

MINUTES OF A REGULAR MEETING OF
THE HOUSING AUTHORITY OF THE CITY OF RALEIGH
BOARD OF COMMISSIONERS
OCTOBER 24, 2024

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, October 24, at 5:00 p.m. The meeting was held in-person and via Zoom.

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

Present: Eric Braun, Valerie Crutchfield, Susan Ellinger, Arne Morris (left early), Bahati Mutisya, Gregg Warren, Yolanda Winstead.

Absent: Niya Fonville-Swint, Joe Whitehouse.

Visitors: Jacqueline Williams, ICC President; Paula Coppola, Walnut Terrace resident; Charles Francis, Francis Law Firm, PLLC; Jonathan Zimmerman, Section 8 Associates, LLC; Hunter Snellings, Harmony Housing Affordable Development, Inc.;

RHA Staff: Sonia Anderson, Priscilla Batts, Shannon Bowen, Liz Edgerton, Jim Ferrell, Katie Lebrato, Ashley Lommers-Johnson, Laura McCann, Jennifer Morgan, Donna Perez, Kenya Pleasant, Gwen Wall, Chris Whitenhill.

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.

ANNUAL MEETING FOR RHA BOARD CHAIR AND VICE CHAIR

Commissioner Braun turned the meeting over to Mr. Lommers-Johnson to begin the annual meeting to elect the Chair and Vice Chair.

Mr. Lommers-Johnson, as Secretary of the Board of Commissioners of the Housing Authority of the City of Raleigh, declared the annual meeting in session. He declared the offices of Chair and Vice Chair vacant and opened the floor for nominations for the office of Chair.

Commissioner Morris moved and Commissioner Warren seconded the nomination of Mr. Eric Braun for office of Chair. A vote being called, the ayes and nays were as follows:

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

Nay: None

Mr. Lommers-Johnson opened the floor for nominations for the office of Vice Chair.

Commissioner Warren moved and Commissioner Winstead seconded the nomination of Mr. Arne Morris for office of Vice Chair. A vote being called, the ayes and nays were as follows:

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

Nay: None

The annual meeting was closed. Mr. Lommers-Johnson congratulated Commissioner Braun and Commissioner Morris on their appointments.

PUBLIC COMMENTS

There were no public comments this evening.

The following resolutions were approved in the Consent Agenda:

- Resolution No. 57
- Resolution No. 58
- Resolution No. 59
- Resolution No. 60
- Resolution No. 62
- Resolution No. 63

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 August 2024
Charge-off of delinquent resident accounts for September 2024

Item 2

Financial statements

Item 3

Occupancy Report

Item 4

Minutes from August 22, 2024 regular meeting
Minutes from September 26, 2024 special meeting

Item 5

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTIONS NO. 57 2024

WHEREAS, the Raleigh Housing Authority is required to set forth its policies for processing applications and providing assistance to eligible Housing Choice Voucher families; and

WHEREAS, Raleigh Housing Authority (“RHA”) is in the process of revisiting the Administrative Plan to reflect actions to be effective December 1, 2024; and

WHEREAS, the draft of the Administrative Plan will be available on RHA’s web page; and

WHEREAS, there may be other changes made to the policy as RHA goes through the public comment period; and

WHEREAS, attached to this resolution is a copy of the changes to the April 27, 2024 plan;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that staff is directed to seek public input and comments on this plan prior to presenting the final plan to the RHA Board.

BE IT FURTHER RESOLVED that the final policy will be brought back before the RHA Board of Commissioners at its December 5, 2024 meeting for final approval.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 58 (2024)

WHEREAS, the Housing Authority of the City of Raleigh is required to set forth the requirements, standards, and criteria for the Admissions and Continued Occupancy Policy to be established and implemented; and

WHEREAS, staff has updated the policy and the attached summarizes the proposed changes that may be included in the Admissions and Continued Occupancy Policy; and

WHEREAS, the Admissions and Continued Occupancy Policy shall be included in, or incorporated in by reference in, all resident dwelling leases and the Agency Plan; and

WHEREAS, on July 29, 2016, Housing Opportunity Through Modernization Act of 2016 (HOTMA) was signed into law; and

WHEREAS, HOTMA makes numerous changes to income calculations, net family assets, and income review; and

WHEREAS, the proposed changes will be submitted in accordance with federal regulations to the public housing residents for comment; and

WHEREAS, the draft of the Admissions and Continued Occupancy Policy will be available on RHA's web page; and

WHEREAS, there may be other changes made to the policy as RHA goes through the public comment period;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that staff is directed to seek public input and comment on this policy prior to presenting the final policy to the RHA Board.

