

MINUTES OF A REGULAR MEETING OF  
THE HOUSING AUTHORITY OF THE CITY OF RALEIGH  
BOARD OF COMMISSIONERS  
DECEMBER 12, 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, December 12, 2024, at 5:00 p.m. The meeting was held in-person and via Zoom.

The Board 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, Bahati Mutisya, Gregg Warren, Joe Whitehouse, Yolanda Winstead.

Absent: None

Visitors: CPE: Sheree Bouchee, Paul Williams, Ashwin Warrior; City of Raleigh: Mary Elizabeth Russell, Jake Levitas; Brinshore: Peter Levavi, Sarah Jones Anderson; Kimley-Horn: Richard Adams; Raleigh Raised: CJ Mann; DHIC: Kayla Rosenberg; Morningstar Law: Molly Stuart; Torti Gallas: Troy McGee, Molly Kaulk; Moseley Architects: Tom Liebel; Francis Law Firm: Charles Francis.

RHA Staff: Rachel Agunbiade, 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.

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RECOGNITION OF VISITORS

The Board Chair welcomed the visitors to the meeting.

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PUBLIC COMMENTS

There were no public comments this evening.

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CONSENT AGENDA

Item 1

Charge-off of delinquent resident accounts for October 2024

Item 2

Occupancy Report

Item 3

Minutes from October 24, 2024 regular meeting.

Commissioner Morris moved and Commissioner Warren 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, Gregg Warren, Joe Whitehouse, Yolanda Winstead.

Nay: None.

The Consent Agenda has been adopted.

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## PRESENTATION BY CPE

My name is Paul Williams. I'm the executive director at Center for Public Enterprise. We are a nonprofit organization. We have worked with public housing authorities, housing finance agencies, municipalities based on tools and strategies to increase affordable housing production, particularly through mixed income development tools outside of the tax credit program.

We are working with the City of Raleigh and Raleigh Housing Authority to understand whether some of the mixed income tools that we worked on other cities would be a good fit in the City of Raleigh.

Mr. Lommers-Johnson asked the City of Raleigh staff who are involved in this to introduce themselves:

- Ken Bowers, Planning and Development Deputy Director
- Jake Levitas, Partnerships & Advocacy Planning Supervisor
- Mary Elizabeth Russell, Senior Planner, Planning & Development – Urban Projects Group

### **Ashwin Warrior**

What we wanted to do tonight is provide a an overview on mixed income public development models. That's what we're under contract with the city and RHA to explore whether this would be a viable option here in Raleigh. This work is going to be evolving, emerging over the next five to six months, so this is an introductory kickoff. We spent today touring different parts of the city of Raleigh, understanding some of the local context. And we're excited to see this work develop and also highlight what that scope of work looks like.

Mr. Williams briefly explained who we are as CPE. To reiterate, we're a nonprofit organization focusing on building the capacity of the quality sector. We do original research as well as technical assistance. We've worked with a number of different cities and communities across the country to explore and implement these types of models.

I'd like to start an explanation of the mixed income public development model by framing in terms of the context and the challenges that you are facing. Housing affordability is becoming an increasingly difficult challenge. At the same time, the tools and resources that are available to local communities to build more affordable housing and increase the housing supply are often limited by scarce federal resources, whether that's low income housing tax credits, tax income bond cap, or project based voucher Section Eight contracts. In many cases, communities are facing loss of affordable housing that maybe had deed restriction that is now expiring after 10, 20, 30 years.

One of the advantages of the public development mixed income model is that you're able to build without necessarily having to rely on scarce resources. And by having it under a public entity, you're able to more securely ensure long term affordability. And that doesn't expire.

When we're talking about this type of a model, we often talk about it as emerging or being pioneered by another public housing authority called the Montgomery County Housing Opportunity Communities Commission. They're a county housing authority that also doubles as a local housing and finance agency based in Montgomery county, which is the suburbs outside of DC. They have a history of doing a lot of mixed income development, often where 80% of the units are market, 20% are affordable. And they've done a number of these deals where they were taking out the loan to finance the development and then needed to seek private equity to fill out the gap in their capital stack. What they found is that those properties performed quite well because they were largely market rate in higher opportunity areas, but most of the upside ended up being captured by the private equity investor. They wanted to find a way that they could position themselves more centrally in the deal so they might be able to accrue some of that benefit.

What they came up with was using a revolving loan fund to make an investment on the construction stage, to replace what would normally be private equity. A number of cities are exploring this model, largely because it can get you mixed income affordable units without necessarily needing to rely on low income housing tax credits.

