

MINUTES OF A REGULAR MEETING OF
THE HOUSING AUTHORITY OF THE CITY OF RALEIGH
BOARD OF COMMISSIONERS
OCTOBER 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, October 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, Susan Ellinger, Niya Fonville (left early), Arne Morris, Bahati Mutisya, Gregg Warren, Joe Whitehouse, Yolanda Winstead (left early), Doris Wrench

Absent: None

Visitors: Public: Mikia, Jade Wilson, Iesha Cobb; Charles Francis, Francis Law Firm, PLLC; Rhae Parks, Naomi Byrne, EJP.

RHA Staff: Priscilla Batts, Liz Edgerton, Bob Horn, Wayne Felton, Regina Jarmon, 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.

PUBLIC COMMENTS -----

There were no public comments this evening.

CONSENT AGENDA -----

All items on the Consent Agenda are considered to be routine and may be enacted by one motion and a second. If a Commissioner requests that an item be removed from the Consent Agenda it will be done and considered as a separate item. The vote will be a roll call vote.

Item 1

Charge-off of delinquent resident accounts for September 2021

Item 2

Financial Statements for September 2021

Item 3

Vacancy and Turnover Summary for September 2021

Item 4

Minutes of September 23, 2021 RHA Board Meeting.

RECOMMENDATION: Approval as submitted by staff.

Commissioner Warren moved and Commissioner Braun seconded approval of the Consent Agenda. A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, Susan Ellinger, Niya Fonville, Arne Morris, Bahati Mutisya, Gregg Warren, Joe Whitehouse, Yolanda Winstead, Doris Wrench

Nay: None

The Consent Agenda has been adopted.

REPORT OF THE BOARD SECRETARY

COVID Update

- RHA had four reported COVID cases with residents this month. In August and September there were 25 reported cases.
- There are currently 17 unvaccinated employees. 80% of RHA staff have been vaccinated.
- Eight employees completed their vaccinations since the beginning of the month.
- Unvaccinated employees are required to be tested weekly and submit test results to their supervisor.
- Staff is working to get residents vaccinated by scheduling clinics and let them know of locations they can be vaccinated.

Heritage Park Redevelopment

- Staff met with P3 earlier this week and discussed what RHA has done so far and what the overall plan is. They will give a draft of an engagement plan by November 15th for staff to review.
- There is a resolution to select a firm for overall Master Planning services at Heritage Park this evening.
- The RFQ for Co-developers is due November 22nd.

Commissioner Braun asked if the Board would be able to look at the draft plan from P3. He said it would be worth letting the Board know what the plans are.

Mr. Felton said they can do that.

Building Futures Initiative

- Enterprise had a Zoom meeting with RHA residents for women in construction.
- They had five women on the panel – two were RHA employees: Donna Perez and Tanya Orr.
- It was recorded and it will be on the RHA website. Residents who weren't able to attend will be able to view it on the website.
- It was a good presentation and good discussion about women in construction and how times have changed.
- Enterprise will be preparing to present to the Board on the Building Futures Initiative at the December meeting.

RAD conversion

- Staff asked HUD for an extension on RHA's RAD conversion to address changes that they requested in the documentation, as well as radon testing and mitigation.
- Staff has a call with HUD next week to discuss the extension and finalize a closing date with them.

- The closing date will likely be the early part of 2022 for RHA's first four properties: Terrace Park, Berkshire, Meadow Ridge, and Valleybrook.

Overall Communications Contract

- Staff called and emailed other PHA's and PHADA to get other firms to submit proposals for RHA's overall communications plan for agency.
- No proposals were received.
- It was suggested that RHA consider doing a Cooperative Agreement. RHA has not done this before. Staff's understanding is that these are fairly new (started in 2018 through HUD and the federal government). If another housing authority had procured someone for communications, as long as their scope matches what RHA wants to do, RHA could use their proposal and their procurement. Staff is researching this process.
- The goal is to bring it to the Board in December for approval.

Commissioner Fonville asked if staff received names or responses when they reached out to other firms for the Communications Contract.

Mr. Felton said staff talked with Greensboro and Winston Salem. Staff also reached out to PHADA and they gave the name of a group in Baltimore. Staff also got a name of another group in Arkansas.

Mr. Felton said staff got the idea of the Cooperative Agreement when talking with these different groups. Staff would like to research it more to make sure it is something that RHA is allowed to do.

Commissioner Ellinger asked if the Board would be able to review the RAD Conversion Commitment before it is executed.

Mr. Felton said that is something staff will talk to HUD about next week. RHA has not received those yet.

REPORT OF THE REPOSITIONING COMMITTEE CHAIR

Commissioner Warren said the Repositioning Committee met on October 12th and there were a number of different updates on the RAD process, the Communications Contract, the Master Planning Contract, as well as the RAD collaborative initiative. The largest part of the meeting was spent on the Governing Agreement, which is in your agenda package today. After considerable discussion, this has gone back and forth (this is the fifth draft).

The committee does recommend that the full board approve this and that is on the agenda today.

The committee is also looking at some meeting dates, because there may be some conflicts going forward and into next year.

There is not a lot to report on Heritage Park. The committee is thinking about the phasing plan, along with some challenges associated with West Street. For the most part, the Repositioning Committee has paused the redevelopment plan for Heritage Park until RHA brings the consultants to do the master planning work (along with the communications piece to get more community input). Then the Co-Developer will be brought in.

Commissioner Warren suggested that staff consider having another audio meeting with potential respondents for Co-Developers. RHA had one a while ago where people could come in and ask questions. Since some time has passed, staff might want to consider that. He said he was surprised at how little activity RHA had with these RFPs – it was surprising that there weren't more firms responding to them.

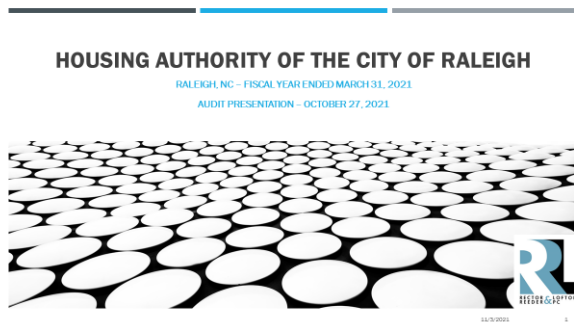
REPORT OF THE AUDITOR

Mr. Rector said he wasn't a part of the audit process this year. His partner, Brandy Lofton, handled the audit. However, he reviewed the final product and there is good news to report. Mr. Rector congratulated Mr. Felton and the RHA staff for another great year.

Mr. Rector said there were a lot of difficulties with COVID. However, the staff were excellent and helped the auditors through it. He said he thinks the RHA Finance department is probably the strongest he has seen in the country.


Mr. Rector said the diversification of RHA's portfolio, moving forward, is going to be, and continues to be, one of RHA's assets as it operates in the future

Mr. Rector showed the following Power Point Presentation:



WHAT DO I LOOK AT IN THE AUDIT REPORT?