BE IT FURTHER RESOLVED that the final policy will be brought back before the RHA Board of Commissioners for final approval.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 59 (2024)

WHEREAS, 24 CFR, Part 982.517, Utility allowance schedule, requires housing authorities to maintain a utility allowance schedule for all tenant-paid utilities (except telephone) "*based on the typical cost of utilities and services paid by energy-conservative households that occupy housing of similar size and type in the same locality... that complies with housing quality standards*"; and

WHEREAS, the regulations require housing authorities to review its schedule of utility allowances each year; and

WHEREAS, the Section 8 utility allowances for calendar year 2024 were adopted on October, 26, 2023; and

WHEREAS, the Housing Authority of the City of Raleigh completed a study of the Utility Allowance Consumption rates from an outside company on September 19, 2024; and

WHEREAS, the Housing Authority of the City of Raleigh hired The Nelrod Company to conduct a utility allowances study based upon a reasonable consumption of an energy conservative family of modest circumstances to provide for the basic essentials needed for a living environment that is safe, sanitary, and healthful; and

WHEREAS, the average monthly consumption for electricity, natural gas, bottle gas, fuel oil, water and sewer were developed utilizing the newest version of HUD's Utility Schedule Model (HUSM) for the Section 8 HCV Program; and

WHEREAS, staff recommends the utility allowances study be revised to reflect the changes to all utilities presented in the Utility Allowance study prepared by the Nelrod Company; and

WHEREAS, a copy of the Study completed by The Nelrod Company is attached to this resolution and thereby incorporated herein;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the recommended Utility Allowances for the Section 8 program be adopted effective January 1, 2024.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 60 (2024)

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 regulations require housing authorities to review its schedule of utility allowances each year; and

WHEREAS, the regulations require housing authorities to revise the allowance for a utility category if there is a change of 10% or more in the utility rates since the last utility allowance revision; and

WHEREAS, the analysis prepared by staff reflects a rate decrease of 3% in natural gas and 8% in electric and a rate increase of 4% in water; and

WHEREAS, the Housing Authority of the City of Raleigh reviewed the changes in utility rates and found an average decrease of 3% from the current allowances implemented in 2019; and

WHEREAS, the current utility allowances remain in effect for the next year because utility rates did not fluctuate beyond 10%; and

WHEREAS, the public review was held for thirty days and the deadline for providing comments was October 31, 2020; and

WHEREAS, RHA received no comments; and

WHEREAS, the analysis of the utility allowance 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 list of utility allowances be approved and become effective immediately.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 62 (2024)

WHEREAS, the Public Housing Operating Fund Program final rule was published in the Federal Register on September 19, 2005 (79 FR 5498) providing a new formula for distributing Operating Subsidy to individual Asset Management Projects within a housing authority; and

WHEREAS, HUD issued PIH Notice 2024-25 on August 2, 2024 which provided the most recent information to housing authorities for calculating the Operating Subsidy eligibility for all public housing properties for CY 2025; and

WHEREAS, at the beginning of the calendar year, HUD funds projects based on an estimate using pre-populated data; and later deploys the tools used to calculate subsidy; and

WHEREAS, HUD updated the Operating Fund Web Portal which includes the tools and full guidance for the CY 2025 Operating Subsidy on September 4, 2024; and

WHEREAS, HUD's 2025 Operating Fund Submission Schedule states that PHAs must submit their completed CY 2025 HUD Forms 52722 and 52723 through the HUD Operating Fund Web Portal no later than October 18, 2024; and

WHEREAS, Formula Income (tenant rent) is subtracted from the Project Expense Level in the calculation of Operating Subsidy, which has the effect of reducing the funding provided by HUD; and

WHEREAS, HUD pre-populated the Formula Income for CY 2025 using the FYE 2023 Audited Financial Data Schedule ("FDS"); and

WHEREAS, staff has prepared the Calculation of Operating Subsidy eligibility for CY 2025 in accordance with the current regulations and most recent guidance; and

WHEREAS, the Calculation of Operating Subsidy eligibility for CY 2025 totaling \$5,148,932 is summarized on the attached spreadsheet 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 attached Calculation of Operating Subsidy for Calendar Year 2025 be approved.