Featured by HUD in their quarterly research presentation, Montgomery county won the 2024 ivory prize for housing finance innovation, and was highlighted by the White House. Paul Williams testified at the Senate Budget Committee a couple of weeks ago as this being a promising model to expand housing supply. We're excited again to explore what this might look like in the context of Raleigh.

### **How does this actually work?**

There are three key components:

1. A revolving loan fund that replaces some of the high cost equity during construction.
2. An element of public ownership. This does two things. It provides some level of tax relief, which can lower your operating costs, and also helps guarantee the permanent affordability.
3. Some elements of low cost debt. There are some federal programs that can be used to reduce some of the cost of capital.

All this is without having to apply for low income housing tax credits or use other sorts of resources, so that you're always welcome to layer those in if they are available.

Just to provide a little bit of a comparison, market rate developments typically have some level of equity investment, and then the developer is going to leverage as much debt as they can. That gap is filled with private equity. In this type of a model, it's that private equity, which typically is looking for double digit returns, that you're replacing with a public revolving loan fund to reduce your cost of capital. So that's where some of the cost savings comes to be able to offset and provide levels of affordability. It also offers a smoother execution than a traditional tax credit development. Typically tax credits, in addition to one positive tax credit equity, require three or more additional sources that you need to pull together. And those themselves may also be limited.

What we're doing over these next couple of months is a set of deliverables to help you figure out whether or not this is a model that could work in Raleigh, and what the relationship of the housing authority might be. Some of the things that we're working on is first developing some options for governance design, which is basically how this entity should be set up.

We're doing some of the research and talking to folks here to figure out what makes the most sense. We'll then proceed to doing more research into financial design, so all the different financial pieces in that capital stack can be put together to get the outcomes that you're looking for before proceeding into more specific project level modeling. This does rely, in some part, on subsidy between market rate rents and affordable rents, and we want to make sure that all those financial pieces make sense on the project based level.

So, this is all going to take place over a number of months. We're excited to continue this work. I'm sure we will be reporting out more as we reach some of these milestones. Tonight, we wanted to provide you with a sense of what we're doing, where we're going, and hopefully pique your interest, because we think this is a really exciting opportunity for the housing authority and the city as well.

Commissioner Morris asked if there is a minimum deal that needs to be done? Also, what is the revolving loan fund?

Mr. Warrior said, with regards to the revolving loan fund, in the context of Montgomery county, what they've done is a bond issuance in partnership with their county. It started with \$50 million and have increased that to \$200 million. They use that money to make a loan into the project. In their case, it's a below-competitive interest rate, and they set it enough to be able to repay the debt service on the bond payments.

Other cities have funded that differently. Working with the city of Chattanooga, they had some money left over from the American Rescue Plan Act that they set aside for revolving loan funds. Chicago had a larger bond issuance that they were able to use this for revolving loan. The idea is that the money comes in at the construction phase, so it's no more than three to five years, and then once the building is complete, you're converting to your permanent financing that money revolves out.

As far as project size is concerned, what we typically found is that roughly at least 100 units plus is a good cut off. There's certain economies of scale where it doesn't work as well for small scale development.

Commissioner Braun asked for an explanation about the 30% affordable.

Mr. Warrior said it's typically been getting approximately 20% of the units at 50% AMI, and then 10% floating between 60% and 80% AMI. But again, that depends on the specific market context. Part of the work we do is to build a market test so we collect information on what are your development costs, what are reasonable market rents. What would be your 50%, 60%, 80% AMI rents. One way to think about this is, imagine you're building just a regular market rate deal, and then you layer in savings from the revolving loan fund, savings from tax exemption, savings from any other sort of public financing, and the extent that you can use those savings, you put that into affordable units in the property. The idea is you have a self-sustaining property that does not need to rely on excess or additional subsidies.

Commissioner Warren said he's looking forward to seeing the results of what you come up with, and I'm excited for that. What really excites me, is the collaboration that RHA and the City of Raleigh are undertaking with this project. We've been kind of isolated in the past few years, and I think this is a great harbinger of many good things to come as we work together to help see how each entity can really address the city's affordable housing needs.

