in the Raleigh, NC area is strongly encouraged.”

Commissioner Warren said he thinks that is too narrow of a definition of what RHA wants in a developer.

Commissioner Morris said that statement could be taken out. However, when we are evaluating and voting on who is selected, it can still be important to the group making the selection.

Commissioner Warren said it could be discussed later if it is deleted. However, what he is suggesting is that there are very few tax credit developers who have done 4% bond deals who are familiar with doing mixed finance transactions with housing authorities. That is a small number of developers.

Commissioner Winstead said we are saying it’s “strongly encouraged”, not a “requirement” so it will not necessarily prohibit someone outside of Raleigh from applying.

Commissioner Warren said why don’t we say “North Carolina”.

Commissioner Morris said he agrees that it should be broader than Raleigh.

Commissioner Braun said the sentence before reads “explain the familiarity with the local rules, regulations, and politics and the plans to manage any local politics. Respondents must possess all necessary local licensing to do business in North Carolina.” We need to look at this whole paragraph.

Commissioner Winstead said, if you’re looking at a developer who doesn’t directly have that experience, they would be bringing someone on their team who does.

Commissioner Braun is just suggesting that the paragraph be looked at to make sure it aligns with what the committee is saying. It is very North Carolina and Raleigh-centric.

Commissioner Braun said he thinks any national developer who is coming to North Carolina to pitch something, then they will choose to have some local contacts and contractors on the team. How important is it to say this in the document if the committee will be able to interview them? The national developers might not want to bother applying.

(At this point, the RHA offices lost internet and the RHA staff were no longer on the meeting.)

Commissioner Warren asked staff to talk with EJP to make sure this is not too limiting.

Commissioner Winstead said if it is considered too limiting, then she agrees with Commissioner Morris (to not state it but make sure it is in the evaluation). RHA will need to make a decision about making sure there is participation from local businesses.

Mr. Felton agreed.

Commissioner Warren said there is no rule that says we cannot ask for follow-up questions when we interview. Maybe we are leaning toward a deletion of that but we would still consider it a factor. Let's defer to EJP on that.

Commissioner Warren said on page 11, section 3.3, he made some edits that track Commissioner Winstead's comments. The way this reads is that the staff selection committee will make a recommendation of 3 to be interviewed and that the Repositioning Committee will conduct the Interviews and recommend the candidate to the full RHA Board to initiate negotiations. He's not sure if the Repositioning Committee should do that or the entire RHA Board (or at least invite the entire Board). Many of the RHA Board Commissioners would be interested in participating.

Mr. Felton said that is something staff has talked to EJP about. Typically, the Board doesn't get into the selection. However, a minority participation of Board Commissioners on the selection committee is ok but you wouldn't want to have a majority. Then the full RHA Board will vote on whoever is recommended. Staff will follow up with EJP to make sure that is correct.

Commissioner Braun said that makes sense from a legal perspective. You wouldn't want the full Board to do the interviews and also selecting them if they're going to make the final decision.

Commissioner Warren said the way this is edited is that no Board Commissioners are on the selection committee. Instead, the selection committee identifies the top 3 candidates for the Repositioning Committee to interview and make a recommendation to the full RHA Board.

Mr. Felton said he thought it had been changed. It was in there 3 places and it was changed to be a minority of the RHA Board Commissioner to be on the selection committee. Even if you used the Repositioning Committee, that's still 4 RHA Board Commissioners and we would end up with a very large committee. You don't want the whole Board to be involved in that selection because then the Board is approving them. The idea would be for the selection committee to have a minority of the Board Commissioners and that would go to the full RHA Board for approval.

Commissioner Braun said he read that there's an evaluation committee that will rank each respondent and submit the 3 highest to the Repositioning Committee. Is there also a selection committee or is that the same thing as the evaluation committee?

Mr. Felton said those are 2 separate committees. The evaluation committee is the staff picking the top 3 or 4 and then it will go to the selection committee to do the interviews and select them. That would go to the Board for final approval.

Commissioner Warren suggested that everyone re-read the edits that were done and then staff can talk to EJP and come back to the committee with the suggested approach that's maybe less complicated. It is questionable as to whether there needs to be 4 different entities making this decision (evaluation committee, selection committee, Repositioning Committee, and full RHA Board).

Mr. Felton said that's where the Repositioning Committee was taken out of the process since that is all Board Commissioners and myself. We'll talk with EJP and look at it again. The main thing is to have a minority of the Board on one of those committees during the selection.

Commissioner Warren said the new evaluation criteria factors that staff came up with are good (page 12). Item number 5 mentions demolition – you might want to strike that.

Mr. Felton asked if the committee wants to talk about who is providing guarantees.

