

Minutes  
RHA Repositioning Committee Meeting  
August 10, 2021  
11:30 a.m. – 1:00 p.m.

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

Committee Absent: None

RHA Board Present: Yolanda Winstead, Joe Whitehouse

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

Visitors: (Public): Larry Zucchini, JDavis Architects; Latoya Montague, CIS Wake; Mehaamud; Skhan; Alston 66; Analyze Jarman; Hwa Hung; Ezra Williamson; Deidre McCullers; Erika Moss; Fahd; Iesha Cobb; Wanda Gilbert-Coker.

Commissioner Warren reminded the public that there would be time allowed at the end of the meeting for public comments. At this time, the participants have been muted and the chat room has been disabled. The Committee may not respond to the questions or comments during the meeting. However, they are taken seriously and will be responded to by RHA staff.

**Review and approval of Minutes of June 1, 2021 and June 30, 2021**

Commissioner Warren noted that in the review of the minutes there were several questions that the Commissioners raised that might not have been answered yet by staff. Since some of those issues are about relocation, they should be discussed.

Commissioner Mutisya corrected one sentence in the June 1, 2021 minutes:

The sentence stated “Commissioner Mutisya asked if we are sure that we have enough *vaccines* that all of the Heritage Park residents would be able to move to another public housing unit.” It should be changed to: “Commissioner Mutisya asked if we are sure that we have enough *units* that all of the Heritage Park residents would be able to move to another public housing unit.”

Commissioner Morris moved and Mr. Felton seconded approval of the Minutes (as amended) from the June 1, 2021 meeting. A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, Wayne Felton, Bahati Mutisya, Gregg Warren.

Nay: None

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Mr. Felton moved and Commissioner Morris seconded approval of the Minutes from the June 30, 2021 meeting. A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, Wayne Felton, Bahati Mutisya, Gregg Warren.

Nay: None

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### **Status of RAD Conversions**

Mr. Felton said RHA has been appointed a transaction manager with HUD. She asked questions last week and staff responded to her. Charles Francis is working on some of her questions – mainly the Control Agreement. That is something that staff would like to bring to the OCAC Board Meeting for approval this month.

The big issue that RHA currently faces is that the rules about radon have changed. There were only a certain percentage of units that the PHA needed to check. If radon was detected, that would determine how many additional units needed to be checked. HUD has since changed that to 100% of the units. Staff has a contractor lined up that will be testing radon the next two weeks in 100% of the units that RHA is converting. After that, RHA will need to mitigate any units that have radon issues. RHA is still on schedule to close in November.

### **Potential work with RAD Collaborative**

Commissioner Warren said Patrick Costigan reached out to RHA about a test program he wants to introduce. He worked with Enterprise, HUD, and is currently a private consultant. He is offering RHA the opportunity to test out a new model that he's working on with other former HUD employees where they would come to Raleigh and provide advice as to how RHA can address some of its challenges. This can be customized to RHA's interests. However, the focus is repositioning and strategies that RHA could employ to better serve its communities. This is being offered free of charge (RHA would cover the travel and hotel costs for three to four consultants who would come). There would likely be at least one Housing Authority Commissioner involved in these meetings, too.

Commissioner Warren said this might be a useful program to take part in. Particularly, it might set some direction as RHA begins the strategic planning process. There may be opportunities out there that RHA hasn't explored.

Commissioner Braun said he thought it was a productive talk and it's something that is worth exploring. They will organize a panel that has experience across the board of the various housing authority issues that RHA deals with. The panel would be geared toward the issues that we want them to look at to give us guidance and offer advice on how to move forward. It would give us a perspective across the country about what other housing authorities have done to address those issues.

Commissioner Braun said he is supportive of the program and thinks RHA should move forward on it.

Mr. Felton said he thinks it's good that they have knowledge from all over the country – what other places have done, what's worked, and what hasn't worked. One of the reasons they were talking with us is because RHA has a lot of opportunities. By talking with them, this would allow us to make the most of those opportunities.

Mr. Felton said four or five points will be given to them from the Board Commissioners and they would look at those and decide if it is a good fit. They're selecting RHA as much as RHA is selecting them.

Commissioner Warren said they are trying to do this in four or five different markets – they're trying to have geographic spread and they're looking for a group in the southeast.

Commissioner Winstead asked how working with the collaborative would impact the current schedule for the RAD conversions.