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#### 6-MONTH BUDGET TO ACTUAL COMPARISON

Liz Edgerton gave the following presentation:



## Raleigh Housing Authority



# REVIEW OF BUDGET ASSUMPTIONS



- 1) Used 95% proration for PH Operating Funds.
- 2) Used 92% proration & 97.5% lease up amount for HCV Program.
- 3) Estimated \$615,000 for bond income. This income was to be used to fund the development team.
- 4) Budgeted investment interest rates at 3.5%.
- 5) Average Management Fee for the Raleigh Area is between 7.9-12.1%. We used 10% across the board.
- 6) Calculated trades by using 90% of their annual hours:  
(37.5 hours x 52 weeks = 1950 x 90% = 1755 annual hours x rate)

November 21, 2024

## All Public Housing Properties (.allph) Budget Comparison

Fiscal Year-to-Date through September 2024

	YTD Actual	YTD Budget	Variance	% Var	Notes
<b>INCOME</b>	Total Tenant Income	2,865,555	2,665,131	200,424	8%
	Total Subsidy Income	2,736,455	2,507,745	228,710	9%
	Other Income	124,705	149,278	(24,573)	-16%
	<b>Total Income</b>	<b>5,726,715</b>	<b>5,322,154</b>	<b>404,561</b>	<b>8%</b>
<b>EXPENSES</b>	Total Employee Expense	1,152,935	1,400,720	247,785	-18% (1)
	Total Fee Expense	518,582	557,155	38,573	-7%
	Total Legal Expense	33,709	29,037	(4,672)	16%
	Total Other Admin Expenses	39,928	33,139	(6,789)	20%
	Total Sundry Expenses	150,689	180,406	29,717	-16%
	Total Administrative Expenses	1,895,843	2,200,457	304,614	-14%
	Total Tenant Services Expenses	153,844	128,130	(25,714)	20% (2)
	Total Utility Expenses	431,584	550,679	119,095	-22%
	Total General Maint Expense	11,875	13,010	1,135	-9%
	Total Materials	246,647	265,182	18,535	-7% (3)
	Total Contract Costs	916,147	767,742	(148,405)	19%
	Total Fee for Service	523,481	802,449	278,968	-35%
	Total Protective Services	355,122	101,486	(253,636)	250% (4)
	Total Maintenance & Operational Expenses	2,053,272	1,949,869	(103,403)	5%
	Total General Expenses	375,010	404,702	29,692	-7% (5)
	Total Nonroutine Expenses	(57,286)	(57,286)	-	0%
	<b>Total Operating Expenses</b>	<b>4,852,266</b>	<b>5,176,551</b>	<b>324,284</b>	<b>-6%</b>
	<b>Net Income Over Operating Expenses</b>	<b>874,448</b>	<b>145,603</b>	<b>728,845</b>	<b>-501%</b>
	Total Non-Operating Items	1,690,272	1,690,272	-	0% (6)
	<b>Net Income Over Total Expenses</b>	<b>(815,824)</b>	<b>(1,544,669)</b>	<b>728,845</b>	<b>47%</b>

### Budget notes:

- 1) Employee expense is lower than budget due to vacant and new positions not yet filled.
- 2) Actual includes approx. \$47,000 in relocation expense.
- 3) Material cost is down due to inventory usage for work orders not yet being completed in Yardi.
- 4) Protective Services cost is overbudget due to coverage at Heritage Park.
- 5) PILOT fee isn't recorded until December and there hasn't been any severance expense recorded to date.
- 6) This is depreciation expense and is a noncash item.



## Central Cost Center (CCC) Budget Comparison

Fiscal Year-to-Date through September 2024

	YTD Actual	YTD Budget	Variance	% Var	Notes
<b>INCOME</b>					
Total Other Income	2,338,900	2,837,837	(498,937)	-18%	(1)
<b>Total Income</b>	<b>2,338,900</b>	<b>2,837,837</b>	<b>(498,937)</b>	<b>-18%</b>	
<b>EXPENSES</b>					
Total Employee Expense	1,934,226	2,272,198	337,972	-15%	(2)
Total Legal Expense	11,864	15,299	3,435	-22%	
Total Other Admin Expenses	3,014	1,845	(1,169)	63%	
Total Sundry Expenses	239,218	245,261	6,043	-2%	(2)
Total Administrative Expenses	2,188,323	2,534,603	346,280	-14%	
Total Utility Expenses	52,058	65,120	13,062	-20%	
Total General Maint Expense	10,993	13,463	2,470	-18%	
Total Materials	11,159	23,593	12,434	-53%	
Total Contract Costs	86,917	71,258	(15,659)	22%	
Total Fee for Service	60	-	(60)	100%	
Total Maintenance & Operational Expenses	109,129	108,314	(815)	1%	
Total General Expenses	102,425	119,173	16,748	-14%	
Total Nonroutine Expenses	-	1,500	1,500	0%	
<b>Total Operating Expenses</b>	<b>2,451,935</b>	<b>2,828,710</b>	<b>376,775</b>	<b>-13%</b>	
<b>Net Income Over Operating Expenses</b>	<b>(113,034)</b>	<b>9,127</b>	<b>(122,161)</b>	<b>-1338%</b>	
Total Non-Operating Items	89,604	89,604	-	0%	(3)
<b>Net Income Over Total Expenses</b>	<b>(202,638)</b>	<b>(80,477)</b>	<b>(122,161)</b>	<b>152%</b>	

### Budget notes:

- 1) Fees for service are lower than the budgeted amount to date, but we anticipate this to increase the remainder of the fiscal year as we better utilize the new Yardi software for tracking time on work orders.
- 2) Employee expense is lower than budget due to vacant and new positions not yet filled that are partially offset in Sundry (Temp Services)
- 3) This is depreciation expense and is a noncash item.