BE IT FURTHER RESOLVED that should events occur which would significantly impact the Calculation of Operating Subsidy, staff is instructed to include these items in the revised calculation and report the changes to the Board of Commissioners at the next regular scheduled meeting.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 63 (2024)

WHEREAS, the Housing Authority of the City of Raleigh ("RHA") is the owner of the Tucker Carriage House located at 114 Saint Mary's Street adjacent to the Carriage House senior apartments (NC 2-15); and

WHEREAS, this space has been occupied and leased by Arts Together since 1987 with the current lease set to expire on March 31, 2025; and

WHEREAS, the current lease requires Arts Together to notify RHA 12 months in advance of the end of the lease term if they are interested in extending the lease agreement; and

WHEREAS, Arts Together provided its intentions to extend the current lease agreement to Raleigh Housing Authority in late 2023; and

WHEREAS, Arts Together and RHA have had discussions about the continuation of programming, partnership, and resident services; and

WHEREAS, both parties have agreed upon conditions to revise the existing Lease Agreement in accordance with the attached lease addendum which by reference is incorporated herein;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the Chief Executive Officer is authorized to execute the attached lease addendum.

Commissioner Warren moved and Commissioner Morris seconded approval of the Consent Agenda.

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

Aye: Eric Braun, Valerie Crutchfield, Susan Ellinger, Arne Morris, Bahati Mutisya, Yolanda Winstead.

Nay: None.

The Consent Agenda has been adopted.

REPORT OF THE BOARD CHAIR

The Board Chair thanked the Board for the vote of confidence. He looks forward to working with the Board.

REPORT OF THE BOARD SECRETARY

Topics

1. Heritage Park Relocation Update
2. Housing Choice Voucher Program
3. PBV Program: Update & New RFP
4. RHA-City of Raleigh Collaborations
5. Small Area Fair Market Rents (Jonathan Zimmerman)

Heritage Park Relocation

- Team is now fully staffed: Manager and two specialists
- Relocation team reports to Laura McCann
- Relocation is ahead of schedule: 58 remaining households
- Relocation destinations: PBV: 18* PH/RAD: 11 HCV: 11

- Survey complete: 28 households want to return to Heritage Park

HCV Program

- Voucher Utilization: 99.5% (NC average: 81%; US average: 86%)
- 486 families housed in past 12 months
- Current monthly attrition: 20 to 25
- Budget Utilization: Projected to be 107% for 2024
 - Including HUD-Held Reserves, RHA is not projected to be in shortfall
- Required Recertifications: 2023: 3,603 2024: 4,483
 - Increased capacity and production

Commissioner Braun asked about the past voucher utilization percentages.

Mr. Lommers-Johnson said at the beginning of last year we were at 91.5%. The HCV staff has done a tremendous job getting this percentage up. RHA has a great team.

RHA PBV Program

- Created in Fall 2023
- Maximum number: +/- 1,200
- Per PBV over 20 years: \$306,000
- 1,200 PBVs over 20 years: \$368 million
- Including Tenant Protection Vouchers: \$490 million
- Extremely valuable resource for projects

PBV Allocation Process

- Allocations made competitively (RFP)--except PHAs
- May "piggyback" on another entity's RFP, e.g.:
 - Wake County Housing Authority
 - Awards by City/County processes
- Careful not to show favoritism (or appearance)
- Some discontent after selection of first awards

PBV: Potential Pitfalls

- Value of resource may tempt some to influence process
- Developers may call electeds, staff, commissioners:
 - Timing of RFPs
 - Number of vouchers to be issued
 - Advocating for specific projects or project types
- Imperative for staff to have the support to protect the integrity of the process

PBV: Avoiding Appearance of Impropriety

- In general, avoid meeting about specific projects, especially close to RFP issuance
- Refer interested parties to CEO or PBV Administrator
- PBV Administrator will not meet with elected officials
- After RFP is issued, discussions about a specific project can only be held with PBV Administrator
- All questions answered in writing and posted on website

Commissioner Warren asked about the process of selection and also if RHA is transparent after the RFP result has been made.

Mr. Lommers-Johnson said staff has criteria that they follow when making the selection. That is listed in the RFP so people will know what the value of each item is. Those criteria are based on what we have in our HCV Administrative Plan. We do not make the results and scores available publicly. However, anyone can request it and we are obliged to provide that information.

Commissioner Warren asked if there is any subjectivity in the criteria that could be challenged.

Mr. Lommers-Johnson said we have a panel for the selection process, that helps keep out any bias from the decision.

Commissioner Warren suggests you keep the process as open as possible to avoid any challenges of impropriety.

Commissioner Braun said there is an internal process that staff follows. If the Board is approached about the RFP process, the best course of action is to direct them to RHA staff. The Board has no direct influence over the RFP awards.

