

Minutes
RHA Repositioning Committee Meeting
September 14, 2021
11:30 a.m. – 1:00 p.m.

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

Committee Absent: Gregg Warren

RHA Board Present: Joe Whitehouse

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

Visitors: Charles Francis, Francis Law Firm, PLLC; Larry Zucchini

Commissioner Braun 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 August 10, 2021

Mr. Felton moved and Commissioner Braun seconded approval of the Minutes from the August 10, 2021 meeting. A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, Wayne Felton, Bahati Mutisya.

Nay: None

Update on RAD Process

Mr. Felton said staff had three additional Zoom meetings with the residents over the last week. Most of the residents were from the four properties that are being converted to RAD. That brings the total RAD resident meetings since 2019 to 37. The meetings are held at different times and days to accommodate the residents' schedules. A total of 42 different residents attended the last three meetings. Staff discussed the Admin Plan, the ACOP, the lease, the RAD conversion process, and the plan to close in November.

RHA has not received the RAD closing commitment from HUD. There were some flags in the system that staff is working through with the HUD field office. HUD needs to clear up some things on their end. Staff is still pushing to close in November.

Staff has completed the radon tests. Fourteen units will need mitigation. Staff has begun mitigation on those units and will have them completed by next month.

Staff will inspect the gas vent piping to make sure that it's in compliance.

Commissioner Braun asked if these are all the RHA properties or just the ones that are closing. Mr. Felton said the radon tests were done on the units that are closing. Staff will go back and look at the other units that will remain public housing. With the gas venting, staff is looking at the units that are the RAD conversion first, and then staff will go back and check the others.

Commissioner Braun asked about the meetings that were referenced – have they been limited to the properties that are closing or do they also relate to Heritage Park. Laura McCann said the last few sets of meetings have been for the residents of the four properties that will be converted to RAD. The prior meetings included more residents with a more general topic. Staff has narrowed down the topic as RHA goes through the RAD process and provided more specific information to the closing properties.

RHA must to reissue the CNA because of the radon costs. Staff is also working on the Interlocal Agreement for inspections and rent reasonableness. That is to be able to partner with the City of Raleigh and the Wake County Housing Authority. RHA will also bring in some independent contractors to help with the inspections.

Commissioner Braun asked if staff foresees any problems getting information back to HUD to keep the process moving to make the preferred closing date. Mr. Felton said staff is working with the field office and has expressed the desire to close in November.

RAD Collaborative

Commissioner Braun said Mr. Felton circulated some potential topics for the RAD Collaborative. The people at the collaborative will review RHA’s list and they will decide, based on who is available, which topics they want to take on. After that, RHA will get together with them to plan potential site visits and meetings for them to collaborate with staff.

Commissioner Braun said the list has been circulated to the Board. He asked if the list will be discussed with the full Board or sent directly to the collaborative. Mr. Felton said it will be taken to the full RHA Board next week for their approval.

Commissioner Whitehouse said he thinks it’s a good list and he’s excited to send it to the collaborative to see where it goes from there.

RFP & RFQ Update

Mr. Felton said RHA has received proposals for both Communication Plans and staff is in the process of scoring them. The Strategic Plan proposal is due today and the Master Development Consultant proposal is due tomorrow. The Master Developer RFQ pre-qualification submittal meeting was held last week and that went well. There were four companies on that call. Those proposals are due October 21st.

Commissioner Braun asked about the plan after the proposals are scored. Mr. Felton said once they are scored they will be brought back to the full Board for approval because those were not in the budget for this year.

Commissioner Braun asked if part of the scoring will be the minority participation. Mr. Felton said that was included in the scoring criteria which was part of the RFPs.

Commissioner Braun asked what would happen if the Board feels there is not enough minority participation – could staff go back to the highest bidder and ask them to beef up their minority participation. Mr. Felton said he would need to talk with RHA’s procurement specialist to make sure the rules are being followed. He thinks staff should be able to negotiate with them.

Commissioner Braun asked Mr. Felton to look into that. He thinks it’s important for these projects.

Commissioner Braun asked about staff preparing the Section 18 demo/dispo application for HUD. Mr. Felton said staff has looked at the application and there are several pieces to it. For example, staff will need to get several letters from different entities in support of the project. Staff’s goal is to have it ready by January 2022 to bring to the RHA Board.