## All Voucher Programs Budget Comparison

Fiscal Year-to-Date through September 2024

	YTD Actual	YTD Budget	Variance	% Var	Notes
<b>INCOME</b>					
Total Admin Fee Income	2,227,968	2,049,701	178,267	9%	
Other Income	83,697	96,640	(12,943)	-13%	(1)
<b>Total Income</b>	<b>2,311,665</b>	<b>2,146,341</b>	<b>165,324</b>	<b>8%</b>	
<b>EXPENSES</b>					
Total Employee Expense	1,023,326	1,266,431	(243,105)	(19%)	(2)
Total Fee Expense	612,281	599,440	12,841	2%	
Total Legal Expense	9,794	11,262	(1,468)	(13%)	
Total Other Admin Expenses	11,714	8,909	2,805	31%	
Total Sundry Expenses	309,687	139,360	170,327	122%	(2)
Total Administrative Expenses	1,966,803	2,025,402	(58,599)	(3%)	
Total Tenant Services Expenses	132,485	121,440	11,045	9%	(3)
Total Utility Expenses	4,290	5,658	(1,368)	(24%)	
Total General Maint Expense	2,340	2,592	(253)	(10%)	
Total Materials	-	260	(260)	-	
Total Contract Costs	3,473	4,518	(1,045)	(23%)	
Total Maintenance & Operational Expenses	5,813	7,370	(1,557)	(21%)	
Total General Expenses	34,960	62,145	(27,185)	(44%)	(4)
Total Nonroutine Expenses	-	4,044	(4,044)	-	
<b>Total Operating Expenses</b>	<b>2,144,351</b>	<b>2,226,059</b>	<b>(81,708)</b>	<b>(4%)</b>	
<b>Net Income Over Operating Expenses</b>	<b>167,314</b>	<b>(79,718)</b>	<b>247,032</b>	<b>(310%)</b>	
Total Non-Operating Items	1,853	2,226	(373)	(17%)	
<b>Net Income Over Total Expenses</b>	<b>165,461</b>	<b>(81,944)</b>	<b>247,405</b>	<b>302%</b>	
HUD Section 8 Contribution	23,365,478	19,821,948	3,543,532	18%	
Less Housing Assistance Payments	(23,884,523)	(19,821,948)	(4,062,575)	20%	
Total HUD - HAP Funds	(519,045)	(0)	(519,043)		(5)
<b>Net Income*</b>	<b>(353,584)</b>	<b>(81,946)</b>	<b>(271,638)</b>	<b>(331%)</b>	

### Budget notes:

- 1) Underbudget interest income due to unrecorded interest.
- 2) Sundry Expense includes \$105,528 for temporary staff to assist the Leased Housing department due to vacant positions. These expenditures are offset by salaries and benefits which are under budget. Sundry Expense also includes \$146,602 for Nan McKay to provide assistance with annual reexaminations and Wise Consulting for training on Yardi.
- 3) Owner Incentives actuals are approx. \$8700 over budget.
- 4) Outgoing Port Admin Fee is below budget approx. \$16k; RAD PBV fees are below budget approx. \$6,800
- 5) Additional funds are requested from HUD when the payments are larger than the amount received. When that is not enough, we get a temporary loan from Admin Fee Reserves to cover the shortages. The goal is to repay the loans by 03/31/25. Note: HAP funds are not shown in the Net Income calculation because it is not considered operating, and any excess funds are returned/recouped by HUD.

\*If there is a deficit at 03/31/25, an accrual is done as part of year-end to accrue income, so the Restricted Net Position (RNP) is zero. The difference between what we receive and what we expense is a net restricted asset. If there is a shortage at the end of the year this will be trued up.





