

MINUTES OF A REGULAR MEETING OF
THE HOUSING AUTHORITY OF THE CITY OF RALEIGH
BOARD OF COMMISSIONERS
APRIL 28, 2022

The members of the Board of Commissioners of the Housing Authority of the City of Raleigh, North Carolina met at 900 Haynes Street and via Zoom on Thursday, April 28, 2022 at 5:00 p.m.

The Board Chair called the meeting to order and upon roll call the following were present and absent:

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

Absent: Susan Ellinger, Niya Fonville, Doris Wrench

Visitors: Kristen Kirby, McGuire Woods; Charles Francis, Francis Law Firm, PLLC.

RHA Staff: Sonia Anderson, Priscilla Batts, Liz Edgerton, Wayne Felton, Paul McDonough, Jennifer Morgan, Donna Perez, Jason Schloop, Gwen Wall.

The Board Chair declared a quorum present and welcomed everyone to the meeting.

RECOGNITION OF VISITORS

Mr. Felton welcomed Kristen Kirby 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 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 March 2022

Item 2

Financial Statements for March 2022

Item 3

Vacancy and Turnover Summary for March 2022

Item 4

Minutes:

March 1, 2022 special meeting

March 24, 2022 regular meeting

RECOMMENDATION: Approval as submitted by staff.

Commissioner Winstead moved and Commissioner Whitehouse seconded approval of the Consent Agenda.

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

Aye: Eric Braun, Arne Morris, Bahati Mutisya, Gregg Warren, Joe Whitehouse, Yolanda Winstead

Nay: None

The Consent Agenda has been adopted.

REPORT OF THE BOARD SECRETARY

COVID Update

- The mask policy was revised two weeks ago. We no longer require masks in our common areas. We require staff to wear a mask if they are meeting with a resident in their office or if Maintenance is working in an occupied unit.
- Currently there is one reported case with residents and three staff cases.
- Community centers and TV rooms are open for residents.
- There was a vaccination clinic for residents this week and the turnout was good: 16 Carriage House residents, and 12 Carousel Place residents were vaccinated. The number of vaccinations for the two senior buildings and Capitol Park have not yet been reported.

RAD update

- RHA received the RAD Conversion Commitment (“RCC”) for Berkshire. This is one of four properties that RHA is converting to RAD. Staff has not yet heard about the other three properties.
- There is a resolution tonight to approve the closing attorney for the RAD conversions. Once they are under contract, they will review the RCC and it will be brought back to the May Board Meeting for final approval. Once signed, RHA will have 90 days in which to close on the property.
- Staff is in communication with HUD regarding the remaining three properties. One property has a community center, one has a live-in unit, and one has an office – they are not residential units so are offline with HUD and RHA would not receive subsidy under the HAP contract. Staff is trying to get the most flexibility out of those units and are waiting on answers from HUD as to whether RHA can get subsidy as non-residential

units as well as occupied units (if RHA's needs change and the units need to be occupied).

Update on Heritage Park Redevelopment

Tenants will be reoccupying some of the units at Heritage Park because RHA is nearing the end of the 2-year time window to be able to request a tenant protection voucher for those units. So far, three units have been re-occupied and another two will be ready this week for re-occupancy. There are approximately 12 units that staff are getting ready to reoccupy.

Strategic Plan for the agency

Staff asked EJP for dates which work for them to have a Board retreat to discuss the Strategic Plan. It will likely be sometime in June or July. Given everyone's busy schedules, there is a better chance of getting a consensus on a date the further out.

Commissioner Whitehouse suggested looking into the conference room at the NC State Golf Course for the Board retreat. He also said he would donate a room at the hotel, if it is available.

Mr. Felton said the understanding is that we are going to take our time and not push this process. Staff extended the contract from 10/31/22 to 3/31/23 because the Board wanted the CEO to weigh in on the Strategic Plan. He asked the Board if that end date was ok – or did they have a deadline in mind for the Strategic Plan to be completed. That is something that can be discussed at a later date.

Doris Wrench

Ms. Wrench's term ends May 20, 2022. A Selection Committee has been formed who will interview resident candidates for the position on the Board. The Selection Committee is Yolanda Winstead, Bahati Mutisya, Shannon Bowen (HR Manager for RHA), Lottie Moore (RHA ICC President), and Mr. Felton. We will recommend two residents to the Mayor to consider. The Mayor will meet with both candidates and make the final selection. We have contacted four candidates for consideration and sent them questions to answer so we can get to know them before the interviews. We have tentatively scheduled interviews with the candidates next week and hope to have a recommendation to the Mayor the following week.

Commissioner Warren asked if there is a Heritage Park resident in the pool of candidates. Mr. Felton said one person out of the four resides at Heritage Park.

ABC11 News Story

Staff is working with ABC11 on a story about affordable housing and the Section 8 program. Housing Authorities across the country are having difficulty leasing up. RHA is finding many landlords are not renewing contracts with residents. Ms. Batts and her staff are doing everything they can to keep landlords and find new ones to bring on board. Having a positive news story about the program is one of the ways that staff believes will help.

Commissioner Whitehouse asked what staff is hearing from the landlords as to why they aren't renewing.

Mr. Felton said some of the reasons are the inspection process, the paperwork, and tenants that haven't paid. He said staff has seen an increase since the eviction moratorium ended – where they aren't renewing leases anymore. Some landlords say that there is no money for repairs. Commissioner Whitehouse asked if part of the reason for low participation in the program is because rents are escalating so quickly now (are they able to get more money for their units by not being on the program).