RHA & City of Raleigh Collaborations

1. Joint Housing Funders Application:
 - One-stop application for various affordable housing funding
 - PBVs, City and County Gap Financing and Other
2. Reconnecting Communities Grants
 - Department of Transportation Planning & Implementation Grants
 - To address effects of Urban Renewal on communities of color
 - COR, Dix Park Conservancy, sharing grant writing costs
 - Implementation Grants: +/- \$100 million
 - Potential benefits for Heritage Park
3. Exploring Joint City-RHA Structure to Fund and Create Mixed-Income Social Housing
 - Housing Commission of Montgomery County, MD Model
 - Jointly funding work of a consultant
 - “By the end of this contract, the City and the Housing Authority expect to have implementation-ready plans for a **development entity** and an associated **mixed-income funding mechanism.**”

PRESENTATION OF JONATHAN ZIMMERMAN

My topic area is smaller area fair market rent based payment standards. I've got five different topic areas.

What are smaller area fair market rents versus fair market rents?

Previously, many PHAs based payment standards on a single fair market rent calculated for the entire metropolitan area. This meant that payment standards may have been too low to enable voucher assisted families to rent units in certain areas of opportunity, and may have been higher than market rents in other areas. Under the new approach for smaller area fair market rents, the

payment standards based on a localized rent for each ZIP Code. The use of SAFMRs in the voucher program is an important tool to promote housing choice, expand access to rental units in low poverty areas, and increase utilization in the voucher program.

Why is Raleigh Housing Authority required by HUD to implement SAFMR based payment standards?

HUD has a regulation that requires designation of new SAFMR areas every five years as new data becomes available. HUD's basis for determining areas is if they meet all five of the following selection criteria:

1. at least 2,500 vouchers under lease in the metro FMR area.
2. at least 20% of the standard quality rental stock within that area are located in zip codes where the SAFMR value is more than 110% of the FMR value.
3. at least 25% of families with vouchers live in concentrated low income areas. .
4. the percentage of renters with vouchers living in concentrated low income areas relative to the percentage of all renters over the entire metro area exceeds 155%.
5. that the vacancy rate for the metro area is greater than 4%.

Once a metropolitan area is designated by HUD as an SAFMR area, it remains permanently.

There were 41 metropolitan areas designated in this round by HUD, under a notice, which included Raleigh, North Carolina. In those 41 areas, there are 263 PHAs for this round. The previous round was in 2018 and in that there were 192 PHAs in 29 metro areas that implemented these.

What are the potential impacts for RHA's current and future participants?

RHA's SAFMR based payment standards will result in an expansion of housing opportunities in areas where currently 25% of voucher assisted households reside. Currently, 8.4% of voucher assisted households pay more than 30% of their monthly adjusted income towards their rent share and tenant paid utilities. After 12 months, at 100% of the 2025 SAFMR for payment standards, this figure would be reduced from 8.4% currently to just 6.7% of families paying more than 30% of their income towards their housing costs. Both of those figures I just cited are well below the national average of 28%.

RHA will employ what's called a hold harmless or a no reduction policy, which results in using the existing higher payment standard rather than the lower one, if that's the case, as long as the family receives voucher assistance in that HAP assisted unit, this policy protects existing families from housing cost burdens.

Both payment standard increases and decreases take effect as of the effective date of RHA's implementation of SAFMR based payment standards for:

1. New admissions to the program.
2. Residents on the program who are relocating with their voucher from one unit to another within your service area.
3. Voucher holders who are porting into the Raleigh service area.

Those three transaction types, the increases and decreases, take effect as of the effective date of implementation.

It is difficult to project where voucher holders will move within any PHA service area, including within Raleigh. However, in general, other PHAs with SAFMR based payment standards, over the course of years, saw a percentage change from relatively lower cost zip codes to relatively higher cost zip codes, ranging between 0% to 2% annually.

What are potential impacts on and responses from landlords?

The change in methodology used to calculate payment standards means that families with vouchers may now be able to afford units in parts of Raleigh with relatively higher rents. All HAP contracts remain subject to rent reasonableness determinations and tenant affordability requirements, including in areas where payment standards increase.

What are the potential impacts on Housing Assistance Payment costs?

RHA's projected per unit cost in fiscal year 2025 using 100% of the SAFMR based payment standard is projected to increase by 9.1% (2025 over 2024). This compares to an annual percentage change of 11.9% from 2023 to 2024. Overall, RHA is projected to make this transition from FMR based payment standards to SAFMR based payment standards, while continuing to serve the same number of families next year as served this year.

Commissioner Warren asked if the amount that we can pay for rents increases, will that reduce the number of units or vouchers that we can put out in the marketplace?

