

MINUTES OF A REGULAR MEETING OF  
THE HOUSING AUTHORITY OF THE CITY OF RALEIGH  
BOARD OF COMMISSIONERS  
MAY 25, 2023

The members of the Board of Commissioners of the Housing Authority of the City of Raleigh, North Carolina met at 900 Haynes Street on Thursday, May 25, 2023 at 5:00 p.m. The meeting was held in-person only due to computer equipment problems.

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

Present: Eric Braun, Valerie Crutchfield, Arne Morris, Bahati Mutisya (via phone), Gregg Warren, Yolanda Winstead.

Absent: Susan Ellinger, Niya Fonville-Swint, Joe Whitehouse.

Visitors: Charles Francis, Francis Law Firm, PLLC; Jacqueline Williams, ICC President, resident of Glenwood Towers.

RHA Staff: Sonia Anderson, Priscilla Batts, Lisa Currie, Liz Edgerton, Mr. Lommers-Johnson Lommers-Johnson, Jennifer Morgan, Donna Perez, Jason Schloop, Gwen Wall.

The Board Vice Chair declared a quorum present, welcomed everyone to the meeting, and welcomed Mr. Lommers-Johnson to his first RHA Board Meeting.

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RECOGNITION OF VISITORS

Mr. Lommers-Johnson welcomed all of the visitors to the meeting.

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PUBLIC COMMENTS

There were no public comments this evening.

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CONSENT AGENDA

There was no Consent Agenda this evening due to the cyber incident.

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REPORT OF THE BOARD SECRETARY

**High Performer Agency**

Mr. Lommers-Johnson said we've been informed that the Public Housing Program has been deemed a high performer again. Congratulations go out to our staff in Housing Management, Maintenance, Contract Services, and Finance, as well as the other staff who are also involved.

There is a resolution this evening approving the execution and submission of the SEMAP report (Section Eight Management Assessment Program+). Based on that evaluation, the Housing Choice Voucher Program is also a high performer under HUD's assessment. Congratulations go to Mrs. Batts and her staff, as well as the staff in Finance.

### **Maintenance Work Orders**

Tonight we are highlighting customer service in the Maintenance department. A key metric for our maintenance staff is how quickly they turn around work orders that are requested by residents. On the table is a one-page summary for the month of April. In April, residents requested a total of 614 work orders and the average response time for that is 1.85 days. In all my years that I've worked at a number of housing authorities, I've never seen it this low. This one-page report was developed by Jason Schloop to be provided to our residents on a monthly basis so that it's a way of being accountable to our residents. Congratulations go to Jason and his staff in the Maintenance Department.

### **Cyber Incident**

We are still recovering from a ransomware attack discovered on May 4<sup>th</sup>. It has been approximately three weeks and we are underway to recovering from this attack. However, it will take us another week for our operations to be fully back, based on the estimate discussed this morning. The majority of the staff have their computers back. However, there is still some work to be done so that we can get back to completely normal operations.

Obviously, this was a shock to us and to our residents. We were able to provide information to our Public Housing residents about the attack, as well as some steps that they can take to protect themselves, if that information gets outside. We weren't able to communicate yet with our Section Eight clients because we don't have access to email and their email addresses. We had to deliver door-to-door with our Public Housing residents.

It is still unknown whether personal information has been captured and transported outside so the FBI continues its work on analyzing what information has left the agency's computer system.

### **Potential Default on the Federal Debt**

It's widely expected that if there's a default on the federal debt, it will have a catastrophic impact on the economy and the federal budget. If there is a default, there is no plan or estimate. As a Housing Authority and as a city, we have to expect that homelessness will skyrocket and our programs and our residents will be affected. Hopefully a solution will be negotiated. However, even if it does, the federal budget outlook for the next year does not look great. The best that we can hope for, if there is no default, appears to be level funding next year – either through an agreement to not increase the budget or a continuing resolution. If that can be approved, that will do the same thing by continuing funding at current levels, which is not bad because the funding over the past year has been historically high for all of our programs. This is something that we have to keep an eye on and figure out what our response would be under either scenario.