Mr. Felton said RHA has increased the rents for 0-, 1-, and 2-bedroom units (up to 120% of the FMR). The 3-bedroom units have been increased to 115%. RHA is trying to give more money to the tenants so that they can find units.

Commissioner Morris said it's true that RHA has increased the FMR. However, the FMR continues to rise. It's a landlord's market right now.

Commissioner Warren said a high percentage of Section 8 units are tax credit rentals. It might be beneficial to reach out to tax credit properties to join the Section 8 program.

Mr. Felton agreed with this. He said staff could reach out to residents who may have lost their job but could still live at the property with a voucher. That's how staff gets some of the landlords now – tenants reach out to their landlords to join the Section 8 program because they just received a voucher and want to stay with the unit.

Commissioner Warren asked if RHA gives priority to tenants who are threatened with eviction or displacement.

Mr. Felton said RHA has a special provision for residents who, through no fault of their own, lose their housing. Many of the programs available don't help people until they are homeless. Staff tries to help those people by letting them rise to the top of RHA's waiting list and get a voucher before becoming homeless.

Commissioner Warren asked about people who lose their jobs and are unable to pay rent – and therefore in danger of losing their home. Does that give them priority?

Mr. Felton said he would need to look at the priority – that was not the original intent of the provision.

Commissioner Warren suggested outreach to tax credit owners might be the most effective way to increase utilization because they can work with RHA's FMRs.

REPORT OF THE REPOSITIONING COMMITTEE CHAIR

Commissioner Warren said the committee met on April 12th. We initially were going to have a discussion with the RAD Collaborative. However, our agenda was filled mostly with Heritage Park matters. Pat Costigan suggested answering some of our questions regarding strategic

planning (instead of him presenting to the group) – and he did that in an email. The balance of the meeting was updates on the Co-Developer selection process.

The Selection Committee met on the 29th and 30th. The Selection Committee is:

- Liz Edgerton
- Wayne Felton
- Jennifer Morgan
- Tonya Orr
- Joe Whitehouse
- Yolanda Winstead
- Gregg Warren

Commissioner Warren thanked everybody for participating in those meetings. There were five prospective developers. After doing interviews with the five candidates, the selection committee reached a consensus as to the top candidate, subject to further review. We identified a second firm that might also be a very capable partner with RHA. We sent out an additional list of questions to the two firms and have scheduled a site visit to visit the work of one of the successful developers. Our intent is to bring a recommendation to the Board as soon as possible. We feel good about the pool of developers that we interviewed, and particularly about the top two that we've identified in our process. Our intent is to reveal the top candidate after we have a formal final recommendation to the full Board.

We spent quite a bit of time discussing rezoning and specifically determining what we are looking for in the rezoning. How many stories it will be and what will be allowed for the mixed-use type of activities and any conditions that we would want to offer. The consensus of the committee after some discussion is we thought that we might have an opportunity to tag on to the city's process that they're going through on BRT zoning corridors, where there's remapping going on. After discussions with city staff, we determined that might be a slower process for RHA than if we went on our own for a rezoning request. The consensus was that we ask for DX-12 on the portion of the property that is west of the proposed West Street extension. On the east side of that property, we ask for DX-20.

Board Commissioners were volunteering to offer some suggestions about who we want to reach out to. I checked in with Mr. Felton this afternoon to ask him if he knows of any movement on the part of Mack Paul, the zoning attorney. He said he's not aware of that. I think that we need to find a way to move forward with this process and push it forward.

Commissioner Braun said he saw Mack Paul today on a different matter. He is waiting for an update from us and he's ready to go. In terms of timing, best case will be at the end of the year after the election. Nothing will happen before then.

Commissioner Warren asked if we need Board authorization to seek DX-12 on one portion of the property and DX-20 on the other.

Commissioner Braun said usually somebody would bring the application to the Board for authorization to file it. It's fine if we want to authorize Mack Paul and the team to start preparing the rezoning application.

Commissioner Warren said he wondered whether or not Board action is required to move forward with this. And when that would be appropriate.

Commission Warren said, if everybody agrees with that approach, ask Mack Paul and staff to start preparing the rezoning application. However, ultimately the Board would approve the formal application when it's prepared.

Commissioner Morris asked about the rezoning approach and how many stories RHA would be requesting.

Commissioner Braun said it would be 12 and 20 (20 would be the maximum).

Commissioner Warren said we think it will be very difficult for RHA to do anything more than five stories for the affordable components. However, the thinking is the east side of the property would give RHA more flexibility if we do want to sell a portion of the property to a market rate developer to help us fund the affordable components of the development, or perhaps provide us with some structured parking that we could share.

Commissioner Braun said the 12 also gives us flexibility. If the city somehow comes in and says they want to finance something taller and do something else, it gives us more flexibility. It doesn't mean we're going to do it. Just because we file it doesn't mean we can't back down.

Commissioner Warren noted that Mack Paul thought that was a reasonable request to submit to the city.

Commissioner Whitehouse said it's more in line with the comprehensive plan for the city. In terms of consistency, when you're going through a rezoning, it's good to be consistent with the city's plans as well.