Mr. Zimmerman said because the change from a single FMR to multiple sub market based SAFMR payment standards, there is both an increase in certain neighborhoods relative to what you're currently paying, and also a decrease in other neighborhoods relative to what you're currently paying. The difference between those two creates an offset. The decrease in sub markets where Raleigh's FMR payment standard may have been higher than what was commensurate with the market, will have some cost savings in those areas. Those savings would be limited to new admissions coming on the program, relocations, and port ins. The savings from that will get reapplied to allow for that expansion of housing opportunities and higher per HAP cost in the other remaining neighborhoods.

Mr. Lommers-Johnson said some of RHA landlords now know about this and there's one landlord who invited me to a meeting, and this will be the topic. They have concerns about potential lowering the payment standard as a result of a new small area fair market rents. One of the things that the Board may want to know is that in one zip code there are 1,250 vouchers leased up, which represents more than 25%. That would be a zip code where the housing costs are lower and where we will see a lower payment standard.

Mr. Zimmerman said for all existing families currently residing there, Raleigh's hold harmless or no reduction policy puts a floor underneath them so that they're not adversely affected in any way. They get to continue to benefit from the existing payment standard.

Commissioner Warren asked for a sense in the lower payment standards zip codes what monthly dollar amount decrease landlords might be looking at.

Mr. Zimmerman said the percent could decrease ranging from 3% to 9%, with the majority being 3% - some 6% in the middle, and then a few 9%. The ones decreasing by 9% will be for new residents coming on the program, relocations, and port ins, which are in the lowest cost zip codes in your service area.

Commissioner Braun said if a resident that has a voucher and they decide they want to relocate to another area in the city, that could impact them. We need to inform our residents that this could impact them.

Mr. Lommers-Johnson said we will be communicating with those households where this could happen. So let's say I'm living in zip code X, and there's another unit down the road and still in zip code X, my payment standard for that new unit might be lower. They are protected if they remain in that unit, but if they move to another unit in that zip code, it will affect them if the SAFMR is lower. There are a number of these scenarios that will play out. We have staff that are going to help residents understand and navigate that.

Commissioner Warren asked if voucher holders could possibly move into a payment standard that in the end will be more than 30% of their income.

Mr. Lommers-Johnson said they may. Initially, what they are allowed to pay in the program is 40% of their adjusted income on rent. The program is modeled under 30% but we can't allow them to select a unit where they pay more than 40%. Once they are in the program, if the landlord raises the rent, they might pay more than 40%. RHA's percentage of residents who pay a higher percentage of their income on rent compared to the nation is significantly lower.

REPORT OF THE REIC CHAIR

Commissioner Warren said we haven't met recently with a formal meeting, but there have been conversations back and forth with members of the Board and staff, particularly focused on Heritage Park. This is a complicated transaction with a lot of moving parts that make for a challenge to come up with a site plan at this point that we think we can live with.

Many of these discussions and work that staff is doing is focusing on the first two phases of the development, which are on the east side and west side of the property. There is a plan to go forward with a tax credit application for a 9% transaction in January. This would be a senior development, relatively modest in size.

Also occurring right now is a rezoning process that is about ready to get kicked off. That will require some public engagement. I understand from staff that the first two phases do not require a rezoning. But as we move further east, where there'll be more density and more height, it would require rezoning. Moving forward with every zoning request, having public meetings will be required.

There are members on the Board who have significant real estate development experience and the challenge for staff is to seek the advice of the Board members without them getting involved in focusing on every small detail of the development. Staff would like more clarity in what comes before the Board and what doesn't for Board approvals.

The inclination now is that there will not be an RHA Board meeting in November, but there will be one in December, and we expect that the staff will come back with some sort of authorizing resolution seeking funding from the Housing Finance Agency, and probably Wake County and Raleigh to help make the first phases of that development possible.

Before we get to that meeting, there will be conversations with staff and Board members who are interested in this, who have something to advise. Whether or not that's a full Real Estate Investment Committee meeting is yet to be determined. Some of these may be just conversation updates.

Kenya Pleasant said the fundamental plan has not changed. I don't think that there's been anything that's changed fundamentally from the goals that we were trying to achieve in terms of the overall programming. It's still mixed use, mixed income with a tax credit as originally presented in the initial concept plan. In terms of how the original initial concept plan resolution was written, we would only come back when there was an entitlement, which is what we would be presenting in December.

Commissioner Braun asked if part of that December action is going to be authorizing rezoning. Where are we in that process?

Mrs. Pleasant said the rezoning has been authorized.