Mr. Felton said the first four RAD conversions are closing at the end of 2021. The collaborative would look at the remaining RHA properties and determine what should be done (RAD or something else). Mr. Costigan doesn't like the term "RAD-amatic" and prefers "straight conversion" instead. Those are the properties that would not take on debt. The remaining properties are a little bit more complicated because they have asbestos. RHA may need different ideas on how to deal with that. Having them look at those properties may give staff some new ideas.

Commissioner Warren said it would be helpful if we can have this engagement take place before we get too deep into the strategic planning. It would open our eyes to more possibilities.

Commissioner Warren asked for a motion to recommend the RAD Collaborative to the full Board at the August RHA Board Meeting.

Commissioner Braun moved and Mr. Felton seconded taking the RAD Collaborative to the full Board at the August RHA Board Meeting.

Aye: Eric Braun, Wayne Felton, Bahati Mutisya, Gregg Warren.

Nay: None

## **Heritage Park**

HUD Strategy – Review of Options for Heritage Park (under separate communication)

Mr. Felton said there are three options for the redevelopment of Heritage Park:

### **Section 18 Demolition**

Pros:

- Receive Tenant Protection Vouchers ("TPVs") for units occupied in the past 24 months.
- Eligible for Demolition or Disposition Transitional Funding ("DDTF") and Asset Repositioning Funds ("ARF") once units are demolished.
- Do not have to include the 4 and 5 bedroom units in the redevelopment. It is at RHA's discretion.
- May be able to turn the TPVs to Project Based Vouchers at the HUD Fair Market Rent to be used at the redeveloped property.

Cons:

- Cannot use Operating Reserves or Capital Fund for the rebuilding of the units (estimate of \$8,000,000). May be able to use Operating Reserves or Capital Fund for the relocation and demolition of the property with HUD approval. Note: the \$8,000,000 is an estimate since it includes future Capital Funds which are dependent on Congress.

Mr. Felton said Section 18 is the preferred method and is recommended by the consultants because you can have a higher rent on those units. The tenant's rent is still based on their income. However, the rent that RHA would collect would be higher.

#### RAD/Section 18 Construction Blend

This is combining RAD rents with Section 18. The percentage has recently been changed. It used to be 25% but now you can go up a little higher. The Section 18 rents are higher than the RAD rents so the more Section 18 units you have, the higher the rent and the more financially viable the project is.

#### Pros

- RAD rents are currently lower than the FMR.
- Tenant Protection Vouchers issued for units disposed of under Section 18.
- Capital Fund and Operating Reserves can be used on the RAD portion of the units.
- Demolition Disposition Transition Funding (DDTF) is received for the units removed under Section 18.

#### Cons

- Cannot use 9% tax credits.
- Would have to include the 4 and 5 bedroom units since all tenants have a right to return (can discuss with current tenants if they want a voucher then they can sign a waiver and those units do not have to be replaced).

#### Rental Assistance Demonstration ("RAD")

##### Pros

- Can use Capital Fund and Operating Reserves as part of redevelopment.
- Funding begins as soon as the RAD project closes so the funds can be used for construction or relocation.

##### Cons

- Not eligible for DDTF or ARF Funds.
- Would have to include the 4 and 5 bedroom units since all tenants have a right to return (can discuss with current tenants if they want a voucher then they can sign a waiver and we don't have to build those units).
- RHA's RAD rents are 70% of Fair Market Rents.

Commissioner Warren said it is staff's recommendation that RHA go with the Section 18 and he asked the committee if everyone was in agreement to take that recommendation to the full Board during the August RHA Board Meeting.

Commissioner Whitehouse asked if the rents that would be higher are the rents that are available for reimbursement to RHA and if the tenant's rents are still based on their income levels.

Mr. Felton said that is correct. RHA would collect a higher subsidy and the tenant's portion would remain 30% of their income.

Mr. Felton added that with Section 18, RHA must meet the obsolescence test and that is something that was done in February. RHA meets the obsolescence test and does qualify.

Commissioner Warren asked if \$8 million estimate for operating reserves and cap fund is across the entire portfolio – and does RHA lose those funds even though they can't be used for rebuilding the Heritage Park units?