- Pages 1, 62 & 64, Three Opinions – Auditor's Opinion with no material weaknesses or noncompliance
- Pages 3 – 12, Management Discussion & Analysis
- Page 24, Statement of Cash Flow - \$6.05 million increase in operating cash, \$3.68 million increase in nonfederal programs
- Page 66, No audit findings, no material internal control weakness
- Page 106, (SEFA) Schedule of Expenditures of Federal Awards - \$44.55 million. Includes \$2.98 million from the CARES Act



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MANAGEMENT DISCUSSION & ANALYSIS

Table I - Comparative Statement of Net Position

	2021	2020	Variance	% Change
Total Current Assets	\$ 43,101,623	\$ 38,582,788	\$ 4,518,835	12%
Other Non-Current Assets	1,402,271	1,192,521	209,750	18%
Capital Assets	71,756,870	74,256,763	(2,499,893)	-3%
Deferred Outflow of Resources	1,209,516	1,032,591	176,925	17%
Total Assets and Deferred Outflow of Resources	\$117,470,280	\$115,064,663	\$2,405,617	2%
Total Current Liabilities	4,112,492	3,670,987	441,505	12%
Total Non-current Liabilities	6,357,370	6,633,415	(276,045)	-4%
Total Liabilities	\$10,469,862	\$10,304,402	\$165,460	2%
Deferred Inflow of Resources	180,507	138,015	42,492	31%
Net Investment in Capital Assets	67,682,608	69,283,249	(1,600,591)	-2%
Restricted	2,058,794	1,925,400	133,394	7%
Unrestricted	37,078,459	33,413,597	3,664,862	11%
Total Net Position	\$106,819,911	\$104,622,246	\$2,197,665	2%
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$117,470,280	\$115,064,663	\$2,405,617	2%

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MANAGEMENT DISCUSSION & ANALYSIS

Table II - Comparative Statement of Revenues, Expenses, and Changes in Net Position

	2021	2020	Variance	% Change
Total Tenant Revenue	\$ 8,637,226	\$ 8,982,107	\$ (344,881)	-4%
Grant Funds-Operating & Capital	44,557,568	39,069,903	5,487,665	14%
Investment Income	88,619	451,781	(363,162)	-80%
Other Income	950,555	1,171,346	(220,791)	-19%
Gain/Loss on Sale of Fixed Assets	14,544	2,028	12,516	617%
Total Revenue	\$ 54,248,512	\$ 49,677,165	\$ 4,571,347	9%
Administration	\$ 5,517,693	\$ 4,849,009	\$ 668,684	14%
Tenant Services	215,157	154,857	60,300	39%
Utilities	1,178,031	1,121,758	56,273	5%
Maintenance	6,002,997	5,813,406	189,591	3%
Protective Services	96,771	96,418	353	0%
General Expense	1,644,854	1,759,470	(114,616)	-7%
Non-Routine Expenses	75,542	71,350	4,192	6%
Housing Assistance Payments	32,122,774	28,742,994	3,379,780	12%
HAP Portability - In	5,507	6,728	(1,221)	-18%
Depreciation and Amortization	5,191,521	5,229,452	(37,931)	-1%
Total Expenses	\$ 52,050,847	\$ 47,845,442	\$ 4,205,405	9%
Change in Net Position	2,197,665	1,831,723	365,942	20%
Beginning Net Position	104,622,246	102,790,523	1,831,723	2%
Ending Net Position	\$ 106,819,911	\$ 104,622,246	\$ 2,197,665	2%

SIGNIFICANT ITEMS TO NOTE

- No compliance findings noted and for a challenging year in the pandemic, the agency staff did an exceptional job.
- Unrestricted Net Position increased by \$3.9M or 12%
- Debt obligations decreased by \$899k or 18%
- One hundred ninety-five (195) tenant files reviewed with a few minor errors.
- \$589,168 remains in unearned revenue for CARES Act funds.
- Unrestricted cash increased by \$6,216,296

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Mr. Rector said the highlights of the audit report include:

- There was no adjustments, no material differences between the unaudited and the auditable, the opinions were clean.
- There's no material weaknesses, or significant deficiencies, and no items of non-compliance.
- No material errors or material errors of non-compliance were found.
- The Management Discussion & Analysis gives a summary of the increases decreases from one year to the next.
- Page 24 shows that RHA has \$6 million dollars.
- RHA did expend money for capital assets and paid down debt, and there were offsets to that cash.
- There was a \$3.68 million increase to in the non-federal programs.
- RHA received nearly \$45 million in federal financial assistance. Approximately \$3 million of that came from the Cares Act.
- Approximately \$5.4 million in grant funds and operating capital. The Capital Fund program is a cyclical program in which the increases and decreases for the Capital Fund program sometimes fluctuate greatly.
- RHA's debt obligations continue to decrease, in this case by 18%.
- 210 files were reviewed for compliance and no major non-compliance issues were found.
- Several other compliance criteria for other areas like procurement, and controls, etc. were reviewed and no errors or no non-compliance items were found.

Commissioner Morris said Mr. Rector did a great job of summarizing and outlining some of the things that are important for the Commissioners.

Commissioner Morris asked if the Board had additional questions.

Commissioner Warren asked what the total unrestricted cash balance is.

Mr. Rector said unrestricted cash is approximately \$20 million, and unrestricted investments have about another \$20 million. The answer, when looking on RHA's balance sheet, is approximately \$40 million.

Mr. Rector said when you say restricted and unrestricted, for example in public housing, that's unrestricted for public housing, but it's federally restricted. RHA has \$4 million in housing choice vouchers, but that's restricted within that program. It's a little bit of a misnomer to say all \$40 million is unrestricted.

Mr. Rector said it is better is to look at the business activities on page 13 of the audit report. If you look at business activities, component unit, you see \$17 million in unrestricted investments, and another \$8 million in unrestricted cash.

Commissioner Braun asked if the component unit is CAD.

Mr. Rector said that is correct.

Commissioner Braun asked if RHA identified a piece of property that we wanted to purchase, within the rules, could RHA deploy \$14 million effectively, understanding that some of that is invested. Assuming it is liquid, RHA has \$14 million to theoretically acquire a parcel or redevelop Heritage Park.

Mr. Rector said that's correct – \$14 million is correct.

Commissioner Whitehouse thanked Mr. Rector for the presentation. He wanted to echo what Mr. Rector was saying – that the RHA staff has done a terrific job and it's a nice long run of years in a row. RHA staff have set the bar pretty high.

NEW BUSINESS

Mr. Felton said Rector, Reeder and Lofton is the firm selected by the Board to audit RHA's books for fiscal year ending March 31, 2021. At the completion of the field work, Mrs. Lofton met with the audit committee and reviewed the results of the audit. The audit report, management letter, and executive summary were distributed to the Board earlier this month.

This is RHA's 34th consecutive year with no financial audit findings. This is Mrs. Edgerton's second full year audit as Director of Finance. Thanks to the Finance staff for the work they do annually to make this possible. While the audit is mostly financial, it involves every department at RHA so thanks to the entire staff for their efforts with the audit.

Part of the audit is the Management Discussion and Analysis which the Board approved the draft form in June. There have been only minor changes to the MD&A. The MD&A, financial statements and the notes to the financial statements were prepared by the Finance staff. The auditors review these statements and test the results.

The audit has been submitted to the NC Local Government Commission and is being submitted to HUD next week.