Commissioner Braun asked if we know when we're going to file a rezoning – or what kind of target time frame?

Mrs. Pleasant said after the Board meeting in December. We've already been having those conversations. We had the initial concept meeting with the city for the rezoning.

Commissioner Winstead asked what will be coming to the Board for authorization at the December meeting.

Commissioner Warren said it will be a broad authorization to go forward seeking funding from the Housing Finance Agency, as well as from Wake County, and the City of Raleigh, as required, as needed. There is a desire to submit a 4% application for later phases, later in the year. It will be authorizing staff to go forward with the first initial phases of the development.

COMMISSIONER COMMENTS

There were no Commissioner comments this evening.

NEW BUSINESS

Jennifer Morgan said this resolution is the preliminary approval for up to \$34,185,000 in multifamily housing revenue bonds for Moore Square Apartments. Per state statute, RHA is the issuer for these bonds. They are non-recourse bonds, so if the developer were to default on these bonds, RHA is not financially responsible.

Moore Square Apartments is a 160-unit family property located near 319 East Martin Street in downtown Raleigh. The developer is Harmony Housing Affordable Development. The property includes one, two, and three bedroom units serving residents between 30% to 80% AMI, with 24 of the units serving residents at 30% AMI. The contract rents will range from \$568 to \$2,258. The property is also required to accept housing choice vouchers due to a requirement of the 4% tax credits.

The total project is approximately \$62 million, including funding from bonds, 4% tax credits, deferred developer fee, and funds from the City of Raleigh and Wake County. Also, the developer has entered into an option for a long term ground lease with the City of Raleigh.

Amenities will include an exercise room, playground, Community Room, and Community Center. The developers are willing to include a preference in their tenant selection plan for each of the residents displaced due to redevelopment.

This has been reviewed by RHA’s legal counsel with no exceptions.

HOUSING AUTHORITY OF THE CITY OF RALEIGH RESOLUTION NO. 56 (2024)

RESOLUTION GIVING PRELIMINARY APPROVAL TO ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS (MOORE SQUARE APARTMENTS)

WHEREAS, the Board of Commissioners of the Housing Authority of the City of Raleigh, North Carolina (the “Authority”) held a regular meeting at 5:00 p.m. on the 24th day of October, 2024; and

WHEREAS, the Authority is organized and operates pursuant to the North Carolina Housing Authorities Law, Article 1 of Chapter 157 of the General Statutes of North Carolina, as amended (the “Act”); and

WHEREAS, the Act defines “housing project” in N.C.G.S. § 157-3(12) to include “property, buildings and improvements . . . acquired or constructed . . . pursuant to a . . . plan or undertaking . . . [t]o provide grants, loans, interest supplements and other programs of financial assistance to public or private developers of housing for persons of low income, or moderate income, or low and moderate income”; and

WHEREAS, the Act in N.C.G.S. § 157-9 gives the Authority the power “to provide for the construction, reconstruction, improvement, alteration or repair of any housing project” and “to

borrow money upon its bonds, notes, debentures or other evidences of indebtedness and to secure the same by pledges of its revenues”; and

WHEREAS, Moore Square Harmony Housing, LLC, a North Carolina limited liability company, or an affiliated or related entity (the “Company”), intends to provide low and moderate income housing in the City of Raleigh, North Carolina (the “City”); and

WHEREAS, the Company has requested that the Authority assist it or an affiliate in financing the ground leasing, construction and equipping of a multifamily housing development to be known as Moore Square Apartments, consisting of 160 units located at approximately 319 E. Martin Street in the City (the “Development”); and

WHEREAS, the Company has described to the Authority the benefits of the Development to the City and the State of North Carolina and has requested the Authority to agree to issue its multifamily housing revenue bonds in such amounts as may be necessary to finance the costs of leasing, constructing and equipping the Development; and

WHEREAS, the Authority is of the opinion that the Development is a facility that can be financed under the Act and that the financing of the same will be in furtherance of the purposes of the Act;

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

1. It is hereby found and determined that the Development will involve the leasing, 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 Company in issuing bonds to finance the leasing, 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 Thirty-Four Million One Hundred Eighty-Five Thousand Dollars (\$34,185,000) to provide all or part of the cost of the Development.

2. The Authority intends that the adoption of this resolution be considered as “official action” toward the issuance of the Bonds within the meaning of Section 1.150-2 of the Treasury Regulations issued by the Internal Revenue Service under the Internal Revenue Code of 1986, as amended (the “Code”).