## Other Business Activities (business) Budget Comparison

Fiscal Year-to-Date through September 2024

	YTD Actual	YTD Budget	Variance	% Var	Notes
<b>Income</b>					
Total Other Income	636,440	968,521	(332,081)	-34%	(1)
<b>Total Income</b>	<b>636,440</b>	<b>968,521</b>	<b>(332,081)</b>	<b>-34%</b>	
<b>Expenses</b>					
Total Employee Expense	708,978	821,984	(113,006)	-14%	(2)
Total Legal Expense	1,685	1,301	384	30%	
Total Other Admin Expenses	707	2,147	(1,440)	-67%	
Total Sundry Expenses	39,145	20,801	18,344	88%	(3)
Total Administrative Expenses	750,515	846,233	(95,718)	-11%	
Total General Maint Expense	90	75	15	20%	
Total Materials	62	346	(284)	-82%	
Total Contract Costs	456	1,872	(1,416)	-76%	
Total Maintenance & Operational Expenses	607	2,293	(1,686)	-74%	
Total General Expenses	6,862	15,870	(9,008)	-57%	
<b>Total Operating Expenses</b>	<b>757,985</b>	<b>864,396</b>	<b>(106,411)</b>	<b>-12%</b>	
<b>Net Income Over Operating Expenses</b>	<b>(121,545)</b>	<b>104,125</b>	<b>(225,670)</b>	<b>-217%</b>	
Total Non-Operating Items	71,393	89,952	(18,559)	-21%	
<b>Net Income Over Total Expenses</b>	<b>(192,938)</b>	<b>14,173</b>	<b>(207,111)</b>	<b>-1461%</b>	

### Budget notes:

- 1) Bond Fee actuals are under budget as we haven't closed any bond deals this year but have a couple due to close soon.
- 2) The difference in budget is primarily due to vacant positions in the Redevelopment team.
- 3) Sundry expense is over budget due to approx. \$26,000 spent in temporary labor.



## CAD Only Properties (.cad) Budget Comparison

Fiscal Year-to-Date through September 2024

	YTD Actual	YTD Budget	Variance	% Var
<b>INCOME</b>				
Total Tenant Income	2,301,422	2,261,377	40,045	2%
Total Subsidy Income	359,146	290,128	69,018	24%
Total Other Income	221,534	256,543	(35,009)	-14%
<b>Total Income</b>	<b>2,882,102</b>	<b>2,808,048</b>	<b>74,054</b>	<b>3%</b>
<b>EXPENSES</b>				
Total Employee Expense	288,394	357,972	(69,578)	-19%
Total Fee Expense	237,828	274,832	(37,004)	-13%
Total Legal Expense	413	7,763	(7,350)	-95%
Total Other Admin Expenses	7,663	7,972	(309)	-4%
Total Sundry Expenses	28,964	39,521	(10,557)	-27%
Total Administrative Expenses	563,263	688,060	(124,797)	-18%
Total Tenant Services Expenses	6,119	11,145	(5,026)	-45%
Total Utility Expenses	117,997	131,954	(13,957)	-11%
Total General Maint Expense	4,467	-	(4,467)	100%
Total Materials	142,841	173,886	(31,045)	-18%
Total Contract Costs	361,474	440,577	(79,103)	-18%
Total Fee for Service	188,268	184,136	(4,132)	2%
Total Protective Services	-	4,181	4,181	0%
Total Maintenance & Operational Expenses	697,051	802,780	(105,729)	-13%
Total General Expenses	70,329	177,928	(107,600)	-60%
Total Nonroutine Expenses	-	9,992	9,992	0%
Total Financing Expenses	25	3,268	(3,243)	-99%
<b>Total Operating Expenses</b>	<b>1,454,782</b>	<b>1,825,127</b>	<b>370,345</b>	<b>-20%</b>
<b>Net Income Over Operating Expenses</b>	<b>1,427,320</b>	<b>982,921</b>	<b>444,399</b>	<b>45%</b>
Total Non-Operating Items	597,695	598,545	(850)	0%
<b>Net Income Over Total Expenses</b>	<b>829,624</b>	<b>384,376</b>	<b>445,248</b>	<b>-116%</b>