### **Update on Heritage Park Master Planning**

We have key consultants on board and extensive community engagement is about to start. In the middle of June, there will be meetings with the resident leadership at Heritage Park and meeting with all of the residents. I have a meeting with Ms. Cobb, Heritage Park resident, tomorrow to introduce myself and talk about the planning process. Later in June, a broader group of stakeholders will join the residents in a joint kickoff meeting. During July and August, there will be a pause in meetings, but ongoing stakeholder consultation during that time. Planning meetings will resume in September, and they will include a 4-day design charrette with residents on site and other stakeholders. And after that, we hope to have a financially feasible Master Plan concept, with perhaps more than one option that is supported by all community stakeholders.

Commissioner Braun asked if it would be acceptable for Board Commissioners to drop in on those meetings to be able to hear some of the discussions.

Mr. Lommers-Johnson said I don't have any objection to Board Commissioners being there. I think everybody should participate and attend so you can get an idea of the interaction.

Commissioner Braun asked that a schedule be sent out to the Board.

Mr. Lommers-Johnson said he would send out the schedule. The dates are June 14<sup>th</sup> and 15<sup>th</sup> for the resident leadership as well as the residents and then again around the end of the month. June 14<sup>th</sup> and 15<sup>th</sup> are not actually finalized but the idea is that the broader stakeholder meeting will be before the end of June (around the 30<sup>th</sup>).

### **Strategic Plan**

Mr. Lommers-Johnson said the Raleigh Housing Authority has a consultant on board to facilitate Strategic Planning. The agency has a lot of critical decisions that are looming, especially with regard to our real estate holdings and expansion of affordable housing. The Strategic Plan will provide me and our staff with the direction and key priorities to focus on for the next five to ten years. We will reengage with EJP, the consultant, in the next couple of weeks to map out the schedule and the desired outcomes of the process. That will be another significant planning activity that we will engage in. The consultant, EJP, has proposed one year of planning process so we will talk about that process and the meeting coming up in June. Then we will send out the schedule of meetings and the process to the Board.

### **Housing Choice Voucher Program**

Mr. Lommers-Johnson said the Housing Choice Voucher Program is what was known as the Section Eight Program. The most critical challenge of the program is that we have roughly 380 to 400 vouchers that are not leased up. That means if we had them all leased up, we would have up to 400 families in safe and affordable housing. That is a huge challenge and something that we should focus on. We've had some voiced perceptions about why the program is not working well – rent payments standards that are too low for the Raleigh market, and also that the process is too long for a voucher holder to lease up successfully. There have also been some customer service concerns.

I want to make sure that that we address the issues that have been identified. One of the easier solutions is for us to increase all of our bedroom size payment standards to 120% of the FMR. If a resolution is needed, we will bring it to the next Board Meeting. That may still not be high enough. However, it will be better than where some of those bedroom sizes are now, which is 110%.

There have been some concerns expressed about the length of time it takes. I am going to be aligning and increasing staff to eliminate some of the bottlenecks that exist to shorten that time. This will allow voucher holders who are looking for housing to be more competitive when they compete against somebody who doesn't need a voucher. It's difficult in this market, so we want to make the program more efficient. Another solution, which will take a few months to implement, is that I would like to establish a new Project Based Voucher Program that will be designed to address the low utilization issue.

What we have to do, given the real estate market here, is to challenge the fair market rents when HUD publishes them. Typically, that comes out in September, and they're effective October 1. We will need to do a local market analysis that shows what the actual Fair Market Rents are, and if they're higher than what HUD publishes, then we will submit a challenge based on our analysis. In 100% of the cases, Fair Market Rents have been adjusted upwards when housing authorities challenged them. I have found a department in the Wake County government that will do this for us at no cost. We will definitely do that later this year and that will affect the Fair Market Rents for next year.

Commissioner Braun asked about the financial implications of going to 120% FMR. Does that just mean that the supplement is increased from the federal government?

Mr. Lommers-Johnson said HUD does not increase the subsidy to us when we do that. The ability to do that assists housing authorities in tough markets to enable our voucher holders to be more successful. What that may mean is we will be able to serve fewer households. In my last agency, we faced the same thing, but were able to increase fair market rents to a higher percentage and implement various strategies so that we could still support voucher holders up to 100% of the vouchers that we were allocated. I have developed new strategies previously to overcome it. I can talk in more detail about that later. Along with a higher fair market rent, we will design and develop a range of strategies so that we can address all the obstacles to getting to 100% utilization.

Commissioner Morris asked if it is possible to reallocate funds from within the agency to supplement a shortfall?