Mr. Felton said Cap Fund is used for RHA capital improvements (new roofs, paving parking lots, etc.) for all RHA properties. The operating reserves are with each property. HOTMA is tied with the Cap Fund and is another source of funds that RHA has available to use at Heritage Park.

Commissioner Warren asked if the HOTMA money can be used for construction or just demolition.

Mr. Felton said it depends on which option RHA chooses for the redevelopment. If RHA chooses Section 18, then it can only be used for relocation and demolition.

Commissioner Warren said those funds will not be lost to RHA, they will just be used for other capital needs.

Mr. Felton said with Cap Fund, you must get the funds obligated within 2 years and expended within another 2 years. With the HOTMA funds, you have 7 years from the year that the funds are put into the account. RHA started HOTMA in 2018 and the funds that were put in at that time must be used by 2025. PHAs are not allowed to use more HOTMA money than what the subsidy was to that property. Heritage Park gets approximately \$600,000 per year in subsidy so RHA would be limited to what can be used at Heritage Park from the HOTMA funds.

Commissioner Warren asked if RHA has the ability to use the funds so that they are not lost.

Mr. Felton said that RHA will be able to spend those funds so that they are not lost or recaptured.

Mr. Felton clarified that HOTMA is the Housing Opportunities Through Modernization Act that was started in 2016. The rule to allow PHAs to move their operating funds into this HOTMA bucket came about in 2018. At that time, RHA was doing the façade work at Glenwood Towers, so money was moved for Glenwood Towers and Heritage Park.

Commissioner Warren asked if staff needs any action from the committee with regard to the direction we're taking.

Mr. Felton said the only direction staff needs is that it will be recommended to the full RHA Board this month.

Commissioner Warren asked for a motion to recommend pursuing Section 18 demolition to the full Board at the August RHA Board Meeting.

Commissioner Braun moved and Commissioner Mutisya seconded recommending pursuing Section 18 demolition to the full Board at the August RHA Board Meeting.

Aye: Eric Braun, Wayne Felton, Bahati Mutisya, Gregg Warren.

Nay: None

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**Updates** – RFPs found on the RHA website under “Business Opportunities”

Master Planning RFP (Heritage Park specific)

- RHA emailed seven vendors that have responded to previous RFPs.
- Two vendors are coming to the pre-bid meeting that is scheduled for that RFP that staff did not email.

Communications RFP (Heritage Park specific)

- Staff has emailed five vendors that RHA has done business with or been recommended by other agencies.

Staff would like to get a recommendation to the Board in September.

Mr. Felton said staff will get out an additional Communications RFP for RHA-wide.

Commissioner Warren said it is his understanding that the master planning process for Heritage Park will involve civic engagement, community engagement, engagement of the residents and that there will be opportunities for a lot of questions. The Board generally feels that RHA needs to hear from all voices before a plan is finalized and this is part of that effort.

Commissioner Morris said that is an accurate summary. He added that it sounds as if there will be additional RFPs in the future.

Commissioner Morris asked about the cutoff dates for those RFPs.

Mr. Felton said the Communications RFP cutoff is August 20<sup>th</sup>. The Master Planning RFP is due August 26<sup>th</sup>.

Commissioner Morris asked about the next steps if staff isn't happy with any of the responses.

Mr. Felton said they would be re-advertised and staff would try to find different vendors to reach out to.

Commissioner Morris asked the committee if they were comfortable with that.

Commissioner Warren said they all had an opportunity to look at the RFPs. The key is that these are professional qualifications that RHA is seeking – not just a low bid type of arrangement. It is a negotiated process based on qualifications based on what they're putting in the proposal. The scope of work is somewhat flexible.

Mr. Felton clarified that with the evaluation of these, staff has a scoring system. Cost is a factor. However, it is not the sole factor. Staff considers cost but also tries to get the most qualified.

Commissioner Morris said that is consistent with how RHA does everything.

Mr. Felton said that's true with professional services. With something like flooring, low bid would be the determining factor.

### **Phasing Plan**

Commissioner Warren said it was discussed previously that RHA would try to do the demolition at Heritage Park in phases. He asked if that is still a feasible approach.

Mr. Felton said staff has spoken with the engineer and if RHA is varying the grading, it will require an alternate approval and is a process that RHA will need to go through with the City of Raleigh. The grading is still the driving factor and staff will need to look at what the city wants.