Mr. Francis said the committee has the authority to go ahead and charge Mack Paul to prepare the application, and then you can bring it back and walk the Board through what you plan to file. In that way, you will be able to explain everything in detail. The Commissioners who are not on your committee will be able to understand and participate better.

Commissioner Whitehouse said then we could outline any potential conditions we may want to place on the property as well.

Mr. Francis said one of the things that you may want to discuss is how dense you want to be on the public housing part. I think there were various thoughts about that. And just because you get a more dense designation doesn't mean you're going to build all the way up to it.

Commissioner Warren agreed. He said he'd like to get this on the May agenda so that we can get Mack Paul moving on drafting this up. That will give the Board Commissioners who promised

that they were going to review the contact sheet and stakeholder list a little bit more time to do that as well.

Commissioner Warren said we also discussed whether or not we needed to bring a traffic engineer on our team of consultants. That was discussed with Larry Zucchini at JDavis. Richard Adams name was mentioned at Kimley-Horn. Mr. Zucchini has worked with Kimley-Horn in the past.

Mr. Felton said Mr. Zucchini emailed him today and he had talked with him, and he'd be glad to do that. He is going to have him prepare a proposal and send that over.

Commissioner Whitehouse asked if he is going to work underneath under Larry Zucchini or is he going to work separately for us.

Mr. Felton said he will talk with staff and see which way we want to handle that.

Commissioner Whitehouse suggested that we let him work under Larry. That way we have one point of contact and it's easier for us to manage.

Commissioner Warren said the only other major item that we discussed was the status of the attorney procurement and there is a resolution tonight with a recommendation.

REPORT OF THE TRANSITION COMMITTEE

Commissioner Braun said the Transition Committee has been meeting for several weeks. The Board received a final version of the RFP that will help retain an executive search firm for the newly created CEO position. We have been working with Pat Costigan and are getting his guidance on this. We sent it over to Mr. Felton and his staff and they have worked it over and put it into RHA's formal framework. He had a couple of questions, which we've addressed, and those were included in the documents that were sent out for everybody's review. We beefed up the diversity experience sections to try to make sure we got a firm that is comfortable doing outreach to diverse candidates. In terms of schedule, today we're asking for the Board to approve the RFP so that Mr. Felton and his staff will be able to initiate the search tomorrow morning. I'm posting it on RHA's website. We sent the RFP out to the Housing Partnership Network, NeighborWorks America, NAHRO, and the Public Housing Authority Director's Association.

Pat Costigan did some research and put together a specific list of search firms that we worked through and have some recommendations on. We are going to ask Mr. Felton and his staff to push the RFP out to those as well. We are going to advertise it for three weeks. That would put the proposals due on May 20th. The Transition Committee will also serve as the Selection Committee to facilitate efficiency. Pat Costigan will not be on the Selection Committee. He will do some outreach for us to make sure that the RFP gets into the hands of some of the key companies.

Ideally, the Transition Committee will review the applications and be in a position to make a recommendation to the full board at its May meeting on May 26th. Then we can move forward.

Commissioner Braun moved and Commissioner Winstead seconded approval of the issuance of the executive search firm RFP that was included in the agenda packet.

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

Aye: Eric Braun, Arne Morris, Bahati Mutisya, Gregg Warren, Joe Whitehouse, Yolanda Winstead

Nay: None

The motion of issuing the RFP has been approved.

COMMISSIONERS COMMENTS

There were no Commissioner Comments this evening.

NEW BUSINESS

Mr. Felton said in May 2021 the Board approved an inducement resolution for multi-family housing revenue bonds not to exceed \$20,000,000 for New Bern Crossing.

The project consists of 192 family units located east of the Beltline off New Bern Avenue. They are project basing 20% of the units with Families Together and Wake County Housing Services. They will also have 19 units available for residents making 30% AMI or less. The City of Raleigh and Wake County are loaning \$6.5 million collectively for the project.

Greystone, the developer, is asking to increase the bond amount from \$20,000,000 to \$28,000,000. The reason for the increase is due to increases in construction costs and interest rates.

They are scheduled to close on this deal at the end of 2022.

If approved tonight, the developer will work with NCHFA to secure the additional bonds for the project.

Commissioner Whitehouse asked if the developer was participating on the call tonight.

Mr. Felton said they were not on the call. However, Kristen Kirby, the Council for them, is in the meeting.

Commissioner Whitehouse said his only question is if they feel comfortable that this additional \$8 million is all they will need. Is that a guess on their part right now or is that something that they feel firm about?

Ms. Kirby said that \$20 million has a little bit of cushion built in just in case there are additional increases. They are comfortable with this amount.

Commissioner Whitehouse asked if we know how that \$8 million breaks down between the various categories and funding.

Ms. Kirby said she doesn't have the specifics on the updated budget versus the original budget to say exactly which costs increased by how much.

Commissioner Warren suggested, going forward, it would be useful when we do have these increases to provide the Board with an initial sources and uses statement as well as an updated sources and usage statement.

Commissioner Winstead said part of it is probably that you're able to pass the 50% test for the bond utilization, so that factors in as well.

Commissioner Whitehouse asked how critical it is that this resolution be approved this month. Do they need it approved today or is it something they could provide this information and come back to us next month?

Ms. Kirby said it will be fine to table it until next month, after the Board reviews additional information.

Commissioner Warren said it would be helpful if we could have a short memo explaining why, as well as a backup of the sources and uses statement to go with the memo.