Governing Agreement

Charles Francis said there are several points to highlight with this agreement. They include:

- It is titled a “Governing Agreement”. However, that title can be changed, if desired. It could be called a “Global Agreement” or “Comprehensive Agreement”. The Managing Agreement and Control Agreement were collapsed into one document. RHA will be executing the document, both as the current owner that is seeding its interest through one of the LLCs, and as the managing agent being appointed.
- The ownership structure for these RAD transactions is that each property will be owned by a single asset LLC, which is owned by Oak City Affordable Communities, Inc. There will be four separate documents – one for each LLC.
- Several provisions in the document provide that expenses incurred by the management agent are reimbursable by the ownership entity. In addition to that, the management agent will be entitled to a percentage compensation which is yet to be set.
- A management agent is being appointed in this document. The management agent does not have to be Raleigh Housing Authority. However, the consensus is that it’s best for RHA to manage these properties going forward. This documents appoints RHA as the management agent.
- Article VII establishes a budget process.
- Article VIII establishes a process for reporting back to RHA.

Commissioner Braun said he read over the agreement but would like to read it more thoroughly before approving the document. However, if it needs to be approved today they will do what is needed.

Mr. Felton said the plan was to give it to the Repositioning Committee today to review before taking it to the full RHA Board next week for approval.

Commissioner Whitehouse said he hasn’t had time to read through the entire document. He has a number of questions on the pieces that he’s reviewed so far. He asked about the best way to formulate his questions so that they can get answers before the Board Meeting next week.

Mr. Felton said the committee can put their questions in an email and send them to him. He and Mr. Francis will get the answers back to them before the meeting next week.

Commissioner Braun agrees that he wants everyone to feel comfortable with the agreement and what it's intending to do. If more time is needed, we should take it. On the other hand, we control both sides of the agreement so if something is missed, things can be changed fairly quickly.

Commissioner Braun asked if Commissioner Whitehouse wanted to go through a few of his questions.

Commissioner Whitehouse said he would prefer to collect all of his thoughts and get them out all at once.

Commissioner Braun said he has the following general comments:

- **Misc. Section 4.10**

For "Resident Councils", should we consider defining that a little more or give a little more substance to that.

Mr. Felton said in public housing, RHA gets \$25/unit/year for the properties that have a Resident Council. Of that, \$10 goes to RHA for supportive services and \$15 goes to the Resident Councils. That is prorated based on whatever proration subsidy that RHA gets for that year. The presidents of the Resident Councils form the Inter-Community Council (ICC) and they elect a president of the ICC. The Resident Councils have agreed to give 20% of their funding to the ICC. Staff is intending to do the same thing for the RAD properties.

- Does HUD lay out how the PHA is supposed to support these things? If there is a regulation, should we refer to that to give people an idea of what the supportive services are? (This doesn't need to be discussed today.)
- Under the next paragraph (budgets), since there is a whole section later in the agreement on the budget, if we want to define "budget", maybe it could be stated "as defined in section X, later in the agreement" (or the definition can be left out and let the section that details it speak for itself).

Mr. Francis said that is a good edit.

- There is no fee listed currently. Should we have a formulaic approach to that – how will we define what that percentage is if someone asks about it?

Mr. Felton said he would like to talk it over with the Finance Department to determine the percentage. We need to ensure all of the costs are covered. We don't want to go too high, where we're taking money out of OCAC. However, we don't want to go too low, where the costs aren't covered. The Finance Department can determine how they want to pull that together.

Commissioner Braun said his concern is that there be consistency with the different fee percentages among all of RHA's management agreements. RHA needs to be prepared to explain to the public why there are differences.

Mr. Felton said that was one of the things staff had talked about internally – that we would go ahead and adjust those rates. Some of those are tax credit properties so they will have different rate because they are a different level of management. The others that are comparable will need to have a justification as to why they are different.

- In Section 5.5, should the definition of “gross collections” be moved to the definitions section?

Mr. Francis said that is also a good edit and he will make that change.

- Under “replacement reserve”, is there a formula for determining what that reserve is going to be? If so, if it's a HUD regulation, should we add in how that replacement reserve is going to be determined? Or possibly reference the regulation that tells us how to determine that.

Mr. Felton said that is governed by the CNA that was completed by Dominion Due Diligence. They laid out everything as to how many more years the properties can go without major repairs (such as roof replacement) with an estimate of what those costs will be in the future. If needed, additional language can go into the agreement for explanation.

Commissioner Braun said he's unsure if that is important. He is just trying to think about possible public questions and comments.

Commissioner Whitehouse asked how often the reserve study is updated. Mr. Felton said he would have to check on that. It is done on the front end and HUD checks to make sure that the money is available. However, it is unclear whether an additional CNA is completed in the future.

Commissioner Whitehouse said often times the costs change over time so studies might not be accurate in predicting future costs.

Mr. Felton said RHA doesn't have reserves for public housing (public housing has Cap Funds which are different). It probably is a good idea to revisit those estimates periodically. Especially with costs escalating like they have in the last two years.

Commissioner Whitehouse said it's a bad place to be when your reserve funds aren't accounting for actual costs.