Mr. Lommers-Johnson said yes. We have HAP reserves (Housing Assistance Payment Reserves) that we can use if we run out of the budget authority that we do have. If the budget authority that we have can only fund 96% of the vouchers, then we can use what's in our HAP reserves. I do believe that we have enough reserves in our HAP reserves to approach 100%. We also have Admin Fee reserves, which is not a good thing to have as much as we have. We can fund rental subsidy with Admin Fee reserves, and we have over \$3 million.

Commissioner Morris asked if that would help to supplement multiple years at this 120% FMR.

Mr. Lommers-Johnson said what happens in this program is that your subsidy is based on what you spent the year before. In year one, if you spent \$4 million and the next year you spent \$4.2 million, then in the following year, your budget will be for \$4.2 million. Part of the strategy is to spend a little more. For example, if we spend \$2 million out of our admin fee reserves this year, HUD will give us that \$2 million next year. It is a strategy of inching up spending so that we can keep up with the cost.

Commissioner Warren said I know that we had a landlord incentive program that we approved previously, and I wondered what kind of response we're getting on that. Have any landlords been part of that process yet?

Mr. Lommers-Johnson said I'm not aware of the landlord incentives. I know that there were efforts to educate landlords.

Commissioner Warren said there was a signing bonus and perhaps some additional incentives.

Mrs. Batts said we have had a lot of interest in that lately. Landlords are coming back because they see that incentive.

Commissioner Warren asked about the signing bonus.

Mrs. Batts said the signing bonus is \$500 on top of the lease amount.

Mr. Lommers-Johnson said when we went up to 120%, we received increased interest.

Commissioner Warren said those are great ideas.

### **Project Based Voucher Program**

Mr. Lommers-Johnson said he wanted to mention a proposal to establish a new Project Based Voucher Program. RHA, to date, has not used project basing at all. When you Project Base vouchers, you take a tenant based voucher and you tie that to a specific unit. When the tenant moves, the subsidy stays with the unit. Project Based Vouchers can be an effective tool for providing more units that are affordable to people who are 0 to 30% AMI. Other partners in the community who run tax credit properties have difficulty serving that population without some form of operating subsidy (and Project Based Vouchers can do that). It will also increase our Housing Choice Voucher utilization, especially in the current market. More importantly, it will build strong partnerships with nonprofits in their efforts to serve extremely low income households. It will increase the availability of affordable housing developed by Raleigh Housing Authority and others – it has multiple benefits. It will also increase our utilization if we're effective in attracting owners who have tax credit units or other private owners.

The proposal is for us to initially commit up to 400 vouchers to project base. That is roughly 10% – we are allowed to project base up to 20% of our vouchers. Technically it's not vouchers, but it's a budget authority. Then an additional 10% for specific categories of households.

Initially, we would try to project base in existing housing, targeting tax credit units owned by nonprofits – and then for new housing that is developed. For example, we would want to offer project based vouchers to all future tax credit projects in Wake County, and it would be an incentive to developers for a number of reasons to do that.

Staff has begun this process and Jennifer Morgan will lead the effort to plan, design, and implement the program in this fiscal year.

Commissioner Braun asked if the vouchers can be taken back if we're having trouble or the owners not living up to some standard.

Mr. Lommers-Johnson said yes. There are some new regulations that allow housing authorities to reduce the number of vouchers that are committed in a contract. Contracts are now possible up to 20 years for Project Based Voucher contracts, so they can be fairly lengthy. However, housing authorities have the ability to reduce if the vouchers are not utilized.

Commissioner Winstead said that won't be an issue for tax credit development.

Commissioner Warren asked if vouchers are mobile.

Mr. Lommers-Johnson said all tenant-based vouchers are mobile.

Commissioner Warren asked if we can go anywhere in Wake County if we project base.

Mr. Lommers-Johnson said I need to review the agreements that RHA has. However, I understand that we do not have the normal relationship between the city and the county housing authority or city and other areas, where you need to go through a portability process. For example, we can have a Raleigh voucher holder who goes to another city in the county, and we can service that without having to go through the portability process. Typically, when you go into the jurisdiction of another housing authority, you develop an agreement with a city where the vouchers will be project based, as well as a courtesy to the housing authority to make sure that they support it. We can go outside of the city boundaries. I'm sure we have a good enough relationship with Wake County Housing Authority that will allow that.