Mr. Felton said this resolution will be tabled until May.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 26 (2022)

RESOLUTION AMENDING PRELIMINARY APPROVAL OF THE ISSUANCE OF
MULTIFAMILY HOUSING REVENUE BONDS (NEW BERN CROSSINGS)

TABLED FOR MAY 2022 RHA BOARD MEETING.

WHEREAS, on May 6, 2021, the Board of Commissioners of the Housing Authority of the City of Raleigh, North Carolina (the "Authority") adopted a resolution (the "Preliminary Resolution") giving preliminary approval to the issuance of the Authority's multifamily housing revenue bonds in an amount not to exceed \$20,000,000 (the "Bonds"), the proceeds of which would be loaned to New Bern Harmony Housing LLC, a North Carolina limited liability company, or an affiliated or related entity (the "Borrower"), to finance the acquisition, construction and equipping of a multifamily housing development to be known as New Bern Crossings, consisting of 192 units located at 3312 and 3600 New Bern Avenue in the City of Raleigh, North Carolina (the "Development"); and

WHEREAS, the Authority and the Borrower received an allocation of volume cap under Section 146 of the Internal Revenue Code of 1986, as amended (the “Code”) for the Bonds in the amount of \$20,000,000 from the North Carolina Federal Tax Reform Allocation Committee (“TRAC”), based on the recommendation of the North Carolina Housing Finance Agency (“NCHFA”), as evidenced by a letter dated January 21, 2022; and

WHEREAS, the Borrower has determined that the amount of tax-exempt debt to be provided to finance the cost of the Development is more than originally anticipated, and has requested the Authority to amend the Preliminary Resolution to increase the amount of the Bonds to an amount not to exceed \$28,000,000; and

WHEREAS, the Borrower will request the NCHFA and TRAC to increase the amount of volume cap for the Development from \$20,000,000 to up to \$28,000,000;

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF RALEIGH, NORTH CAROLINA:

1. The Authority hereby confirms the determination it made in the Preliminary Resolution that the Development will involve the acquisition, construction and equipping of a multifamily housing facility, and that therefore, pursuant to the terms and subject to the conditions hereinafter stated and the Act, the Authority agrees to provide reasonable assistance to the Borrower in issuing bonds to finance the acquisition, construction and equipping of the Development, and, in particular, to undertake the issuance of the Authority’s multifamily housing revenue bonds (the “Bonds”) in an amount now estimated not to exceed Twenty-Eight Million Dollars (\$28,000,000) to provide all or part of the cost of the Development.

2. The Authority intends that the adoption of this resolution be considered as an expression of official intent toward the issuance of the Bonds within the meaning of Treasury Regulations Section 1.150-2 promulgated by the Internal Revenue Service pursuant to the Code.

3. All other terms of the Preliminary Resolution remain in full force and effect.

4. This resolution shall take effect immediately.

Mr. Felton said RHA received the RCC for Berkshire Village. There is also a resolution tonight to approve staff hiring an attorney to handle the RAD closings for the four properties being converted to RAD.

Per staff’s consultation with EJP and the RAD Collaborative, it was recommended that RHA enter into a ground lease for each property being converted to RAD. Oak City Affordable Communities (“OCAC”) has formed an LLC at each property to act as the ownership entity.

The ground lease is recommended so that RHA can maintain ownership and control of the property. A ground lease will be prepared for each property between RHA and the LLC.

Staff recommends that the terms of the ground lease for a long period of time (50 years) and for a nominal fee (\$10 per year).

This resolution is authorizing staff, once the real estate attorney is under contract, to draft a ground lease and bring that back to the Board for approval.

Commissioner Whitehouse asked how staff arrived at the \$10/year. Mr. Felton said that was something staff had seen with other ground leases.

Commissioner Whitehouse asked what RHA's actual holding costs are in this property, when you consider insurance and other things. Should we try to make sure that we're trued up so at least it would pay for that or are we trying to subsidize it as well?

Mr. Felton said OCAC would be paying the rent that's coming from the RAD properties, so you're taking it out of the OCAC bucket and putting it in the RHA bucket.

Commissioner Warren said OCAC will have the ability to transfer any cash, if it's unregulated by HUD, back to RHA. And RHA can basically request that, or even structure the documents later on.

Commissioner Whitehouse said that's fine. He was looking at it because they are two different entities.

Mr. Felton said the OCAC bucket is the least restrictive so we try to leave it there where you have the most flexibility. Staff will look at it and consider that when drafting the ground lease.

Commissioner Whitehouse said in the typical profit world, the banks like to see, in terms of ground lease timing, typically 60 to 75 years. Is there any restriction that would be placed on RHA by having it at 50 years? Are there any requirements that we need to be aware of for selecting the right number of years for the ground lease?

Mr. Felton said staff will check on that. We saw some leases for 50 years. The one we have over here for the community center is 50 years, but we also saw some for 100. Staff can talk about this when we get to the attorneys. All three attorneys who bid on the proposal are experienced RAD closing attorneys. They'll know what we can do and what we can't do.