This resolution approves both the audit and the MD&A.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 68 (2021)

WHEREAS, U. S. Department of Housing and Urban Development ("HUD") requires a housing authority to contract with an independent auditor for an annual financial audit; and

WHEREAS, the audit must conform to the federal requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, Audits of States, Local Governments, and Non-Profit Organizations; the Government Auditing Standards issued by the Comptroller General of the United States; and the Sarbanes-Oxley Act of 2002; and

WHEREAS, HUD regulations require the audit report be issued within 9 months of the end of the fiscal year, or December 31, for the Housing Authority of the City of Raleigh (“RHA”); and

WHEREAS, the RHA Board of Commissioners approved Resolution No. 8 on January 28, 2021 selecting Rector, Reeder, and Lofton, PC, Certified Public Accountants, to perform the audit for the fiscal year ended March 31, 2021; and

WHEREAS, Rector, Reeder, and Lofton audited the financial statements of RHA as of and for the fiscal year ended March 31, 2021; and

WHEREAS, Rector, Reeder, and Lofton issued their report thereon dated August 30, 2021; and

WHEREAS, the Management’s Discussion and Analysis for the fiscal year ended March 31, 2021, which was adopted by the RHA Board of Commissioners with Resolution No. 41 on June 24, 2021, is included in the audit report; and

WHEREAS, the audit report and the management letter has been distributed to the Board of Commissioners for review; and

WHEREAS, the audit report on the financial statements for the fiscal year ended March 31, 2021 contains an unqualified opinion and there were no audit findings, which is RHA’s 34th consecutive year with no financial audit findings;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the Management’s Discussion and Analysis and Audited Financial Statements as of and for the fiscal year ended March 31, 2021, prepared by Rector, Reeder, and Lofton, PC, Certified Public Accountants, be accepted.

Commissioner Braun moved and Commissioner Ellinger seconded approval of the foregoing resolution.

A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, Susan Ellinger, Arne Morris, Bahati Mutisya, Gregg Warren, Joe Whitehouse, Yolanda Winstead, Doris Wrench.

Nay: None

Resolution No. 68 (2021) has been adopted.

Mr. Felton said earlier this year the Board recommended that RHA hire a consultant to assist with the overall Master Planning and Development for Heritage Park. Staff advertised in the News and Observer, PHADA’s website, RHA’s website, the Carolinian, and Triangle Tribune. Staff also sent directly to nine firms to submit a proposal.

Two proposals were received. Based on their pricing and experience, EJP is recommended for this contract.

This contract will be similar to an open PO that is not to exceed \$200,000. Staff will issue written task orders and a price for those tasks will be negotiated. Since there is no firm scope of work, staff felt this was the best way to handle this. RHA has handled similar contracts like this in the past.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 69 (2021)

WHEREAS, the Housing Authority of the City of Raleigh (“RHA”) Board of Commissioners approved the demolition and redevelopment of Heritage Park with Resolution No. 60 on October 24, 2019; and

WHEREAS, the RHA Board of Commissioners recommended hiring a master planner and development advisor to assist with the Heritage Park redevelopment; and

WHEREAS, the staff of RHA prepared a Request for Proposal (RFP) outlining a broad scope of work for Master Planning and Development Advisory Services; and

WHEREAS, the RFP was publicly advertised in the News and Observer, PHADA.org, RHA’s website, and sent directly to nine firms with a deadline of August 26, 2021; and

WHEREAS, a pre-proposal meeting was held on August 17, 2021 with five firms attending; and

WHEREAS, the deadline to submit a proposal was extended to September 14, 2021 to allow for the RFP to be advertised in the Carolinian and the Triangle Tribune to encourage minority participation; and

WHEREAS, two (2) proposals were received for the Master Planning and Development Advisory Services RFP; and

WHEREAS, the proposals received are 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 proposals in areas including experience, qualifications, community engagement plan, section 3 and minority/women owned business enterprise, and fair and reasonable cost; and

WHEREAS, all specific job tasks under this RFP are unable to be identified due to the nature of the work; and

WHEREAS, all requests for services to be performed under the scope of this RFP and resulting Contract will be made by written Task Orders, and

WHEREAS, the staff of RHA recommends the acceptance of the proposal for Master Planning and Development Advisory Services for the agency as follows:

- EJP Consulting \$200,000

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the contract for the Master Planning and Development Advisory Services be awarded to EJP Consulting.

BE IT FURTHER RESOLVED that the Executive Director is authorized to enter into a contract with the firm of EJP Consulting for these services.

BE IT FURTHER RESOLVED that staff is authorized to revise the budget as necessary.

Commissioner Whitehouse moved and Commissioner Braun seconded approval of the foregoing resolution.

A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, Susan Ellinger, Arne Morris, Bahati Mutisya, Gregg Warren, Joe Whitehouse, Doris Wrench.

Nay: None

Resolution No. 69 (2021) has been adopted.

Mr. Felton said The Board asked staff to contract with a firm to complete a 5-year Strategic Plan for the agency. Staff sent out a request for proposals, advertised in News and Observer, PHADA's website, RHA's website, the Carolinian, Triangle Tribune, and sent directly to eight firms.

Staff received four proposals and information on them is behind the resolution. EJP was the highest scoring firm and staff is recommending RHA contract with them for the Strategic Planning.

Mr. Felton turned the meeting over to Rhae Parks with EJP.

Ms. Parks said she wanted to spend some time talking about the intersection between the two pieces of work on the table. On the one hand, a Strategic Plan is really an intersection between these two pieces of work. A Strategic Plan is meant to lay out a roadmap that prioritizes the next five years. EJP suggests you want to be looking beyond five years because the nature of the work that you do needs to take a much longer view given that we're talking about development. The strategic plan ties directly to your capital portfolio. RHA has made decisions already, one with converting assets to RAD. You've also decided to redevelop Heritage Park. I wanted to spend some time talking about how we imagine these two things might work together.

As a reminder, EJP is all about working with housing authorities. The core of our business is about helping housing authorities develop, implement and succeed at a range of activities – but all about delivering quality, affordable housing. We are deep into master planning work. We are engaged in strategic planning as well. The strategic planning work that we do is not about your traditional strategic planning, it is anchored principally in the capital portfolio work that you do. We are going deep into a capital strategic plan that lays out how you want to move forward with all of your assets, not just the ones that you've already identified for RAD or master planning.

This is a great way to piggyback on the fact that you just got a phenomenal audit report. RHA is sitting quite well in terms of having the luxury to lay out a thoughtful roadmap where you're not stressed about not having the money to fix your roofs, etc.

Mixed finance development is one of the core areas that we also are engaged in. That means, in order to implement your master plans, the assumption here is you have to layer a lot of financing together. That

layering of financing requires some expertise navigating how to get through the closing process. Obviously, if you can self-finance significantly, you have fewer layers of capital stock that you have to worry about.

Portfolio repositioning is all about how we lay out opportunities or options for housing authorities to take advantage of all of the HUD tools. Training and capacity development is another core area. And in fact, Naomi Byrne, who is also in this meeting, currently serves as a faculty trainer for NAHRO and has been involved in a number of trainings across the country for NAHRO.

When you RAD your properties, you're moving from one platform to another and that has implications for your operations. How your systems are set up making sure that that's aligned for the long term feeds into your strategic plan.