Commissioner Warren said, as you develop the criteria, a lot of LIHTC developers do have profit-motivated managing members, but they also bring in a nonprofit in a subsidiary role in order to secure a property tax exemption. The question would be: do we want to have the nonprofit serve as a managing member? The standard is that the for-profit developers are basically calling a lot of the shots. Is that correct?

Commissioner Winstead said the nonprofit should be controlling the deal for getting a tax exemption and that's what we do at DHIC. I can't speak for other nonprofits.

Commissioner Warren said I'm under the impression that the others that we've seen coming through the bond deals bring in another entity to serve as the nonprofit. However, they're not

the lead developer. And so the question is, as you look at that nonprofit preference, would we want to parse that out a little bit or not? I'm just throwing that out as an issue to look at.

Mr. Lommers-Johnson said I don't think there's any restriction with respect to the type of owner. You can have a private company, and you can project base in units owned by that private, for-profit company.

Commissioner Warren said we could also establish a selection criterion that would have that preference.

Mr. Lommers-Johnson said yes, if there is a high demand for the project based vouchers.

Commissioner Warren said I think there will be.

Commissioner Winstead said I also think that if we want to make sure that we're dispersing the opportunity for people to live wherever they want, we want to also attract some of those for-profit motivated developers anyway, that are in higher opportunity areas.

Mr. Lommers-Johnson said there is a financial incentive for tax credit owners to participate because they get a full rent, as opposed to the tax credit rent.

Commissioner Warren said I would expect there'll be a lot of interest

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#### REPORT OF THE REPOSITIONING COMMITTEE CHAIR

Commissioner Warren said we had a meeting a few weeks ago and we reviewed a lot of the schedule that Mr. Lommers-Johnson has talked about this evening. The committee encouraged him to move forward with the plan as developed, with a push for initial resident meetings and then more activity in early fall.

Mr. Lommers-Johnson said Commissioner Warren has expressed an interest in seeing a more detailed Communications Plan, with the roles of the various partners.

Commissioner Warren said one other issue that the Board has mentioned is that we have a long stakeholder list and Commissioners said that they have relationships with some of those on the list and they would want to be involved in meetings. It would be good if you could circulate the latest listing, and invite Board Members to participate, if they are available.

Mr. Lommers-Johnson said I will make sure that I communicate that. The Master Planner has requested if there are any names to add, we can continue to add people as the time goes on.

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#### COMMISSIONER COMMENTS

There were no Commissioner comments this evening.

## NEW BUSINESS

Mr. Lommers-Johnson said this resolution pertains to the Section Eight Management Assessment Program (SEMAP). This is HUD's evaluation of PHA's compliance with federal requirements. It looks at various factors, most of them are more compliance than performance. There is a list of 14 different indicators as listed in the resolution.

This is a process that we conduct internally to determine how we are doing through looking at specific data. Based on all of these indicators, RHA has achieved the rate just over 96% – 135 out of a possible 140 points – which makes RHA a high performer in HUD's eyes.

By approving this resolution the Board authorizes the chair and myself to execute and submit this report to HUD.

### HOUSING AUTHORITY OF THE CITY OF RALEIGH RESOLUTION NO. 30 (2023)

WHEREAS, on October 6, 1998 the United States Department of Housing and Urban Development ("HUD") issued Notice 98-50 which announced the establishment of the Section 8 Management Assessment Program ("SEMAP") described in 24 CFR Part 985; and

WHEREAS, 24 CFR Part 985 requires public housing authorities, which administer a Section 8 tenant-based Housing Choice Voucher program, to submit information relating to the performance of their Section 8 voucher program in fourteen different indicators:

- (1) Selection from the Waiting List,
- (2) Determination of Rent Reasonableness,
- (3) Determination of Adjusted Income,
- (4) Utility Allowance Schedule,
- (5) Housing Quality Standards ("HQS") Quality Control Inspections,
- (6) HQS Enforcement,
- (7) Expanding Housing Opportunities,
- (8) Payment Standards,
- (9) Annual Reexaminations,
- (10) Correct Tenant Rent Calculations,
- (11) Precontract HQS Inspections,
- (12) Annual HQS Inspections,
- (13) Lease-Up,
- (14) Family Self-Sufficiency Enrollment; and

WHEREAS, as a part of SEMAP, the Raleigh Housing Authority ("RHA") is required to prepare and submit an electronic certification of its performance to HUD within 60 days of the end of its fiscal year; and

WHEREAS, sources of information during the subject fiscal year for the SEMAP scoring include:



- A sample of applicants who reached the top of the Section 8 waiting list,
- A sample of applicants who were housed,
- A sample of Section 8 participants,
- RHA’s utility allowance determination file,
- The listing of quality control inspections performed,
- A sample of failed inspections,
- RHA’s Section 8 Administrative Plan,
- RHA’s voucher briefing package,
- HUD’s Public and Indian Housing Information Center (“PIC”) computer system,
- RHA’s lease-up data for the Section 8 Voucher Program,
- RHA’s Family and Self Sufficiency Program records,
- U.S. Census 2020 data on poverty rates, and
- RHA’s operational software; and

WHEREAS, staff has completed the SEMAP certification, a copy of which is attached hereto and incorporated herein by reference, and assembled all documentation required to be maintained in connection with the certification; and

WHEREAS, RHA is required to submit the certification to HUD by May 30, 2023;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the Board Chair and CEO are authorized to execute the attached SEMAP certification.

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, Valerie Crutchfield, Arne Morris, Bahati Mutisya, Gregg Warren, Yolanda Winstead

Nay: None

Resolution No. 30 (2023) has been adopted.

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Mr. Lommers-Johnson said this resolution pertains to a law that is now almost seven years old. And this one provision, Section 103 of this law, referred to as HOTMA (Housing Opportunities Through Modernization Act) of 2016.

This particular section of the law pertains to over-income residents and what housing authorities have to do when there are residents that are over-income based on HUDs definition. This affects fewer than 1% of the public housing population. However, in 2015 there were

complaints about over-income public housing residents still living in public housing and this was the response.

If a resident's income is over 120% of the AMI, they're considered over-income. The general area median income for a household of four in Wake County is \$110,000.

Right now, this will not impact any of our clients, but it is a policy that we must adopt and implement. The options that the Board previously approved is that somebody has to be over 120% for a consecutive 24 months before they are terminated from the program. If a resident's income dips for one month, and then it goes back up, that starts the new clock. This is one of those provisions that is unlikely to be used but does cause administrative burden for the agency.

By approving this resolution, the Board authorizes the amendment to the Annual Plan and change to the Admissions and Continued Occupancy Policy (ACOP), as well as the public housing lease that will become effective June 1.

Commissioner Warren asked about the properties that have gone through RAD conversion.

Mr. Lommers-Johnson said it does not apply to those properties because they are now project based vouchers. This is just public housing.

**HOUSING AUTHORITY OF THE CITY OF RALEIGH  
RESOLUTION NO. 31 (2023)**

WHEREAS, the Department of Housing and Urban Development (HUD) enacted the Housing Opportunities Through Modernization Act (HOTMA) on July 26, 2016; and

WHEREAS, HUD published a final HOTMA rule February 14, 2023 with a requirement that Housing Authorities adopt certain provisions during the middle of RHA's current policy year; and

WHEREAS, these provisions apply to public housing families that are over the allowed annual income limit and RHA does not currently have any families that rise to this income level; and

WHEREAS, these provisions constitute a significant amendment to RHA's current Annual PHA Plan, Admissions and Continued Occupancy Policy and the public housing Lease Agreement; and

WHEREAS, all affected policies were made available to the public in multiple ways and put out for public comment for 45 days to solicit feedback; and

WHEREAS, RHA staff held both virtual and in-person public meetings to discuss the proposed changes in order to comply with HUD directives; and

WHEREAS, staff did not receive any comments beyond the public meeting discussions and no elements of the proposed amendments were challenged by the public; and

WHEREAS, HUD has required that Section 103 of the HOTMA ruling be in effect no later than June 14, 2023;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing Authority of the City of Raleigh that the proposed amendments to the Annual PHA Plan, Admissions and Continued Occupancy Policy and the public housing Lease Agreement become effective June 1, 2023.

BE IT FURTHER RESOLVED that staff is directed to provide copies of all amendments to HUD and other agencies as appropriate to signify that RHA has complied with HUD directives within the appropriate time frame.

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

Aye: Eric Braun, Valerie Crutchfield, Arne Morris, Bahati Mutisya, Gregg Warren, Yolanda Winstead

Nay: None

Resolution No. 31 (2023) has been adopted.

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#### ADJOURNMENT

There being no further business to come before the Board, Commissioner moved and Commissioner e seconded approval to adjourn the RHA Board Meeting at 6:00 pm.