Commissioner Whitehouse said he doesn't know what's normal for the RAD conversion so he wants to make sure RHA isn't putting itself in a situation that will need to be amended later.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 27 (2022)

WHEREAS, the U.S. Department of Housing and Urban Development ("HUD") introduced the

Rental Assistance Demonstration ("RAD") program in 2012 that, upon successful conversion, provides long-term Section 8 contracts to Public Housing Authorities ("PHAs"); and

WHEREAS, the RAD program seeks to preserve low income housing by allowing PHAs access to more stable funding sources for capital improvements; and

WHEREAS, Resolution No. 46, approved by the Raleigh Housing Authority ("RHA") Board of Commissioners on August 22, 2019, authorized staff to submit an application for participation in the RAD program; and

WHEREAS, on December 4, 2019, RHA submitted an application for the conversion of all 16 Public Housing Asset Management Projects ("AMP") to the RAD program; and

WHEREAS, on January 27, 2020, HUD approved RHA's RAD application and issued a Commitment to Enter into a Housing Assistance Payments ("CHAP") for all 16 AMPs; and

WHEREAS, on February 27, 2020, RHA requested the CHAPs be returned for all properties except Berkshire Village, Meadow Ridge, Terrace Park, and Valleybrook and changed to a portfolio; and

WHEREAS, the Authority formed Oak City Affordable Communities, Inc., a 501(c)(3) non-profit entity, to serve as the managing member of the properties converting to RAD; and

WHEREAS, Oak City Affordable Communities, Inc. formed limited liability companies known as Berkshire Village, LLC; Valleybrook Housing, LLC; Meadowridge, LLC; and Terrace Park, LLC to act as the ownership entity of these properties converting to RAD; and

WHEREAS, RHA is the owner of certain real property located at the corner of Berkshire Village Court and McGuire Drive in Raleigh, NC in the Berkshire Village apartment complex, a 40-unit apartment complex on 7.02 acres; and

WHEREAS, RHA is the owner of certain real property located on Meadow Ridge Drive in Raleigh, NC. in the Meadow Ridge apartment complex, a 60-unit apartment complex on 12.86 acres; and

WHEREAS, RHA is the owner of certain real property located on Terrace Park Court in Raleigh, NC, in the Terrace Park apartment complex, a 46-unit apartment complex on 7.44 acres; and

WHEREAS, RHA is the owner of certain real property located on Leafcrest Court in Raleigh NC in the Valleybrook apartment complex, a 50-unit apartment complex on 11.24 acres; and

WHEREAS, the properties are currently operated as public housing and, as such, are encumbered by declarations of trust in favor of HUD; and

WHEREAS, the properties will convert from public housing units to Project-Based Section 8 Housing Units through HUD's RAD Program and receive Project-Based Section 8 vouchers; and

WHEREAS, upon conversion of the properties from public housing to Section 8, HUD will release the declaration of trust as encumbrances against the properties; and

WHEREAS, it is in the best interest of RHA to retain ownership of the land and enter into a ground lease with the ownership entities for a suggested term of 50 years at \$10 per year; and

WHEREAS, RHA is in the process of selecting an attorney via the RFP process to handle the RAD closing documents and potential ground lease;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH, NC staff is authorized to have the selected attorney draft a ground lease for each aforementioned property and bring the ground lease back to the Board for approval.

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, Arne Morris, Bahati Mutisya, Gregg Warren, Joe Whitehouse, Yolanda Winstead.

Nay: None

Resolution No. 27 (2022) has been adopted.

Mr. Felton said last year the Board asked staff to implement a Living Wage Rate to ensure we are paying our staff a Living Wage. We used the same formula the City of Raleigh used for their calculations. We are proposing to change the date for the effective insurance rate from April 1st to July 1st.

The reason we are requesting this change is that the health insurance costs are included in the formula to calculate the Living Wage. We would like to have accurate information when calculating the Living Wage as it will affect our overall budget.

We are potentially looking at a 40% increase in our health insurance this year. Our insurance plan starts in July, so we don't have the current numbers on April 1st.

We would make any adjustments to the Living Wage and overall pay scales effective July 1st. Any merit adjustments to existing employees would be effective in first full pay period in July when we typically award merit increases from annual appraisals.

Commissioner Warren asked what RHA's current minimum wage rate is.

Mr. Felton said the annual rate is \$31,774 (\$15.74/hour).

Commissioner Warren asked if the city has the same numbers.

Mr. Felton said no, because their costs could be different. It's the same formula, but they may have a different health insurance cost than what we do.

Commissioner Warren asked what that translates to now (for a point of comparison).

Mr. Felton said he doesn't know. When we looked at this a year ago, we were very close to what city had, but he doesn't remember what their number was.

Commissioner Warren asked if the hourly rate would go down – or the salary would go down, if health insurance costs increase.

Mr. Felton said on the resolution that was originally passed, it was stated that we would not lower anyone's pay. That's for existing employees. It wouldn't affect existing employees. My recommendation would be that it not go down because we're already in a hiring crunch trying to attract quality employees. I would recommend that we not lower it, even if the calculations showed that.

Commissioner Braun said he looked up the city's living wage. According to their budget, it says for fiscal year 2022, the Living Wage increased from \$34,130 to \$36,052.

Commissioner Warren said RHA is lower because the costs are higher. If we're not going to reduce anyone, do we need to have that set forth in the in the resolution?

Mr. Felton said he doesn't see a problem with that. I would just want to make sure it works with the budget, too.

Mr. Francis said it could be stated that, notwithstanding the effect of any action taken by reason of this resolution, no employees' current wages or salary will be reduced by reason of this resolution.