Program management and implementation is a core piece of what EJP does, as well as hardcore financing, community engagement, and facilitation. All of the plans that EJP does are anchored in a community supported process. We assume that as you think about Heritage Park, you are looking to rethink how you might engage community and stakeholders more broadly.

EJP has worked all across the country and has done work in North Carolina. EJP is currently providing some on-call advisory service to the Raleigh Housing Authority. We are working next door in Durham. EJP's reach is fairly broad, and is also very deep in the public housing industry.

Naomi Byrne said EJP is also currently working with the Wake County Housing Authority, which represents the county that Raleigh sits in.

Ms. Parks said EJP is preparing their strategic cloud for them.

Ms. Parks said she wanted to talk about two examples that show the intersection between strategic planning as well as master planning and development. EJP has completed the Site Master Plan in Durham and is in the process of helping the city, the county, and the housing authority implement that plan. This is a housing authority that had initially laid out a RAD pathway to convert their portfolio under RAD, which had originally looked at 100% of rehab strategy. When we were hired in late 2016, our charge was to take a look at this plan. One of the outcomes of that effort was there were groups of properties, that if you really imagine how you might redevelop, you could group and cluster them differently. One group of properties had significant redevelopment and rehab costs that would be needed. However, there was a group of properties that were high value that could be redeveloped more quickly, and they were in the downtown core – and considered prime real estate, and, more importantly, adjacent to other redevelopment efforts that were taking place.

This planning effort ended up including land that the city owned that was part of the planning process to convince the city to put their assets on the table. The planning process also resulted in the county putting their assets on the table, too, because these were close to the housing authority property. The end result is that there are seven sites in this master plan. The original total unit mix of the housing authority assets were 447 units, and we ended up with a master plan that projects to deliver over 2,500 new units (one-for-one replacement of the existing public housing), new affordable housing units, market rate housing, plus community amenities, and services, retail, etc. This plan is being implemented, in part, with financing from the city. One of the first acts the city did, commissioned after the plan was published in 2019, was to approve an affordable housing bond to help finance the implementation of this plan.

None of this is to say that Raleigh might go down this pathway. This is an idea about how RHA can set up a master planning process that brings along the public, the city partners, and the private sector. When you get to a plan that is supported by a lot of people, not just the housing authority, this is a plan that everybody sees something of themselves in this plan.

Ms. Parks suggested she talk about how RHA's strategic plan can set RHA up since the Developer RFP has responses due in November. One of the tasks EJP is helping Durham with, for example, is facilitating their procurement process. The work to get developers to be interested and excited about your effort takes some work. It takes active marketing to national developers, as well as local and regional developers. Hopefully RHA will get enough interest when the time comes.

(Ms. Parks showed an example of a Strategic Plan that EJP developed for the Baltimore Housing Authority.) Before we did this plan, we spent about a year with them looking at their capital portfolio. We prepared an initial capital strategic plan for the agency that talked about every housing authority site that they have – scattered site, multifamily, elderly, etc., – and analyzed their development potential and laid out a pathway for them. A new Executive Director was hired and she decided she wanted to embed that in a full strategic plan. The reason I wanted to share this example with you is so that you can see how the work of strategic planning lifts up development and helps you think about what are the long term goals of the housing authority as it relates to development. Therefore, when you get to the master planning for your Heritage site, there is consensus around what are the big ideas for the housing authority and what are the “givens” so you're not negotiating or trying to figure those in public. We would have agreed upon that, as part of developing this roadmap for the strategic plan.

Ms. Parks said this strategic plan was very community involved and RHA has asked for a strategic planning process that involves stakeholders as well.

We formed an advisory group. This was a group of thought leaders that represented elected officials, Board, residents, and staff of the Housing Authority, advocates who were critics of the housing authority, and anybody who was going to seriously participate and be a thought leader in the process. That group met periodically to react, comment on, and help frame out the direction of the strategic plan.

As part of our process, we also looked at creating a profile of the housing authority because many people have misconceived notions about a housing authority. Part of our process was making sure that we could create a baseline picture of the housing authority to go around it, and to help change the conversation. It was a simple tool that the housing authority was then able to use to have these conversations about who their housing authority is. This is one of the ways in which we use a strategic plan to help reposition the assets as well as the housing authority itself.

Being clear about RHA's impact in the marketplace is really important – given the land you own, the assets you control, the families you help, the money you're spending right now on development, as well as the monies you will be spending in the future.

Commissioner Braun said his understanding tonight is that the Board is trying to decide on master planning for the Heritage Park property. There is a lot of talk tonight about strategic planning and planning about multiple parcels and multiple properties and how it relates to strategic planning. He said he is more interested about EJP's thoughts and approaches to the Heritage Park master planning process and whether the timing is going to line up. RHA is in the throes of the Heritage Park issue.

Ms. Parks said she can talk more specifically about Heritage Park. For Heritage Park, what EJP is suggesting is that RHA will need to bring in its developer partner. The transition to implementation of Heritage Park is that RHA is not trying to get a plan that sits, it will be a plan that can get implemented. We would want to work with you and your developer partner on what part of the current plan you want to move forward with versus what you wish to go back to the drawing board with.

We also need to overlay the phasing and the financing strategy on that plan. Right now you don't have a developer who is able to react to that plan. As you go through a process with residents and the community, the plan you have right now might change. It is important to understand if the Board is open to having that plan being rethought. We're not talking about a master planning process. You really are talking about trying to sell a plan that has already been developed. A master plan process really assumes you are seeking input from a lot of folks, overlaying the market assumptions on that, overlaying a financial analysis, and then getting a consensus from everybody about this is the plan that's being recommended for implementation.

RHA must have conversations about where you are starting. Are you starting with this plan versus this plan that you want to sell, or are you talking about taking a fresh set of eyes to this plan.

That's what EJP would say about Heritage Park right now. RHA does have a plan right now that you have spent money to prepare. The question is about that plan itself, and how you wish to approach it. There are multiple ways that EJP can approach the engagement in collaboration with RHA's developer partner who is going to be coming on board soon.

Commissioner Morris said you talked about pulling an advisory board together. He asked about the number of individuals they suggest.

Ms. Parks said that can be scaled to be anything RHA wants it to be. In the example, there were about 10 to 30 people. It depends on how deep RHA's engagement goals are. Even if RHA ends up with a smaller advisory group, that does not negate the fact that there will be these touches along the way with the community (one-on-one interviews, small focus groups with affinity groups, a survey to get input from people around what they like and what they don't like, etc.) The advisory group is really meant to provide input to put their ideas on the table, but that is supplemented by additional community engagement activities.

Commissioner Morris said with the examples that you gave us, have those been implemented into the plan, and then the actual project and the redevelopment? If so, can you tell us what the end results were?

Ms. Parks said one of the things EJP is proud of is that their plans get implemented. The reason they get implemented is that we are concerned about implementation as we are planning and designing. The implementation conversation is happening as a part of the planning effort, the strategic plan effort, and as part of the master plan effort. In RHA's case, you want to bring on a developer to help you with the implementation of Heritage Park. They have to be locked in arms with you during the plan refinement process, to make sure we get to the end and this is a plan that we all agree is sensible and can pass city council approval and zoning approval. That means not having elements in the plan that will be dead on arrival when you go through the entitlement process with the city. All of EJP's plans get implemented because we're worrying about financing, entitlement, the impact on community, and also about how you get to the HUD process. This is a piece of property that is encumbered and RHA cannot just go put a shovel in the ground and redevelop the site without HUD's approval. Helping to flag all of the critical path items on the HUD side is important as well. Laying that out during the planning process is essential.