Commissioner Warren said that will be part of the negotiation.

Mr. Felton asked about the NC Building Codes – would that be part of the selection where they have experience in North Carolina?

Commissioner Warren said there should not be a requirement for NC Building Code experience. The building codes across the southern states are similar.

Commissioner Braun said it is the international building code and most states adopt it with some localized changes. Anyone who does this it will be clear that they either have competent contractors or have the experience. It isn't necessary to require it.

Mr. Felton said that was one of the things EJP suggested we might want to include.

Commissioner Braun said all of their licensed professionals who are doing the work will have to be licensed to do work in North Carolina.

Mr. Felton said staff would ask EJP about it. There is some advantage to having local knowledge working with Raleigh officials and getting things through the permitting process. That's not to say you can't be from out of town and get it done.

Commissioner Winstead said in section 4.10 (Minority/Women Business Enterprise Utilization and Resident Employment) this is probably standard language. However, maybe we should be more intent about how important this piece is.

Commissioner Warren asked if that could be an evaluation factor.

Commissioner Winstead said it could. However, it might be important to elevate that, even in the RFQ.

Commissioner Braun said he agrees and thinks the City of Raleigh will look on that favorably.

Commissioner Winstead said you're encouraging whoever responds to do the minimum required under the various codes or regulations. However, we want someone to go beyond the minimum and we should be strongly encouraging people to do that.

Commissioner Braun suggested EJP could find some language that is more aggressive than what we currently have.

Commissioner Winstead said other housing authorities have probably done that, too.

Mr. Felton said RHA received a bond proposal recently that has some different (more aggressive) language we can try to borrow.

Commissioner Braun suggested that staff get 2 or 3 examples of different approaches we might want to look at. The group can decide from those examples.

PUBLIC COMMENTS

Each participant will be allowed 3 minutes. The committee will not respond during the meeting. However, RHA staff will respond to your questions and comments on the RHA website.

Wanda Gilbert-Coker

I am with the Wake County Housing Justice Coalition. It would be great for the participants to follow along with you. Providing documents in advance would be helpful. One of the complaints that we've had from residents, is that the website is not up-to-date. If possible, the documents that you've discussed today should be on the website. Also, as you are looking for developers and determining if they're from NC, I would hope that minority business and women is stressed. Hopefully, whoever develops the property, understands that this is a black community with a heritage. Someone who has that background or understanding of what they are coming to understands that they do not want to lose the culture. I hope that is somewhere in the contract. We don't want to erase the culture of the community and I hope that's somewhere in the contract as well.

Deidre McCullers

My concern is that information isn't sent in a timely manner. I would like to see the minutes online no later than one week after the meeting. Also, I would like to see in those minutes where the Board voted on and properly seconded the information that you copied from the Raleigh City Council about non-member participation, which is what we're experiencing right now.

Wanda Hunter

I'm a member of the Wake County Housing Justice Coalition. Your meetings are uninviting to the residents. It is hard to follow along without the documentation. I was able to get some of the documentation through email. I think that housing for up to 80% of the AMI is egregious and it should not be that high – it should be up to 60%. When you continue to assist people with that high of an AMI, you tend to exacerbate the wealth gap and make a bigger gap than what it already is. Also, the documents need to be provided with the agenda so that people can view them and go through them easily. I want to know how many active resident councils do RHA

properties have. Can we get a list of the properties and the officers? I also want to find out about the newly-formed Oak City non-profit. As a resident management corporation, does it adhere to title 24 Section 964.120? Who is the representative from the community that is on that Board. When were the Board members elected and who voted? It baffles me that an organization that has been in business for this long does not have a process and procedure for getting the information out to developers so that they can bid for the RFQ. The three mixed-income communities in RHA are part of the problem. You're wiping out low-income communities to make them mixed-income communities when the city has already done a study to show that low-income communities are the type that we need. RHA still continues to fight against that even though the data exists to show that people who are 30% AMI or lower are the ones who are in the most need of housing in Raleigh.

Hwa Hung

I am a member of the Wake County Housing Justice Coalition. I would like to reinforce some points made by my colleagues. I also wanted to add that I have been to the Dix Edge Study Meeting where one of the staff mentioned the income level of the Dix Park area averages out to be \$39,000 annually. If the proposal is to build housing for 60-80% AMI, that will put a lot of strain on the people making this income. With HUD, the definition of affordable housing is that you should only have to pay 30% of your income into housing. Please take that into consideration when you're building housing – know what the income levels of the current residents are.

Commissioner Warren thanked the public for their participation. We are hopeful that for future meetings, the agendas and documentation will be posted online in advance of the meetings.