## OCAC Properties (.allocac) Budget Comparison

Fiscal Year-to-Date through September 2024

		YTD Actual	YTD Budget	Variance	% Var
INCOME	Total Tenant Income	235,903	296,870	(60,967)	-21%
	Total Subsidy Income	767,920	805,633	(37,713)	-5%
	Total Other Income	43,195	46,328	(3,133)	-7%
	Total Income	1,047,019	1,148,831	(101,812)	-9%
EXPENSES	Total Employee Expense	207,072	222,262	15,190	-7%
	Total Fee Expense	101,214	125,416	24,202	-19%
	Total Legal Expense	4,539	10,297	5,758	-56%
	Total Other Admin Expenses	2,100	3,603	1,503	-42%
	Total Sundry Expenses	14,494	25,828	11,334	-44%
	Total Administrative Expenses	329,419	387,406	57,987	-15%
	Total Tenant Services Expenses	3,988	7,570	3,582	-47%
	Total Utility Expenses	13,763	14,185	422	-3%
	Total General Maintenance Expense	3,291	-	(3,291)	100%
	Total Materials	61,626	69,722	8,096	-12%
	Total Contract Costs	287,253	223,647	(63,606)	28%
	Total Fee for Service	81,834	115,513	33,679	-29%
	Total Protective Services	-	496	496	0%
	Total Maintenance & Operational Expenses	434,004	409,378	(24,626)	6%
	Total General Expenses	19,660	34,977	15,317	-44%
	Total Nonroutine Expenses	2,252	10,271	8,019	-78%
	Total Housing Assistance Payments	383	-	(383)	100%
	Total Operating Expenses	803,469	863,787	60,318	-7%
	Net Income Over Operating Expenses	243,549	285,044	(41,495)	-15%
	Total Non-Operating Items	15,990	15,994	4	0%
	Net Income Over Total Expenses	227,559	269,050	(41,491)	15%



### REPORT OF THE BOARD SECRETARY

Mr. Lommers-Johnson said I wanted to talk tonight about the federal fiscal year 2025 budget, and what might be looming for us, and a brief look at what the HCV program outlook might be.

### Federal Budget for 2025

The federal budget for 2025 was due October 1, 2024 and that is now in the rear view mirror.

Congress adopted, and the President approved, a continuing resolution at the 2024 budget levels. Usually, that's what the continuing resolution means is that the same budget amounts and levels are continued until an appropriations bill is passed, if one *is* passed. The continuing resolution expires December 20, 2024. If an appropriations bill has not been agreed to, then government shutdown is possible a week from tomorrow – at the end of the day next Friday.

What are the budget scenarios for 2025? It's fairly clear at this point that no appropriations bills are likely to be approved by next week. The more likely scenario is that a second continuing resolution will be agreed to until March of next year, and that's with or without anomalies. If it's without any anomalies, essentially, if we got \$100 this past year, we're getting \$100 next year. With anomalies just means that there may be certain things that absolutely need some adjustment, and there may be increases, but that's also unlikely.

There is another possibility, and that is a continuing resolution could be agreed to for the entire next fiscal year. But given that both the Congress and the White House will be controlled by one

party, it is more likely that an appropriations bill will be passed. The new Congress is likely to pass an appropriations bill in March.

We know what the President has proposed, and because of the current political situation, we can reasonably say that budget will not be passed. However, there has been a Senate appropriations committee resolution passed in the summer, as well as a house bill.

For the Senate, the public housing operating fund is essentially level with the current operating fund level. For the capital fund, there's a decrease of 6.5% - and based on what we're getting this year, is about \$240,600 less.

In the Housing Choice Voucher Program, there's a significant increase of 12.4% in the Senate's budget proposal (\$5.5 million). That would mean \$5.5 million if we were just to get our fair share, that's what that would mean. But essentially, what this means is that for housing authorities around the country, they'll be able to continue the programs that they have now that they can now afford. It accounts for inflation and increasing debt market.

On the admin fee side, there will be an average 4% increase, which, if we get 4%, that means an additional \$164,000.

For tenant protection vouchers, the relevance here is that we're relying on tenant protection vouchers for replacement vouchers for Heritage Park. If there's a cut in the number of tenant protection vouchers available, it could affect us, depending on the demand. However, we're at the tail end of our Section 18 application for Heritage Park, which means if we do get it approved in the next couple of weeks, or even in January, we will be at the door knocking to ask for those tenant protection vouchers early in the year. That's good timing.

On the House side, the operating fund gets a 7% decrease. The capital fund gets a 10% decrease. So, what that means in dollars, if we just look at what we're projecting for this year, will be about \$360,000 less for public housing next year.

As far as the Housing Choice Voucher Program is concerned, the budget for housing assistance payments to landlords for rental assistance for the participants, the funding proposal is level, which means there's no allowance for inflation. The Center for Budget and Public Priorities estimates that nationwide, that will mean about 240,000 fewer families being served. For us, it means about 400 fewer families that we'll be able to serve. However, I think the 240,000 estimate is a little pessimistic.

### **HCV Program**

We're currently at 101.4% of utilization on lease up rate, and that translates into an average of 97.2% which was right about where we estimated when we adopted the budget. As a result of the lease up and the strong work on the part of the leased housing department, we are ending up in short fall. It's partly due to lease up and partly due to HUD capturing some of our housing assistance payment reserves – approximately \$340,000. They were going to do an additional offset, but we appealed, and HUD declined to give more money, but they are now allocating an additional \$1.09 million to cover the vouchers for the month of December that we can't cover because our current funding.