Commissioner Morris asked what those examples look like. He asked if Baltimore's plan has it been implemented, and if they have redeveloped their community.

Ms. Parks said one of the examples shown was the Perkins site. EJP started that planning process in 2014. A new mayor came in so we had to pause. Eventually it was picked back up and the Master Plan was approved. EJP helped the housing authority bring on a developer team. EJP also helped the housing authority assemble the financing plan. That financing plan is in year four of implementation. That is a nine phase implementation redevelopment effort. It has nine individual phases. There are four developer partners who are driving towards implementation. There is a six-year implementation schedule on the housing side. The financing includes 9% tax credits in addition to state financing, city financing, federal dollars through the Choice Program (which is the smallest portion of the funds), and housing authority financing. The city is one of the major partners. There's a new school that's part of that plan. The private sector, led by the developer teams, are driving for a hotel and some other market rate elements.

Ms. Parks said EJP did a Master Plan in Louisville and that plan is being implemented. We just finished up a master plan in Chattanooga and we're transitioning now to implementation. Similarly, in Durham, we are two years into implementation with their plans. There are a lot of examples of getting plans implemented. Successful implementation starts with having a great plan because without that good plan as your foundation, getting to implementation and successfully moving through implementation becomes more difficult.

Commissioner Whitehouse asked what the typical timing is to put a plan together.

Ms. Byrne said, on average, we're seeing anywhere from six months to up to twelve months for a really good Strategic Plan. A lot of it depends on the level of community engagement, the number of stakeholders, and the interviews. COVID has made things a little challenging because it requires us to be more creative in how we communicate with residents and with some of the community partners. EJP is working with the housing authority of Wake County on their strategic planning process and right now we're looking at about a six to seven month process with them from start to finish. We're also in the last phases of a Strategic Plan with the Waco Housing Authority in Waco, Texas and that has been extended because we have added some additional Board retreat sessions so that we can get through a good discussion and consensus on milestones and goals.

Ms. Byrne said, as was mentioned earlier, the timeframe varies. In RHA's RFP, a 12-month process was indicated. With Baltimore, EJP spent a number of months working on the capital side so when we parlayed that into the bigger Strategic Plan, we were able to take a lot of that information and utilize that into the bigger strategic planning process. With RHA, based on the RFP, the 12 months should be sufficient time to be able to get the strategic plan complete from start to finish.

Commissioner Whitehouse asked about how often EJP recommends revisiting the plan once it is put together to update it.

Ms. Parks said a good strategic plan is a living document. EJP will break it up into what to worry about now, what to worry about in three years, what to worry about in five years. Therefore, it doesn't feel overwhelming. There is a main action plan, and every year we recommend that you develop an action plan for the activities in that year. Your year one action plan is how you get started. Your strategic plan would have laid out short term, medium term, long term, and then you're translating those into these action plans. Those are what you revisit every year. We believe in being opportunistic so you have a strategic plan that can adjust with you as your opportunities or the market changes.

Commissioner Whitehouse said part of the master planning process is to take RHA through a process on Heritage Park. He asked what EJP's recommendation is on a timeframe from start to finish for a Master Plan for Heritage Park.

Ms. Parks asked if Commissioner Whitehouse is talking about a master plan that starts with a semi-clean slate to talk about working with the candidate's vision or are we talking about something that is about testing and reacting to what you have now. If it's testing and reacting, that might be a much shorter process, as opposed to a more typical full blown community process.

Commissioner Whitehouse asked Ms. Parks to talk about both.

Ms. Parks said, depending on how aggressive you want to be with community engagement, EJP can test in a three to six month timeframe. Assuming we're starting from scratch of a typical full blown Master Plan process with deep community engagement, typically would be close to 18 months, or up to 24 months, depending on the community engagement process. The shortest we've ever done is 12 months, but it was really tight because community engagement needs time. It is difficult to do meaningful engagement if it is rushed.

Commissioner Whitehouse said you had suggested partnering with Lord Aeck Sargent in your proposal. He asked how cemented EJP is into partnering with them.

Ms. Parks said EJP proposed them as an optional partner because one of the things we are not sure about is what RHA's goals are. We know RHA has an architect right now and that you are procuring a developer. EJP is happy to work with other team members. EJP has, on occasion, swapped out our partner for another partner that either the Housing Authority already has under contract or the developer has under contract. The goal isn't about having a particular architect. The goal is to get to a Master Plan that is implementable and community supported. EJP just needs a great architect that is able to be a part of a community process that allows us to get to that. EJP is not wedded to any particular person if the desire is to go with who you have now. There must be clarity of who is leading the design – that is essential, more than anything else. There is a lot of flexibility there.

Commissioner Whitehouse said he has an issue with them. From past experience, he had an extremely disappointing outcome and he would be hesitant to bring them on board.

Ms. Parks thanked him for letting them know that. They believe there are options because RHA already has an existing architectural firm and are bringing on a developer.

Commissioner Morris asked if EJP can work with JDavis architects.

Ms. Parks said yes they can.

Commissioner Braun said the strategic plan that EJP has talked a lot about in this presentation focused on the real estate portfolio and that part of both strategic planning and the master planning process. He said he envisioned RHA's strategic planning process as much broader than that. The housing authority has never done a Strategic Plan. He thinks there needs to be more emphasis focused on the operational side of the organization. In the past, the organization provided more services to residents in-house, and RHA got away from that for various reasons. Some of the Board feels that RHA needs to be moving back in that direction, or at least exploring it. He envisioned this strategic planning process for the organization as a whole, not just the real estate portfolio development. His view of the strategic planning process is longer range of where RHA fits in with the entire city focusing on stakeholders broadly in the community. That's

going to be a deep, hard effort because this community doesn't have a history of community engagement. He wants to make sure that the Heritage Park component doesn't get lumped into the overall strategic planning component, which is going to be a longer-term process in what Heritage Park may or may not need to be. RHA needs more community engagement with regard to Heritage Park. The engagement that will be required for the strategic plan is much broader and needs to be as deep in terms of reaching the marginalized community and RHA's residents. He said he wants to get a better feel for how EJP feels these two things are going to fit together and how they are going to operate. He doesn't think they can just be paired up together for efficiency sake. This is a big deal since the Housing Authority has never done a strategic planning process.

Commissioner Ellinger said she agrees with Commissioner Braun. This is huge for RHA and it can't be templated. It also can't be like it was in another city because RHA has a very dynamic relationship with the City of Raleigh. RHA has a sophisticated housing authority. She said she wants to understand how this fits together in a customized program. This is a real turnaround for residents in their communities. RHA is trying to be a strategic part of the community for its residents. The key purpose is to make sure we are the point man for affordable housing in conjunction with the city. The City of Durham and City of Raleigh are two entirely different places. Raleigh has prided itself on trying to avoid some of the "big city problems" that Baltimore had some years ago. She said she wants to make sure RHA does this effectively.