Commissioner Warren said he likes that suggested language.

Commissioner Whitehouse asked what we do if a new employee comes in. With everybody having hiring difficulties today, if insurance goes up, that would lower the starting pay for somebody coming in as well.

Mr. Felton said it would lower the Living Wage.

Commissioner Whitehouse asked if that puts RHA at a disadvantage when we already are at a disadvantage trying to hire so many people. Should we amend that as well?

Mr. Felton said the part that was just addressed, was part of the original resolution that said with an existing employee, their pay would not go down if the Living Wage went down.

Commissioner Whitehouse said he thinks that's good. He wondered if we're talking about new potential employees coming in, does that put us at a disadvantage, because the insurance would reduce that starting wage for them as well.

Mr. Felton said that is correct, because then the living wage, per the calculation, would go down. I would recommend that we not do that, at least at this time.

Commissioner Warren said this is the minimum wage that we would offer, it doesn't mean that those are the actual wages we would offer. We could have salary ranges that would go higher than this number, even at the lowest level.

Mr. Felton said the way our salaries work is that the job description has a grade assigned to them. You may have the landscapers at a grade eight, and property managers may be an 11 or 12. From each grade, you have 10 steps, and each step is 5%. There's a range for each position. Depending on the experience, that's where you hire within that range.

Commissioner Warren asked how many positions are affected by this minimum wage.

Mr. Felton said it is around 18 to 20. What happens is, you move that up, and then you have compression at the lower end of your pay scale. We also had to adjust those. But the more you move it up, the more it could compress. So you always have to take that into account.

Commissioner Whitehouse said if every classification has a range that may be above and below the minimum, everybody is going to be at least at the Living Wage. Basically, if we're looking to hire somebody, we can hire somebody anywhere within that range.

Mr. Felton said that is correct.

Mr. Felton said it's a good question. I don't know that we need to decide it today because we're not looking to lower the Living Wage. I'm fine leaving it where it's at – that would be my recommendation. If you want to put something in place for the future, we can certainly continue thinking about that.

Commissioner Whitehouse said the concern was that we didn't want to tie your hands where somebody actually might be making below the Living Wage because the insurance is offsetting it that much farther. But since you've got a range to hire in, you can move them up the range.

Commissioner Warren said Charles suggested an amendment to this resolution basically restating what Mr. Felton just said was in the initial motion – that we'll make sure this resolution shall, in no way, negatively impact or reduce the salary of current employees. Are you also saying that the current wages for job classifications will not change if this were lower? You said that you will not reduce the wage levels for particular grades if this calculation results in a lower wage rate than what you're currently offering.

Mr. Felton said we will not hire anyone below this living wage rate

Mr. Felton said we have a current Living Wage rate of \$31,774. I'm recommending that we keep that there regardless of what the calculation says. We do not hire anyone below that.

Commissioner Winstead said when you work through the formula, and the way staff is currently implementing this policy, that's taken care of.

Mr. Felton said that is correct. I would recommend that we not lower it and we covered the existing employees. I think what we didn't cover in the previous resolution is for new hires. We're always thinking that it would go up. But if it does go down, I would recommend that we keep it the same. I don't know that we need to have it in the resolution, because there could be a situation where you may need it to go down. This doesn't need to be decided tonight. We have what we needed with the July 1 change, just to make sure that we can use the new number for that calculation.

Commissioner Warren said there's no need to make any changes to this resolution since staff is okay with it. If there are problems with that, staff can bring it back to the Board.

HOUSING AUTHORITY OF THE CITY OF RALEIGH RESOLUTION NO. 28 (2022)

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

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

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

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

WHEREAS, RHA submitted Resolution No. 6 (2021) which outlined how the living wage rate would be determined and made effective each fiscal year using the following criteria:

- The average of the last four published Fair Market Rents for a one-bedroom apartment (basic housing) in the Raleigh, North Carolina metropolitan statistical area.
- The living wage rate will be set to ensure the cost to afford basic housing would not exceed more than 30 percent of the employee’s annual gross income.
- The living wage rate will be offset to reflect RHA’s share of the premiums to provide health insurance coverage for an employee on RHA’s base health insurance plan based on the rate in effect as of April 1st.

- The living wage rate determination is subject to funding availability and may not be increased in years in which it would impose a financial hardship to the agency. In years in which the calculated living wage rate has decreased from the prior year, the prior year's calculation would be maintained as not to reduce RHA's living wage rate.

WHEREAS, the changes to positions, grades, and pay ranges resulting from the salary study; and the living wage rate calculations were made effective on April 1, 2021 and;

WHEREAS, any necessary pay adjustments based on the revised positions, grades, pay ranges, and living wage rate calculation were made effective with the 2021 merits for eligible employees; and

WHEREAS, Per Resolution No. 6 (2021), the living wage rate calculation would be made effective on April 1st each fiscal year, which is prior to RHA's annual benefit renewal for health insurance coverage, which is effective July 1st and used to calculate the living wage rate; and

WHEREAS, RHA desires to use the most current health insurance premium rates to calculate the living wage rate; and

WHEREAS, RHA typically obtains health insurance renewal rates or quotes between mid-March to late April, at which time the plan offerings are selected and the employee and employer cost share is evaluated and set; and

WHEREAS, RHA desires to change the criteria for which the living wage rate will be determined and implemented each fiscal year with respect to the date the health insurance plan is effective as follows:

- The average of the last four published Fair Market Rents for a one-bedroom apartment (basic housing) in the Raleigh, North Carolina metropolitan statistical area.
- The living wage rate will be set to ensure the cost to afford basic housing would not exceed more than 30 percent of the employee's annual gross income.
- The living wage rate will be offset to reflect RHA's share of the premiums to provide health insurance coverage for an employee on RHA's base health insurance plan based on the rate in effect as of July 1st.
- The living wage rate determination is subject to funding availability and may not be increased in years in which it would impose a financial hardship to the agency. In years in which the calculated living wage rate has decreased from the prior year, the prior year's calculation would be maintained as not to reduce RHA's living wage rate.