Commissioner Braun said that's a good point. He suggested that we consider developing a policy and ask Dominion Due Diligence what an appropriate time would be to update those needs assessments to make sure RHA's reserve funds are adequate. He suggested staff find out

what other PHAs do and come up with a policy that states RHA will revisit them every three to five years (whatever is appropriate).

Mr. Felton said staff will talk to Dominion Due Diligence to see what they suggest.

Commissioner Braun asked for additional comments be sent to Mr. Felton as soon as possible so they can be addressed before the RHA Board Meeting next week.

Commissioner Braun asked if the RAD Collaborative topics need to be approved to take to the RHA Board next week.

Mr. Felton said that would be fine.

Commissioner Braun moved and Mr. Felton seconded approval to present the RAD Collaborative proposed topics to the RHA Board at the September 23, 2021 meeting. The Board can add topics or adjust, as appropriate.

Aye: Eric Braun, Wayne Felton, Bahati Mutisya.

Nay: None

Heritage Park Redevelopment and Phasing Plan Update

Mr. Felton asked Donna Perez to update the committee on where RHA is in the Phasing Plan.

Ms. Perez said staff has worked in connection with JDavis and engaged a site development engineer to evaluate the site for both utilities and vehicular access in connection with a potential Phasing Plan. The initial review of the property indicated that, should we agree with the city's plans to extend West Street, it would require RHA to raise Dorothea Drive approximately four feet. That poses site development challenges and a significant cost associated with it.

Staff asked the site development engineer to reach out to the city and discuss this finding and alternative means to come together on this street situation. Apparently, the alternative is to present the city with a request for a design alternate approval. That is essentially a site-specific revision to the UDO and it would be considered a deviation from the city street design manual. RHA would be required to submit site engineering plans for review on several levels and it would be considered through a quasi-judicial hearing. This would be a challenge associated with the redevelopment of Heritage Park. We considered that and we believe that the best course would be to revisit the engineer's initial recommendation to raise Dorothea Drive approximately four feet. However, that would also include RHA reaching back out to the city and delving deeper into their actual plans for West Street and understand more about what the city wants from RHA and what would be most beneficial for the redevelopment.

Within the next 30 days staff intends to reach back out to the city through RHA's attorney (Mack Paul) to schedule a meeting with RHA's city team to delve deeper into their West Street plans. This will give staff a clear vision of what the city plans to do short and long term and how that affects the Heritage Park redevelopment and the phasing of the community. There are also challenges associated with providing clear and continued access to the site through Dorothea Drive as RHA would phase the property beginning with the southern-most quadrant of the property, as has been previously discussed.

According to the site development engineer, there is a means for RHA to provide clear access during that proposed phasing that would enable RHA to complete the Dorothea Drive improvements that were previously discussed.

Ms. Perez asked if Larry Zucchini had additional comments.

Mr. Zucchini said that was a good overview. This is a very complex Phasing Plan for a development property on a constrained site with internal road improvements by the city that we don't really have a handle on at the moment. There are also internal management questions that will need to be addressed through the type of housing and the displacement of the population. JDavis will get together with the staff in the next couple of weeks to determine a plan and come up with some options with contingencies so we can start getting a read on the best approach.

Commissioner Whitehouse asked who RHA's site development engineer is. Mr. Zucchini said it is Sean Dolle with Grounded Engineering in Raleigh.

Commissioner Whitehouse asked if Mr. Dolle's report or any of his findings are available for review.

Ms. Perez said she can forward a copy of that to Commissioner Whitehouse.

Commissioner Whitehouse asked if we know whether or not West Street will ultimately go beyond Dorothea Dix.

Commissioner Braun said the ultimate goal is that it will go through Dorothea Dix over to Western Blvd.

Commissioner Whitehouse asked if they have any specific data on how many cars they are expecting to go through there.

Ms. Perez said we have requested potential vehicular counts from the DOT and they have offered us existing DOT maps and traffic counts to translate that into our community. However, no specific traffic counts have been sent to us at this time.

Commissioner Whitehouse said that will have a huge impact on the development. He questions if it is really necessary and if it offers any long-term benefits to the city. There have been so many transportation projects that have gone through low-income housing areas and he questions whether this is a viable project and one that the city should pursue.

Ms. Perez said during the meetings with residents it was discussed that they feel somewhat isolated because there is only one way in and out of the community. A middle ground might be to bring West Street to Dorothea Drive and end it there so that there won't be the circular traffic in and out of the community. However, there would be more means of access and more connectivity with the new Heritage Park and the rest of the city.

Mr. Zucchini said one thing to keep in mind is that Western Blvd is being looked at in plan for a Bus Rapid Transit (BRT) route. Access, transportation, and mobility is very important and one of the benefits would be that there is likely to be a transit stop at that interchange between the extension of West Street and Western Blvd. That will be a significant asset for the community.