Ms. Parks said to be clear, EJP just happened to pick those two examples. One of the charts that was shared is that EJP works across the country. EJP absolutely understands that every community is different. While we might have a basic framework that gets us started, our process is inherently adaptable. At the end of the day, this is your plan. We are simply helping to get you to the end. This is your inaugural strategic plan. The reason I started talking about them together is simply that they are related. Your future plan lays out your long term vision and your goals, some of which is going to apply to Heritage Park, so that you don't have a final plan with Heritage Park that is not connected to your vision, your values, and your long term aspirations. That's why they were talked about together.

Ms. Parks said EJP has two teams with some staff that overlap. The team leads for the strategic plan and the master plan are two different people. RHA is going to engage some of the same people and the worry we would have, if there is not aligned engagement, is that people get frustrated. They're not necessarily going to separate in their head that we were talking to them about the Strategic Plan versus Heritage Park. How we leverage the community engagement process is important so that we don't end up with community input fatigue. The alignment of your long term goals and your values for the agency overall directly shows how the final Master Plan for Heritage Park is going to look. For example, what is the long term goal? Is it you want to diversify the portfolio? That has something to say about what kind of program ends up at Heritage Park. Do you wish to be long term owners and asset managers? How do you wish for your nonprofit or your for-profit Housing Authority affiliated entities to participate in this process? That is a strategic plan question, but it also directly relates to how you will participate in Heritage Park. Do you wish to self-finance all of Heritage Park, which would significantly deplete your balance sheet? Or do you want to make different financing choices about how to jumpstart Heritage Park but also set up the agency for other kinds of things? If you wish to do more development, if you wish to acquire sites, if you wish to expand in supportive services, all of that is part of your Strategic Plan. But it directly relates to Heritage Park, too, because if we have to underwrite a supportive services strategy for Heritage Park, understanding how that situates in your long term goals is also important.

Ms. Parks said these are two distinct projects that will be on two distinct timelines. The community engagement processes would be good reasons to think about overlapping pieces of that, because it's the same stakeholders you might be talking to. EJP would hate for them to only talk to us about one thing and not the other.

Commissioner Warren said he read the Strategic Plan piece that EJP did for Durham Housing Authority. He thought it was really well done, even though RHA isn't like Durham. He said he thinks your point about integrating the master planning process and the strategic planning process is good (that people will have civic engagement fatigue). And perhaps one way to think about this is that Heritage Park might be an illustrative example of where RHA wants to go in the future. Use that as an example that could then define in more form and shape what will be reflected in the Strategic Plan. He thinks RHA needs to have the Co-Developer on board before seriously engaging in the master planning process, because they're going to want to be directly involved in it, and RHA would want them directly involved. He asked for Ms. Parks' opinion on that.

Ms. Parks said EJP agrees with that. There are certain things you might get started on. However, given how far you already went in developing a plan for that site, and given how close you are with selection of the developer, it would be a mistake to not have such an important implementation partner joined in helping to think about the implementation plan for that site.

Ms. Parks said the related decision to make, since they will come in with an architect, is who will be the architect of record for implementation. The goal is not to get a plan that sits. The goal is to get a plan that gets shovels in the ground. Thinking through, when the developer is procured, part of the negotiation is around who will be the architect that they are going to use. If RHA has strong opinions about them, because we have successfully negotiated revisions to teams all the time, EJP will make sure RHA is getting what you want as an agency so that this is really your plan. RHA might ask them to amend their team, depending on who you end up picking and who is on their team.

Ms. Parks said RHA sets the schedule. One of the first things we would want to suggest is, when the developer partner comes on board, sit down and talk about what kind of schedule makes the most sense. Because of the community engagement processes, both projects are going to run concurrently or slightly staggered. Because it's the same team that is going to be working on both, it is going to be essential that we think hard about what the timeline ends up being for both of these and where the overlaps are, so that we can manage a process that delivers for the Board and RHA products that you are proud of. I want to make sure that we flag that as something to think about as we structure the schedule on the calendar.

Commissioner Morris asked if their fee is quoted as if we're going to have a deep community engagement.

Ms. Parks said yes, on the Strategic Plan. On the master planning we have not because your RFP for the Master Plan was that you would issue multiple task orders. That would be negotiated with you based upon a defined scope of work. But on the strategic plan process, we have laid out in our proposal a series of engagement activities that we believe will be essential for you to get a plan that reflects, not just the Board and staff vision and values, but with input from your residents, vendors, public engage with the city, and others as well. That is assumed on the Strategic Plan side.

Mr. Felton said to keep in mind that staff has contracted with P3 for communications and engagement as well.

Mr. Felton asked if Willard Drive in Durham is part of Durham Housing Authority. If so, was that part of your Strategic Plan? Are there other projects that are going on that were part of that Strategic Plan?

Ms. Parks said Willard Drive is a great example about collaboration between the housing authority, the city, and a third party separate developer. The relationship between the housing authority and that site is

that we are transferring 21 or 22 vouchers to that site via the RAD process. Because Willard was getting out the gate early, the relationship is via a transfer of assistance. RAD vouchers are moving there and some of the families are moving with their vouchers. Those families who then move out, create a vacancy for us to demolish the next phase. That's how Willard is related to the Durham site. If you look at their plan, Willard and the transfer of units via the project based voucher tool is one of the ways in which we were able to get families housed earlier. We have three sites where we're doing that and it helps rehouse families. If you give somebody a voucher, there aren't a lot of housing opportunities for them to relocate successfully. We have to be strategic about partnering with others who are building housing.

Mr. Felton thanked Ms. Parks and Ms. Byrne for their presentation this evening.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 70 (2021)

WHEREAS, with Resolution No. 44 (2021), the Housing Authority of the City of Raleigh ("RHA") Board of Commissioners approved staff to procure consultants to complete a Strategic Plan; and

WHEREAS, the Board approved a preliminary budget of \$100,000 based on estimates with the cost allocated across all programs; and

WHEREAS, the staff of RHA prepared a Request for Proposal (RFP) outlining the scope of work for strategic planning consulting services necessary to produce a comprehensive 5-year Strategic Plan for the period of 2022 – 2027; and

WHEREAS, the RFP was publicly advertised in the News and Observer, PHADA.org, RHA's website, and sent directly to eight firms with a deadline of August 27, 2021; and

WHEREAS, a pre-proposal meeting was held on August 16, 2021 with five firms attending; and

WHEREAS, the deadline to submit a proposal was extended to September 15, 2021 to allow for the RFP to be advertised in the Carolinian and the Triangle Tribune to encourage minority participation; and

WHEREAS, four (4) proposals were received for the RFP for the Strategic Plan; and

WHEREAS, the proposals received are 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 proposals in areas including ability to perform the work, experience, capacity of staff, qualifications, references, status of Section 3 and women/minority owned business, and pricing; and

WHEREAS, the staff of RHA recommends the acceptance of the proposal for the Strategic Plan as follows:

- EJP Consulting \$80,412

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the contract for the preparation of a Strategic Plan be awarded to EJP Consulting.

BE IT FURTHER RESOLVED that the Executive Director is authorized to enter into a contract with the firm of EJP Consulting 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, Susan Ellinger, Arne Morris, Bahati Mutisya, Gregg Warren, Joe Whitehouse, Doris Wrench.

Nay: None

Resolution No. 70 (2021) has been adopted.