Next year we will be eligible for funding, which is essentially the equivalent of our current cost, which is \$45 million but that can change based on where the budget ultimately falls.

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#### REPORT OF THE REIC CHAIR

Commissioner Warren said the committee, consisting of Arnie Morris, Joe Whitehouse, Yolanda Winstead and Ashley Lommers-Johnson, along with Eric Braun, met on December 3. We reviewed much of what you're going to hear today that Kenya Pleasant will present. I think that we've made good progress over the last six months.

Our earlier comments focused a lot on parking – whether or not we had sufficient parking, whether or not we had the correct bedroom mix. We were really tilted very strongly to one-bedroom apartments, and that's been adjusted some. We met on December 3rd and have recommended that the plan you see coming before you today has been blessed by the Real Estate Investment Committee and is something that we, the full Board, should consider and approve today via the resolution that's before you.

-----

#### COMMISSIONER COMMENTS

There were no Commissioner comments this evening.

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#### NEW BUSINESS

Kenya Pleasant presented the following Heritage Park Entitlement Plan:



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**R**  
Raleigh Raised  
DEVELOPMENT

**TORTI  
GALLAS +  
PARTNERS**

MOSELEYARCHITECTS

**BLWall**  
CONSULTING



## HERITAGE PARK NOW



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HERITAGE PARK

## HERITAGE PARK IN THE FUTURE



View from above, looking towards downtown



BRINSHORE



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HERITAGE PARK



# HERITAGE PARK IN THE FUTURE



View of Plaza



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HERITAGE PARK

## SUMMARY:

- **March 2024:** RHA Board adopts the Initial Design Concept Plan for Heritage Park
  - Mixed-use, mixed income development with increasing density moving east (Options include 575 to 975 units)
  - Projected timeline included submission of a **Phase I pre-application in January 2025. We are on track with the plan as presented in March.**
- **June/July 2024** – Board update w/focus on major neighborhood events: planned South Street closure, City Water project, expansion of Downtown Mobility scope, and proper zoning. Some key takeaways:
  - Concerns about amount of the number of townhomes (too many)
  - Desire for a 9% senior housing option
  - Feasibility of highest density option (~ 1,000 units) given challenges
  - Unit mix comparable with market (too many 1BRs)
  - Adequate parking

## FOR BOARD CONSIDERATION:

- **Entitlement Plan presented integrates due diligence updates and feedback from Board since the Initial Design Concept Plan was adopted**
- **Request Board approval of the proposed Entitlement Plan which will serve as the basis for the financing and construction plan. Block I LIHTC pre-application submissions in January and July**



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## HAPPENINGS SINCE INITIAL CONCEPT

- **Overall programming and approach is unchanged**
- **South Street closure approved** by Raleigh City Council (*March - September*)
- City of Raleigh engaged consultant to review **proposed alternatives and traffic to the clover leaf** (*engaged in May and finalized October*)
- **Previously approved** City of Raleigh Water CIP project **not moving forward** (*September*)
- Confirmed that the Transit Oriented Development (TOD) overlay allows **Block 1 to be built as of right**
- Recommendation from Morningstar Law Firm to move forward with a **conventional rezoning for later phases**
- **Pre-application conference for potential rezoning** with Morningstar, Development Team and City staff **is complete**



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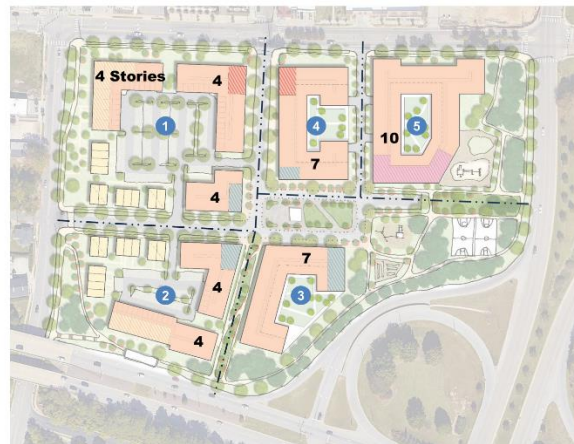


## HERITAGE PARK IN THE FUTURE – PLAN A



HERITAGE PARK

## HERITAGE PARK IN THE FUTURE – PLAN A



Overall Unit Mix						
UNIT TYPE	1BR	2BR	3BR	4BR	5BR	TOTAL
Apartment	496	397	85	0	0	978
TH/SF	0	8	6	12	0	26
	496	405	91	12	0	1004
MIX*	45%	40%	9%	1%	0%	