Commissioner Whitehouse agrees with that. He wondered if a large West Street going through there adds to that or would a small West Street going through suffice.

Mr. Zucchini said if West Street doesn't go through he doesn't think there is a good transit location for BRT.

Commissioner Whitehouse asked what the ultimate section is for a large West Street.

Mr. Zucchini said it would be a two-lane street with additional two lanes for parking (four lanes total). It is considered an "urban" street, much like West Street is now.

Commissioner Whitehouse said that's a fairly large impact on our community.

Mr. Zucchini said it is. Because of block requirements, UDO, and good planning we would likely extend West Street anyway. It's really a question of the traffic impact, it's not the physical impact. The physical impact, if there wasn't additional traffic, would be a benefit.

Commissioner Braun said the city is interested in doing a development agreement with this. This is a prime opportunity for us to address some of the things that Commissioner Whitehouse is concerned about. It reinforces the fact that we need to look at this project at a higher level first, develop a strategy (i.e. what do we want this project to look like?), and determine what RHA needs from the city to make it happen. We need to develop our own strategy internally with Mack Paul, Larry Zucchini, and the team. What do we want the project to look like and what do we think we need to get from the city to make it work the way we want it to.

Commissioner Braun said the planning commission just considered revisions to the standard street sections. They are making significant changes to them where they require pedestrian and separated bike lanes on most streets. They are expanding the right of way a little bit and they are getting rid of the private utility easement requirements. The whole idea is to create a more pedestrian-friendly community. West Street would likely be one of those that will be significantly impacted by it. Also, the development agreement can adjust that street layout to some degree as well.

Commissioner Braun said there is a lot of activity and a lot of opportunities here. The city wants West Street to go through and we need to figure out how to take advantage of the BRT stop but minimize the impact of West Street coming through.

Commissioner Braun said we need to figure out a way to look at all of this, determine what needs to happen to make this community work, see where that leaves us, and then figure out a negotiating strategy with the city in light of the need for a rezoning and this development agreement.

Commissioner Whitehouse said he is 100% on board with that.

Commissioner Morris agreed.

Commissioner Whitehouse said RHA has the opportunity to do something special and the city wants to join in on that as well. The City Council will likely work with us on what we would like to do here.

Commissioner Braun said that's how we need to start talking about this project externally. We will have to listen to the communications people as well because this is a sensitive subject in the community, with both the RHA residents and the surrounding community. We need to start thinking that this will be a signature community for the city, not just for RHA. We need to start figuring out ways to communicate that this is going to be a fantastic community for the RHA residents and for the city and that RHA will do everything necessary to make that happen. We can't lose sight of the fact that we want our residents to be part of the process and be comfortable with the outcome.

Commissioner Morris said he agrees that we want to make people proud of the community. He said he was at Chavis Heights a couple of weeks ago on a Sunday and there were activities going on and kids playing in the park. The units looked clean and safe, with people walking around. The park looked integrated – and Chavis Heights did not always look integrated. He said he's proud of the things that RHA has already done and we want to continue on with the work that we're doing.

Commissioner Braun said that is a good way to say it. RHA has done good work in the past and this is another opportunity to extend that and do some things. This property is next to Dix Park, which will be an internationally recognized opportunity. Our approach should be that we're going to raise our game to match that.

Commissioner Morris encouraged the committee go through Chavis Heights on a weekend and look at the activity. He said he couldn't be more proud of what RHA has accomplished in this community.

Ms. Perez said she benefited from all of the comments and the conversation during this committee meeting. It will enable us to go back to the city and continue working for this fantastic community that we advocate every time we have the chance.

Mr. Zucchini said it is a special community.

Mr. Felton said there will be some work ahead to get all of the consultants on the same page and make sure everyone knows their role. The meeting today has been very informative and he looks forward to getting started on the project. Staff will follow up with the Mayor's office regarding a joint work session with RHA and the City Council.

Mr. Francis said he appreciates the comments from Commissioner Braun on the Governing Agreement and he looks forward to getting Commissioner Whitehouse's comments. He put a preamble in the document to let the public know what RHA is about. It states: "in order to build upon its record and continue to provide high quality, decent, and affordable housing to low and moderate income tenants, RHA will participate in RAD." RHA is the premier provider of low income housing in this community and it is very high quality housing. This is a good record to build upon and it's a challenge for this current Board to build on that.

Commissioner Braun said the one difference between the past success and the Heritage Park redevelopment is that there hasn't been this convergence of opportunity and resources that are currently present (with the city and their goals to provide more affordable housing). There are some opportunities now that may not have been there in the past. We need to figure out how to bring all of this together.