Mr. Felton said staff is proposing to add back a Property Manager I position to manage Stonybrook apartments and have the Property Manager II position, which is now covering Stonybrook and scattered sites, only cover scattered sites. The position works at Stonybrook, a CAD-owned property which the RHA manages.

The reasons why staff is proposing this change include:

- Handling two different programs and having units scattered around Wake County is a lot for one person.
- Gives RHA an entry level Property Management position to bring people in and gain experience in Property Management.
- Gives RHA a dedicated Property Manager for the scattered sites so they can spend more time with residents and check on the properties. RHA has 106 scattered home sites.

Staff will need to purchase a computer and other equipment for Property Manager II who will now be working out of 900 Haynes. We will include these position changes in our budget for FYE 2023.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 71 (2021)

WHEREAS, the Board of Commissioners of the Housing Authority of the City of Raleigh (“RHA”) approved the original operating budget for the fiscal year ending March 31, 2022 at its regular meeting on December 3, 2020; and

WHEREAS, the operating budget for FYE 2022 included a Schedule of All Positions and Salaries necessary to operate all programs under management and development at RHA; and

WHEREAS, in the Schedule of All Positions lists one Property Manager II position for the management of the public housing Scattered Site portfolio and the affordable market-rate Stony Brook portfolio; and

WHEREAS, the affordable market-rate community, Stony Brook Apartments, consists of 106 units; and
WHEREAS, the public housing incentive Scattered Site housing portfolio consists of 108 single family homes (SFH) located across the City of Raleigh with a site-based waiting list; and

WHEREAS, having one manager responsible for the daily management of both of these diverse portfolios and waiting lists necessitates the need to separate the two to be effective and accessible to applicants and residents; and

WHEREAS, staff recommends dividing into two separate offices the management responsibilities of the 108 public housing SFH and 106 conventional Stony Brook units; and

WHEREAS, staff recommends a revision to the Schedule of All Positions and Salaries in the 2022 operating budget to separate these two busy portfolios and classify the Stony Brook Manager from a Property Manager II to a Property Manager I and a public housing Scattered Site Property Manager II position; and

WHEREAS, staff estimates initial costs for equipment to be an amount of \$500 not to exceed \$1,000 to establish and up-fit an office specific to the management of the public housing Scattered Site portfolio; and

WHEREAS, there are sufficient operating funds available in the current fiscal year to fund these changes; NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH add an additional Property Manager I (Grade 11) and existing Property Manager II reassigned to scattered sites.

BE IT FURTHER RESOLVED that the appropriate budgets be amended to reflect the position changes and the equipment necessary to perform the requisite job duties.

Commissioner Whitehouse moved and Commissioner Braun seconded approval of the foregoing resolution.

A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, Susan Ellinger, Arne Morris, Bahati Mutisya, Gregg Warren, Joe Whitehouse, Doris Wrench.

Nay: None

Resolution No. 71 (2021) has been adopted.

(Resolution No 73 (2021) was taken out of order.)

Mr. Felton said last month the Utility Allowance was brought to the Board for approval. The utility allowances for the 1-bedroom units at Capitol Park, Chavis Heights, and Walnut Terrace went down nearly 18%. This has an inverse relationship to the rent, meaning that the tenant's rent went up by that amount.

The Board asked staff to look for ways to minimize the effect of this increase for those residents. There are no regulations for doing this with public housing so staff is following guidance for Multi-family properties and looking to phase in this change.

Staff proposed in the resolution to phase in over two years and cap the first year at \$15, with \$11 the second year. These are typically elderly on a fixed income – so every dollar counts.

Staff was hesitant to go three years because staff would have to go back to the resident for three years to say their rent is being increased. However, this looks like it will be most beneficial for the residents because staff is implementing \$8 this first year. The increase that they are getting the first year gives them more time to have that money, rather than take it away all at the front. There isn't a perfect answer for this. Staff felt that this had the least impact on the residents, allowing them to keep as much money as they can while still implementing this over three years. RHA is limited, looking at the multifamily phase in, to three years. Staff's recommendation is adjusting the resolution to do \$8 the first year, \$8 the second year, and \$10 the third year.

Commissioner Whitehouse said he appreciated staff looking at this. He is glad to see that RHA is trying to help the residents. He asked if there are any downsides or risks to this.

Mr. Felton said one of the downfalls is that staff will need to go to the residents three times. Potentially, if everything stays the same, staff would have to go two or three times and raise their rent because the utility allowance is going down. Also, staff can't control what happens in year two and three. The thought is that typically the utility allowance goes up and therefore the rent goes down. If that happens, the hope is that it will be less than \$10 the third year. RHA is allowing the residents to keep their money for those two years and utilize it. That's the only risk that staff sees.

Commissioner Whitehouse said staff can tell the residents that RHA will raise it over three years, and not all in one year.

Mr. Felton said one large rental increase is almost a 50% increase in their rent and staff feels that is too much.

Commissioner Whitehouse said he agrees and appreciates staff looking at that and coming up with a solution that hopefully will take a little bit of the sting out of it.

Commissioner Braun said he appreciates that RHA is cognizant of the impact this will have on the residents. He wanted to clarify that RHA doesn't have any discretion in whether or not to make these adjustments – that RHA is required to make them.

Mr. Felton said RHA is required to do a utility allowance each year. Every five years PHAs must bring in a consultant (this year RHA brought in Nelrod) to look at the formulas and they do the calculations. In the years between, staff looks at the rate so the formula is kept the same and the rate is just added in. Every five years RHA is required to look at that.

Commissioner Braun clarified that RHA doesn't have the ability to choose not to make this adjustment. The implementation is the only thing that RHA would have flexibility on.

Mr. Felton said that is correct. Typically they say PHAs can phase things in, just like the RAD rents, if they would be detrimental. There are no rules for this. However, staff is following the spirit of the rules of multifamily and with RAD as to how RHA is implementing this.

Commissioner Braun said staff is doing all it can to make this as painless as possible for the residents within the regulations and the law that PHAs must follow.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 73 (2021)

WHEREAS, The Department of Housing and Urban Development Regulations (24 CFR, Part 965) require public housing authorities establish utility allowances that “approximate a reasonable consumption of utilities by an energy conservative household of modest circumstances consistent with the requirements of a safe, sanitary, and healthful living environment;” and

WHEREAS, The Nelrod Company conducted an energy audit based on the average cost of utilities and found an average increase of 5.65% from the current allowances; and

WHEREAS, Raleigh Housing Authority (RHA)’s Board of Directors were presented with the proposed allowances based on Nelrod’s report at the September 2021 meeting; and

WHEREAS, Board members reviewed the rates and agreed to adopt them pending a proposed phases-in to the one-bedroom units located at Capitol Park, Chavis Heights, and Walnut Terrace, which experienced the largest decrease in allowance; and

WHEREAS, staff is proposing to phase-in these particular unit’s rates over a three-year period ~~with the largest decrease being added this year and is capped at \$15~~ at \$8 the first year, \$8 the second year, and \$10 the third year; and

WHEREAS, the remainder of the phase-in amount will be applied to the 2023 utility allowances plus whatever natural rate changes occur within the next year; and

WHEREAS, no other utility allowance rates have been altered since being presented to the Board at the last meeting; and

WHEREAS, the utility allowance chart including phase-in is attached to the resolution and by reference incorporated herein;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the attached Utility Allowances be adopted effective January 1, 2022 to reflect the phase-in amounts for one-bedroom units at Capitol Park, Chavis Heights, and Walnut Terrace.