Mr. Zucchini said the goal is to create flexibility. If possible, they would like to have the option of phasing the demolition. The design around the road extension and how it turns out will dictate a lot about the phasing option.

Commissioner Warren asked if this is a site that will require dirt to be imported.

Mr. Zucchini said he doesn't know that they have gotten to that point yet. They don't know the answer to that at this point.

### **Draft Relocation Plan Synopsis**

Commissioner Warren said it's important to understand that any kind of demolition plan and relocation effort for Heritage Park is sometime off in the future. There is opportunity for a lot of conversation. Staff thought there would be an opportunity to pursue the relocation next year – however, it might be the year after next.

Mr. Felton said that is a fair assessment.

Commissioner Warren said he has some questions that were raised in the June meetings and it would be good for staff to go back and respond to the questions and commissioner's thoughts. Many of his comments were more focused on the existing RHA portfolio. For example, Walnut Terrace public housing units have a work requirement. For those who are being relocated out of Heritage Park, could RHA waive that requirement? The reason for focusing on Walnut Terrace, is because it's close in proximity to Heritage Park.

Some additional relocation benefits were also talked about – such as were done at Walnut Terrace. There is a lot of time to discuss that and the committee doesn't really need to go through that now.

Mr. Felton said another thing to look at is schools. Staff has already engaged with the Wake County School System and we have a liaison with them to assist RHA residents with navigating the school system.

Mr. Felton said the 90 days is something else that was discussed (the notice that is required by HUD).

Commissioner Braun said that some of the commissioners would like to give more notice than 90 days.

Mr. Felton said, from the earlier conversations, the consensus is that RHA will give more notice. That shouldn't be a problem – we just need to be careful how we handle that because if someone is getting a voucher, we need to make sure the voucher is available when we give them notice. Staff needs to be careful how it is worded so that people don't get ahead of the process. For example, we can give them 60 days' notice that in 90 days their voucher will be here and you might want to start looking. Staff has already had conversations with residents who are doing that (thinking about getting a voucher and where they might want to live and what they need to do).

Commissioner Whitehouse said it would be helpful to have an overall general high-level schedule that shows zoning, plans, demolition starting, of the thinking today (so that the residents know this is much further out – years rather than months). It will highlight a general goal of where we're looking at today.

Commissioner Braun said one of the issues is transparency with the community and residents. That can also lead to questions and concerns. Maybe staff should think about a sliding scale schedule on the website – with big milestones. As things shift, we can shift the slider. We can adjust it every couple of months. As we get closer, we can refine it.

Mr. Felton said staff can set it up in Microsoft Projects.

Commissioner Braun suggested we also circulate it in other ways – not just online – so that everyone can see it (when it's appropriate to do so).

Commissioner Winstead wanted to clarify that the 90 day notice is a minimum that's required.

Mr. Felton said that is correct. That begins when the vouchers are issued. However, RHA can give a 60-day notice for when the voucher will be available to give them a heads-up to plan.

Commissioner Warren said the first decision will be to decide between a voucher and public housing and that can be done before the 90 days.

Mr. Felton said that is correct. Staff can do those things so that they know where they want to go. According to the surveys, the majority of the people wanted vouchers.



### **HUD approval and development Schedule**

Mr. Felton said he wanted to talk a little bit about the HUD approval. Staff will start on the demo/dispo application and one of the things we will have to turn in is to nail down some of the relocation policies and how that will work. A lot of these things will go into that application. We're also working on scheduling a work session with the City of Raleigh and that will help nail down what our plan is.

Commissioner Warren said if we need to tell HUD what we want to do, the demo/dispo application might not be available to go until we have the Co-Developer selected and the master planning process completed.

Mr. Felton said it could be closer to the end of this year or early next year before it is submitted.

Commissioner Winstead asked if the Relocation Plan is part of that application (does it need approval before submission?).

Mr. Felton said that is correct. Staff would like to get it done as soon as possible because in order to be eligible for the tenant protection vouchers, it must be a unit that was occupied within the last 24 months. That timeframe needs to be kept in mind, as well.

Commissioner Warren would like a walk-through of the exact benefits the residents will get under the Uniform Relocation Act (moving allowance, differential payment if replacement housing is more than they can afford). It would be helpful if the commissioners and public understand how that all works – the exact dollar amounts under that plan.

### **Developer RFQ**

Commissioner Warren said the Developer RFQ has gone to the committee for review.