WHEREAS, annual merits to eligible employees are made typically made effective on the first full pay period in July and any adjustments due to the revised living wage rate would also be implemented at that time.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the living wage rate calculation be determined and made effective based on premiums for RHA's base health insurance plan in effect for July 1st.

BE IT FURTHER RESOLVED that any necessary pay adjustments based on the revised living wage rate be effective with the annual merits for eligible employees on the first full pay period in July.

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, Arne Morris, Bahati Mutisya, Gregg Warren, Joe Whitehouse, Yolanda Winstead.

Nay: None

Resolution No. 28 (2022) has been adopted.

Mr. Felton said the revised spreadsheets are behind the resolution. Revisions include:

- Dwelling equipment increased from \$40,000 to \$475,000. That's where we moved some of the security cameras that we're installing to that line item, as well as the fire alarm system that we're installing at Carriage House.
- Non-dwelling equipment increased from \$60 to \$130,000. The reason for that is that we're going to buy a forklift at Glenwood Towers to address the trash truck situation.
- RAD conversion cost increased from \$1.3 million to \$1.45 million.

We have obligated \$1.3 million of the \$4.3 million grant. That leaves approximately \$3 million left to obligate for this grant, which is the 2021 grant. Once we close on RAD, that'll be \$1.4 million gone. We have a few others up here with the dwelling structures. Approximately \$2 million of that will be obligated pretty quickly once we do some of these other contracts with the fire alarm system and RAD conversion. That will leave us about \$1.5 million in the 2021 grant.

We also have open our 2020 grant. That grant has \$3.2 million left to obligate. HUD has not awarded the 2022 grant. However, we're anticipating that would be somewhere around \$4 million to \$4.2 million.

We do know at 2023, the Cap Fund will be lessened because we won't have those four properties that we've converted to RAD. Even once we close on RAD, assuming that we get \$4 million for this year, there will be approximately \$8 million dollars in Cap Funds. We want to keep an eye on when those obligation dates are.

Those are things we need to look for when we're looking at our redevelopment and putting money in to make sure that we're hitting those obligation dates and not forgetting our other properties. As far as redevelopment, the HOTMA bucket is \$2.2 million, we have reserves in

public housing which are approximately \$10 million, and CAD has about \$10 million in their reserves.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 29 (2022)

WHEREAS, the Housing Authority of the City of Raleigh (“RHA”) receives annual funding for the Capital Fund Program from the Department of Housing and Urban Development (“HUD”); and

WHEREAS, the Capital Fund Program funding allocations are used for capital improvements to the public housing inventory; and

WHEREAS, the capital improvements at each public housing development were identified through the input of staff and discussion with public housing residents, finalized and submitted to HUD as part of the agency’s annual plan; and

WHEREAS, RHA was awarded Capital Fund Program Grant NC19P00250121 in February 2021 with funding allocations totaling \$4,298,714.00; and

WHEREAS, since the inception of grant eligibility, revisions to the grant are being proposed to adjust for additional funding that was received beyond previously budgeted amounts; and

WHEREAS, in accordance with HUD regulations, revisions to the annual statement from the 5 Year Plan Statement must be accompanied by a performance and evaluation report to HUD for approval; and

WHEREAS, staff is recommending that the attached performance and evaluation report for Capital Fund Program Grant NC19P00250121 be approved, which by reference is made part of this resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the performance and evaluation report for Capital Fund Program Grant NC19P00250121 be approved for submission to the Department of Housing and Urban Development.

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, Arne Morris, Bahati Mutisya, Gregg Warren, Joe Whitehouse, Yolanda Winstead.

Nay: None

Resolution No. 29 (2022) has been adopted.

Mr. Felton said with our RAD closings, RHA needs a closing attorney to handle the transactions. It has been recommended to us by our consultants and HUD to use an attorney who has experience with RAD closings. We will also need a real estate attorney for our Memo of Understanding (MOU) and Development Agreement with our Co-Developer at Heritage Park.

Staff sent out an RFP for attorney services to address both needs as they are related. We advertised in the N&O, the RHA website, and sent it to 10 firms.

Staff received three proposals on Monday April 22nd from three qualified firms. We scored them and the bid tabulation is behind the resolution. Banks Law Firm was the highest scoring firm and that is who staff is recommending we contract with.