3. The Bonds shall be issued in such series and amounts and upon such terms and conditions as are mutually agreed upon among the Authority and the Company. The Authority and the Company shall enter into a “financing agreement” pursuant to the Act for a term and with payments sufficient to pay the principal of, premium if any, and interest on the Bonds and to pay all of the expenses of the Authority in connection with the Bonds and the Development. The Bonds will be issued pursuant to an indenture or security agreement between the Authority and a trustee (the “Trustee”) or the bondholder which will set forth the form and terms of the Bonds and will assign to the Trustee for the benefit of the holders of the Bonds, or directly to the bondholder, the Authority’s rights to payments under the financing agreement, except the Authority’s right to payment of fees and expenses and indemnification. The Bonds shall not be deemed to constitute a debt or a pledge of the faith and credit of the State of North Carolina or any political subdivision

or agency thereof, including the Authority and the City, but shall be payable solely from the revenues and other funds provided under the proposed agreements with the Company.

4. The Authority hereby authorizes the Company to proceed, upon the prior advice, consent and approval of the Company and bond counsel, and consistent with the Company's representations to the Authority, to obtain approvals in connection with the issuance and sale of the Bonds, including, without limitation, from the City Council of the City of Raleigh, North Carolina, and, if required, the North Carolina Local Government Commission, and to obtain an allocation of a sufficient amount of the State of North Carolina's "private activity bond limit", as required by Section 141 of the Code and as defined in Section 146 of the Code, for the Bonds.

5. It having been represented to the Authority that it is desirable to proceed with the leasing, construction and equipping of the Development, the Authority agrees that the Company may proceed with plans for such leasing, construction and equipping, enter into contracts for the same, and take such other steps as it may deem appropriate in connection therewith, provided that nothing herein shall be deemed to authorize the Company to obligate the Authority without its written consent in each instance to the payment of any monies or the performance of any act in connection with the Development and no such consent shall be implied from the Authority's adoption of this resolution. The Authority agrees that the Company may be reimbursed from the proceeds of the Bonds, if and when issued, for all qualifying costs so incurred by it as permitted by Treasury Regulations Section 1.150-2.

6. All obligations hereunder of the Authority are subject to the further agreement of the Authority and the Company to terms for the issuance, sale and delivery of the Bonds, and the execution of a financing agreement, indenture or security agreement and other documents and agreements necessary or desirable for the issuance of the Bonds. The Authority has not authorized and does not authorize the expenditure of any funds or monies of the Authority from any source other than the proceeds of the Bonds. All costs and expenses in connection with the financing and the leasing, construction and equipping of the Development, including the reasonable fees and expenses of the Authority's counsel, bond counsel and the agent or underwriter for the sale of the Bonds, shall be paid from the proceeds of the Bonds or by the Company, but if for any reason the Bonds are not issued, all such expenses shall be paid by the Company and the Authority shall have no responsibility therefor. It is understood and agreed by the Authority and the Company that nothing contained in this resolution shall be construed or interpreted to create any personal liability of the officers or commissioners from time to time of the Authority.

7. The officers of the Authority are hereby authorized and directed to take all actions in furtherance of the resolution and the issuance of the Bonds.

8. The Authority hereby approves McGuireWoods LLP, Raleigh, North Carolina, to act as bond counsel for the Bonds.

9. The Authority hereby approves The Francis Law Firm, PLLC, Raleigh, North Carolina to act as issuer's counsel for the Bonds.

10. This resolution shall take effect immediately.

Commissioner Warren 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, Susan Ellinger, Bahati Mutisya, Gregg Warren, Yolanda Winstead.

Nay: None.

Resolution No. 56 (2024) has been adopted.

Mrs. Anderson said this resolution is a HUD requirement. The Quality Housing and Work Responsibility Act of 1998 established flat rent for public housing units. Flat rents act as a ceiling rent for public housing residents, and each family is provided the option to choose between a flat rent at least annually, and rent that is based upon 30% of your household's income. Public Housing flat rents are based on bedroom size, location, the market rate for non-subsidized units in the vicinity of the public housing unit.

HUD requires agencies to analyze flat rents annually, and to make necessary revisions required within 90 days of the new FMR effective date. Public Housing FMRs will be 80% of the FMR minus utility allowances. There are currently 54 families who are paying a flat rent.

The spreadsheet that was presented in the Board Book has a clerical error that I want to notate. On the Birchwood row house townhome, the three bedroom, the corrected 2025 flat rent for that will be \$1,548, versus what is in the book.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 61 (2024)

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 methodology using a value of 80% of the posted FMR rates, while also deducting utility allowances paid for by the residents; and

WHEREAS, HUD requires agencies to 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 14, 2024 with an effective date of October 1, 2024; 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 schedule for new move-ins and at annual re-certifications effective January 1, 2025.