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, Susan Ellinger, Arne Morris, Bahati Mutisya, Gregg Warren, Joe Whitehouse, Doris Wrench.

Nay: None

Resolution No. 73 (2021) has been adopted.

Mr. Felton said in 1998 Housing Authorities were required to implement flat rents. Flat rents were the maximum rents and were meant to approximate the market value of the units.

In 2015, HUD stated the flat rent could not be less than 80% FMR less the utility allowance. RHA has taken the higher of the two between the current flat rent and 80% FMR less the utility allowance.

Congress' stated goal was to structure rent so they didn't create an incentive for continued residency in public housing for families attempting to become self-sufficient.

This year RHA is proposing to do it a differently. Some of the numbers used for flat rents were calculated prior to 2015. Staff is proposing that RHA use 90% FMR to set the flat rents. This accomplishes the following:

- It is a simple calculation that staff can explain to residents.
- All of the flat rents are going up so it is accomplishing Congress' goal to move people along who have reached a level of self-sufficiency.
- Residents will still have the option of selecting 30% of their income or flat rent as their rent amount. No one is rent-burdened.

RHA might raise the 90% to 100% FMR next year. Staff did not want to do that this year as that may be too large an increase for some of the families. Some of the rents increased, ranging from 2- 20%. None of the flat rents went down.

RHA currently has 57 households that are paying a flat rent. Last year there were 71, so it went down slightly.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 72 (2021)

WHEREAS, the Quality Housing and Work Responsibility Act of 1998 ("QHWRA") established flat rents for public housing units for the first time; and

WHEREAS, flat rents act as a ceiling rent for public housing residents and each family is provided the option to choose to be on flat rent at least annually; and

WHEREAS, public housing flat rents are based on the bedroom size, location, and the market rent for non-subsidized units in the vicinity of the public housing unit; and

WHEREAS, the U.S. Department of Housing and Urban Development ("HUD") Notice PIH 2014-12 required that all flat rents be at least 80% of the most current Fair Market Rent ("FMR") minus the appropriate utility allowance for each unit size; and

WHEREAS, Notice PIH 2021-27 published by HUD on September 13, 2021 maintains the calculation methodologies and time frames previously established and utilized; and

WHEREAS, HUD requires agencies analyze flat rents annually and make necessary revisions required within 90 days of the new FMR effective date; and

WHEREAS, HUD published the most recent FMRs on August 6, 2021 with an effective date of October 1, 2021; and

WHEREAS, RHA staff has completed its annual review and adjustments are attached to this resolution and by reference incorporated herein;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that staff is directed to apply the attached flat rent schedules for new move-ins and at annual re-certifications effective January 1, 2022.

Commissioner Braun moved and Commissioner Whitehouse seconded approval of the foregoing resolution.

A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, Susan Ellinger, Arne Morris, Bahati Mutisya, Gregg Warren, Joe Whitehouse, Doris Wrench.

Nay: None

Resolution No. 72 (2021) has been adopted.

Mr. Felton said the next two resolutions are tied together. Staff was asked by Revelation Church about conveying RHA property next to the church. They have a ramp built on the property for handicap access and also their driveway to access a parking lot in the back is on the property.

In exchange for conveying the property to the church, staff asked to enter into an MOA to formalize the roles going forward and how the two organizations can work together for the betterment of RHA's residents and community. The church has several programs which can be beneficial to RHA residents and the community.

The church has a basement which they let the community use for meetings. This could be used for resident council meetings if the residents decide to have a resident council. They work with Interfaith Food Shuttle with the garden behind the church.

Staff asked them about giving RHA the right of first refusal if they ever wanted to sell the property at some point in the future. They are unable to do that because it is in their by-laws that they would sell to another church, so there will always be a church presence there.

This came about because they wanted to pave the driveway last year and started looking at the property lines and no one would pave until the property line issue was resolved.

Staff thinks this is an excellent gesture of goodwill which helps the church and they provide services for RHA's residents.

Commissioner Warren said he appreciates that staff is working with the church to determine out how they can be beneficial to RHA residents. He asked if there is an enforcement provision.

Mr. Felton said there is no enforcement provision – it is all in good faith.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 74 (2021)

WHEREAS, Raleigh Housing Authority (“RHA”) provides affordable housing to its public housing residents; and

WHEREAS, RHA relies on its partners to provide additional supportive services outside of affordable housing to its residents; and

WHEREAS, the Revelation Missionary Baptist Church (“RMBC”) is located in close proximity to several RHA public housing communities; and

WHEREAS, RMBC provides services and programs that can benefit RHA public housing residents in a multitude of ways; and

WHEREAS, RHA and RMBC wish to further establish the partnership between both agencies; and

WHEREAS, the attached Memorandum of Agreement (“MOA”) outlines each agency’s roles and responsibilities to help foster and grow this partnership; and

WHEREAS, both agencies have reviewed this MOA and seek to enter into this agreement to help solidify the partnership;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the Memorandum of Agreement between RHA and Revelation Missionary Baptist Church be approved.

Commissioner Warren moved and Commissioner Braun seconded approval of the foregoing resolution.

A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, Susan Ellinger, Arne Morris, Bahati Mutisya, Gregg Warren, Joe Whitehouse, Doris Wrench.

Nay: None

Resolution No. 74 (2021) has been adopted.

Mr. Felton said this resolution approves preparing a Quit Claim Deed for the property at Revelation Missionary Baptist Church. This is the piece of property next to the church. RHA ran the city Community Development Block Grant project (“CDBG”) in the 70s and 80s and that is how RHA acquired the property.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 75 (2021)

WHEREAS, the Raleigh Housing Authority (RHA) is the owner of 0 East Davie Street in Raleigh; and

WHEREAS, this 13 foot parcel of land was obtained by RHA in 1979 as part of a grant program; and

WHEREAS, this parcel does not connect to any other RHA property nor is there a meaningful way for RHA to utilize this land; and

WHEREAS, this parcel borders Revelation Missionary Baptist Church's land to the north and the west; and

WHEREAS, the church currently provides meaningful programs and services to RHA public housing residents; and

WHEREAS, RHA and Revelation Missionary Baptist Church are entering into a more formal and structured partnership through a Memorandum of Agreement; and

WHEREAS, RHA is seeking to transfer ownership of this parcel to Revelation Missionary Baptist Church; and

WHEREAS, RHA has been advised that the most efficient way to transfer ownership is through a Quit Claim Deed;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that staff is directed to have a Quit Claim Deed prepared to provide to Revelation Missionary Baptist Church for 0 East Davie Street.

Commissioner Warren moved and Commissioner Braun seconded approval of the foregoing resolution.

A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, Susan Ellinger, Arne Morris, Bahati Mutisya, Gregg Warren, Joe Whitehouse, Doris Wrench.

Nay: None

Resolution No. 75 (2021) has been adopted.

COMMISSIONER COMMENTS

There were no Commissioner comments this evening.

ADJOURNMENT

There being no further business to come before the Board, the Chair declared the regular meeting recessed at 7:00 p.m. to begin the OCAC Board Meeting and then come back for an Executive Session.