Per our RFP, we would execute a 3-year contract with an option to renew for two 1-year periods. We are planning on executing the contract not to exceed \$150,000.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 30 (2022)

WHEREAS, on August 22, 2019 the RHA Board of Commissioners approved Resolution No. 46 authorizing staff to submit an application for participation in the Rental Assistance Demonstration program; and

WHEREAS, on December 4, 2019 RHA submitted a RAD application to HUD for the 16 public housing Asset Management Projects; and

WHEREAS, on January 27, 2020, HUD approved RHA's RAD application and issued a Commitment to Enter into a Housing Assistance Payments ("CHAP") for all 16 AMPs; and

WHEREAS, on February 27, 2020, RHA requested the CHAPs be returned for all properties except Berkshire Village, Meadow Ridge, Terrace Park, and Valleybrook and changed to a portfolio; and

WHEREAS, on April 19, 2022 HUD issued the RAD Conversion Commitment ("RCC") for Berkshire Village; and

WHEREAS, RHA expects the RCC for Meadow Ridge, Terrace Park, and Valleybrook by mid-May 2022, and

WHEREAS, on October 4, 2019, with Resolution No. 60, the RHA Board of Commissioners approved the demolition and redevelopment of Heritage Park; and

WHEREAS, RHA desires to have an experienced individual or firm with a demonstrated successful track record in providing legal services related to real estate and development transactions; and

WHEREAS, RHA issued a Request for Proposal (“RFP”) for Legal Counsel for Real Estate and Development Transactions on April 11, 2022 with the proposals due back by 3:00 p.m. on April 22, 2022; and

WHEREAS, three proposals were received, opened and recorded on April 22, 2022; 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 of the firm’s qualifications and experience in relation to the scope of services included in the RFP; staff’s qualifications and experience in relation to the scope of services included in the RFP; pricing; and WBE/MBE; and

WHEREAS, the scope of services included in the RFP are

- Prepare and process all documents and approvals for RAD closing as listed on the RAD-PBV closing checklist including the opinion of counsel.
- Prepare updated title reports for the RAD properties and facilitate the release of the Declaration of Trust.
- Serve as main point of contact for review of documents and response to HUD related to any legal comments for the RAD conversion. Attend any necessary calls with HUD related to legal issues.
- Prepare ground leases and operating agreements for the four properties converting to RAD as needed.
- Negotiation, preparation and review of contracts, agreements, opinions, and other documents related to construction, real estate development and/or acquisition and rehabilitation work.
- Provide legal advice to RHA personnel regarding mixed-finance, RAD, and LIHTC, including, but not limited to, project financing, project development and management, and applicable statutory, regulatory or policy requirements.
- Legal services required to prepare and submit funding applications to lenders, local, state, and federal funding agencies; and subsequent loan closing(s) of each project.
- Represent the Authority with real estate acquisition and real estate disposition matters involving public and private real estate opportunities and other property related issues, i.e. title, condemnation, environmental mitigation, residential and commercial leases, ADA, etc.
- Draft, review and make recommendations on mixed-finance proposals and documents including but not limited to: ground lease, regulatory and operating agreements, declaration of restrictive covenants, management agreements, developer agreements, partnership agreements, and all.
- Prepare and/or advise RHA in the preparation of evidentiary submissions to the U.S. Department of Housing and Urban Development (“HUD”) and other funders as necessary.
- Advice, legal review, and analysis in connection with the preparation of equity investor solicitation materials and with the evaluation of tax credit financing proposals from equity investors. This includes assistance with negotiation and preparation of the initial partnership agreements, a predevelopment loan agreement, assignment agreements, a

development services agreement and authorizing resolutions; advice and counsel in connection with any special tax advice; evaluations of related partnership documents (including review and modification of the partnership agreement and related documents to reflect RHA requirements); drafting of other documents required to comply with federal securities laws; providing documentation necessary for rendering of enforceability opinion; and rendering of enforceability opinion.

- As needed, assist RHA staff, consultants and developer in the preparation of application(s) for allocations of tax-exempt (volume cap) bond authority. Advise and assist the Authority in formulating and executing a debt-financing plan and in bond financing law.
- As needed, review and make recommendations on any new agreements between RHA, Developers and/or Contractors.
- Assist with legal matters involving HUD and all relevant HUD funded programs associated with the RAD conversion and property development.
- Provide all other legal services necessary for Public Housing repositioning and real estate development that may not be contained in this RFP.
- Work closely with Housing Authority's general counsel on all of the above; and

WHEREAS, the staff of RHA recommends the use of Banks Law Firm based on their experience with RAD closings and related agreements as well as their experience with complex real estate and development transactions; and

WHEREAS, the fee is based on a flat rate for the RAD closings of \$15,000 plus third-party costs for the four RAD properties and hourly rates of \$460 for the Principal, \$360 for the Senior Associate, \$260 for the Associate; and \$150 for the Paralegal plus 5% surcharge for administrative expenses;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH, that the contract for Legal Services for Real Estate and Development Transactions be awarded to Banks Law Firm.

BE IT FURTHER RESOLVED that should the contract with Banks Law Firm not be executed, the Executive Director of RHA is authorized to execute a contract with the next responsible bidder, Reno & Cavanaugh.

BE IT FURTHER RESOLVED that the appropriate budgets be adjusted accordingly.

Commissioner Braun moved and Commissioner Winstead seconded approval of the foregoing resolution. A vote being called, the ayes and nays were as follows:

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

Nay: None

Resolution No. 30 (2022) has been adopted.

ADJOURNMENT

There being no further business to come before the Board, the Chair declared the regular meeting adjourned at 6:46 p.m. to move into Executive Session to discuss a personnel matter.