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

Aye: Eric Braun, Valerie Crutchfield, Susan Ellinger, Bahati Mutisya, Gregg Warren, Yolanda Winstead.

Nay: None.

Resolution No. 61 (2024) has been adopted.

Laura McCann said this resolution is a lease agreement for the Saint Saviour Outreach Center (also the diaper train located at 616 and 618 Tucker Street). Those are two stone buildings adjacent to Glenwood Towers. We have a current commercial lease agreement that is going from November 2022 through October 31, 2024.

These buildings were originally constructed in 1923 and operated as the Ravens Croft school. We have a lease specifically with the Diaper Train and they have sublets with a Haitian church, with Wake relief, and with Meals on Wheels Friendship Cafe.

We have been partnering with the diaper train since 2002. They provide services specifically for our Glenwood Towers and Carriage House senior population, although they do provide services to some of our other communities as well.

Because of the age of the buildings, both RHA and the lessee have invested a significant amount of funds into the premises, and they continue to decline in the functionality and the quality of the space. We have evaluated the state of these buildings, and agreed to complete repairs up to a certain limit that will provide a more practical operating environment for our lease holders. These repairs will be up to about \$25,000 in value, and they will help address the water intrusion issues, a door opener malfunction, and some bathroom fixtures on the first floor.

We evaluated the services provided to the residents, and did a survey with our residents to see if there was an interest in continuing to offer these spaces to these places (there is). It's not going to be feasible for us to bring the buildings up to a full fix for all of the items that need repair.

However, we are able to bring up the repairs to what we're thinking will be approximately six months for these lease holders to continue to lease the space while they find other premises elsewhere.

We want to continue to offer them the services, however, they will not necessarily be able to be held on site in these buildings, based on the condition and the age of these buildings.

While these lessees and sub lessees are looking for alternative premises, we will be going forward to extend the lease for six months. We will not be charging them the rent during the six month period, and then they will be going to a month to month lease if needed at the end of that period, which will expire in April 2025.

We value their partnership, and we want to extend that in some form, but it will most likely be looking different moving forward based on these buildings. We're all working collectively to try to get that in a better situation and still serve the community.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 64 (2024)

WHEREAS, Lessor is the owner of certain real property located at 616 & 618 Tucker Street, Raleigh, North Carolina referred to as Saint Saviour's Outreach Center as (the "Premises"); and

WHEREAS, RHA and the Diaper Train entered into that Commercial Lease Agreement effective November 1, 2022 with an expiration date of October 31, 2024 (the "Lease"); and

WHEREAS, the buildings occupied by the Lessee were constructed in 1923 and originally operated as the Ravenscroft School; and

WHEREAS, RHA and Diaper Train have partnered together to provide community services to public housing residents and the greater community since 2002; and

WHEREAS, both Lessor and Lessee have invested a significant amount of funds into the Premises which continue to decline in terms of functionality and quality of space; and

WHEREAS, Lessor has evaluated the state of the buildings and agrees to complete several repairs to create a more practical operating environment for the Lessee; and

WHEREAS, Lessor agrees to make repairs to the Premises up to \$25,000 in value to ensure that a safe and functional environment is provided to the Lessee; and

WHEREAS, RHA has conducted resident outreach to help evaluate the needs and desires of the population being served at Saint Saviour's Outreach Center; and

WHEREAS, Lessor desires to continue partnering with Lessee to bring services to its residents in some form or fashion going forward; and

WHEREAS, Lessor has determined that it is not feasible to return the site to a condition that provides a long-term viability given the age and condition of the building; and

WHEREAS, repairs will only provide a temporary respite to the water intrusion being experienced by Diaper Train; and

WHEREAS, Lessee will need to secure an alternative location to house its programs and operations; and

WHEREAS, RHA values this partnership and wishes to provide a transition period to the Lessee so that new premises can be found for leasing; and

WHEREAS, the Lessor and Lessee have agreed to a limited term of operation of community service programs in the Premises at this time;

NOW, THEREFORE, in consideration of the mutual premises set forth above, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee do hereby agree to amend the Lease upon the attached terms and conditions.

(Commissioner Mutisya recused herself since she is on the Board of Meals on Wheels.)

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, Susan Ellinger, Gregg Warren, Yolanda Winstead.

Nay: None.

Resolution No. 64 (2024) has been adopted.

ADJOURNMENT

There being no further business to come before the Board, the RHA Board Meeting adjourned at 6:15 pm.