Mr. Felton said some comments had been sent to staff and were incorporated into the document.

The process for evaluating the RFQ:

- 100 points
  - Staff gives a certain number of points for experience and capacity.
  - 20 points for their financial strength.
  - Quality of references.
  - Presence on sight.
  - Section 3 commitments.

Commissioner Whitehouse asked Mr. Felton to explain the selection committee and evaluation committee.

Mr. Felton said the evaluation committee (3 staff people) will look at the proposals and recommend up to the top 3 proposals to the selection committee. The selection committee will interview those top 3 developers who were selected. The selection committee will be the 3 people on the evaluation committee as well as 2 Board Commissioners. We need to make sure

that we don't have a majority of Board Commissioners on the selection committee (that's why there are 3 staff and 2 Board Commissioners). The selection committee will score those 3 and make a recommendation to the RHA Board.

Commissioner Warren said he and Mr. Felton talked about adding an additional Board Commissioner – have 3 staff and 3 Board – and Wayne wanted to have an odd number in case of a tie.

Mr. Felton said you don't want to have the Board a majority of the Selection Committee because the full RHA Board will be approving what the Selection Committee sends them. He recommends there is one more employee than there are Board Members so there is not a majority of the Board on the committee. It doesn't look good for the Board to have the majority of the evaluation as well as the final approval.

Commissioner Morris said they are trying to prevent impropriety. It's not that the Board can't participate; it's just that they can't be the majority.

Commissioner Braun said he doesn't know why there is concern with having more staff than Board on that particular committee. Because they're just making recommendations, not decisions.

(Mr. Felton shared the EJP FAQs.) Mr. Felton recommends an odd number on the selection committee to prevent ties. Either three staff and two Board or four staff and three Board.

Commissioner Whitehouse asked if it's possible for someone to sit in on the interview to ask questions (but not have voting rights).

Mr. Felton said he would ask EJP – he thinks that's possible.

Commissioner Morris would like to see a less experienced person in the development process and challenged Mr. Felton to think about a 5<sup>th</sup> staff member who can get the experience by sitting in those meetings (to develop “bench strength”).

The committee agreed with Commissioner Morris and recommended five staff and three Board Commissioners.

Mr. Felton said he will get back to the full Board with the committee's recommendation and check on the question about someone sitting in without voting rights.

### **Public Comments**

Taquita Jarman

Heritage Park resident

Disagrees that there is a Board Member on this committee. She thinks that you should involve resident councils instead of using your Board Members on this selection committee. You have already getting to approve twice – why go through the Board again? Does the moving allowance

apply to the DHIC for those who want to become homeowners? The request for Co-Developer is on the website. Is the synopsis on the website?

Iesha Cobb

Heritage Park Resident

Concerned that she heard about the Caps Fund but didn't hear anything about the Cares Act Fund. Out of Walnut Terrace, Chavis Heights, and Halifax Court, 99% of the residents were not able to come back to live there. That's the same thing that will happen if you redevelop Heritage Park. I would like to know, out of curiosity, who stated that I wanted this place to be demolished – because I never did. What is the sole purpose for demolishing Heritage Park? Is it for Dix Park or for the residents who are already here? What happened to the funds that started in 2018 that we were supposed to get part of that we never received? How is the plan set when half of the community is not in agreement with demolishing the community? We don't need the community to be demolished.

Deidre McCullers

I heard Mr. Felton said RHA is not required to build 4 and 5 bedrooms when Heritage Park is demolished. You've also stated that you intend for everyone at Heritage Park to come back if they want to. What will the residents do who need 4 and 5 bedrooms units?

Ezra Williams

Will I be able to get assistance before the 2 years if I decided to move? With a voucher or some type of assistance?

Wanda Gilbert Coker

Wake County Housing Justice Coalition

I want to address that, from my visits over there speaking to the tenants, there are some empty units and it's disheartening to see that when we have a homeless population. The units may need repairing but someone needs to repair them so someone can move in. We've polled the residents and they don't want that road opened up to come through. The Communications Consultant RFP doesn't say anything about finding someone that has experience with racial equity. I hope you get someone who reflects well in the community – not just the black community but those who are most impacted and understand what the community is going through. I did not hear anything about adding residents to the evaluation committee. You leave out those who are most impacted, the voices of the residents. It's important that you add them.