\*Please note, mix represents family units only

Phase 1		
BLDG TYPE	NON RES (SF)	UNITS
Apartment	4550	147
TH/SF		22
	4550	169

PARKING BY TYPE	
Surface	109
Structured	28
On Street	40
	177

1.05 sp/unit

Phase 2		
BLDG TYPE	NON RES (SF)	UNITS
Apartment	2500	102
TH/SF		19
	2500	121

PARKING BY TYPE	
Surface	39
Structured	21
On Street	24
	84

0.69 sp/unit

Phase 3		
BLDG TYPE	NON RES (SF)	UNITS
Apartment	4000	154
TH/SF		
	4000	154

PARKING BY TYPE	
Surface	159
Structured	28
On Street	28
	187

1.21 sp/unit

Phase 4		
BLDG TYPE	NON RES (SF)	UNITS
Apartment	2600	174
TH/SF		
	2600	174

PARKING BY TYPE	
Surface	162
Structured	28
On Street	28
	190

1.09 sp/unit

Phase 5		
BLDG TYPE	NON RES (SF)	UNITS
Apartment	9000	386
TH/SF		
	9000	386

PARKING BY TYPE	
Surface	426
Structured	38
On Street	38
	462

1.20 sp/unit

TOTALS		
BLDG TYPE	NON RES (SF)	UNITS
Apartment	22650	1004
TH/SF		
	22650	1004

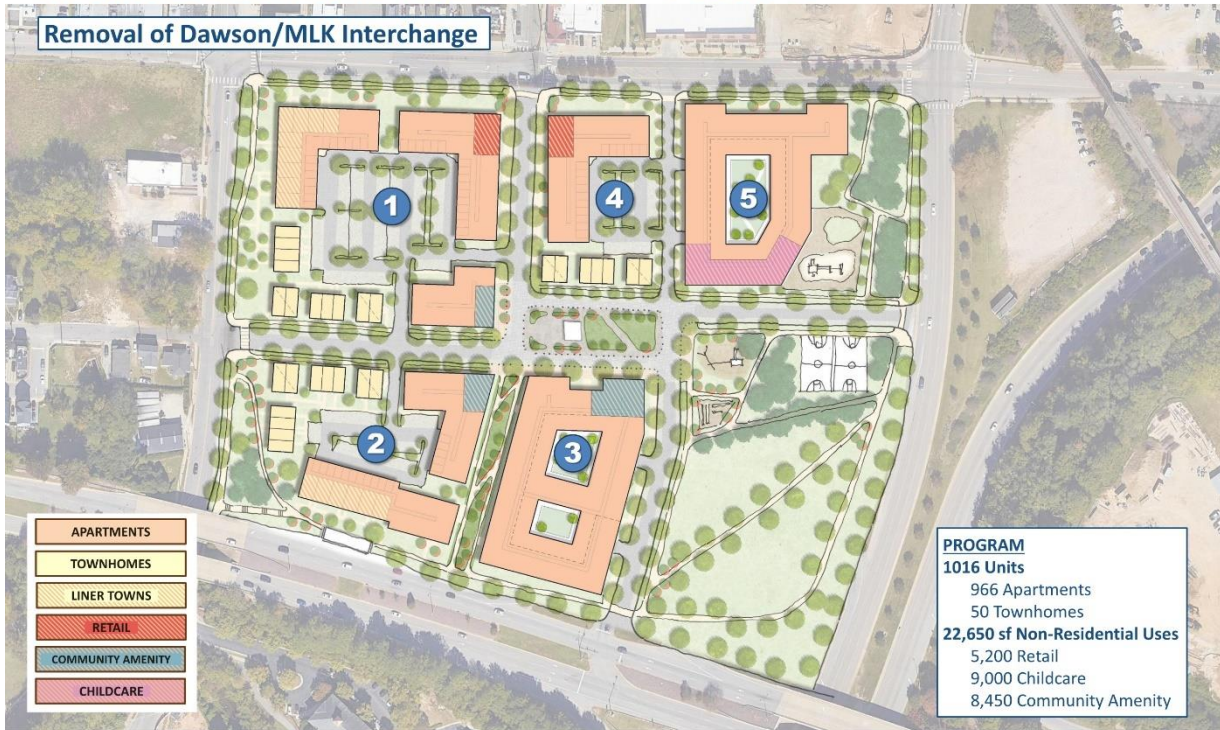
PARKING	
Surface	148
Structured	370
On Street	120
	1100

1.1 sp/unit



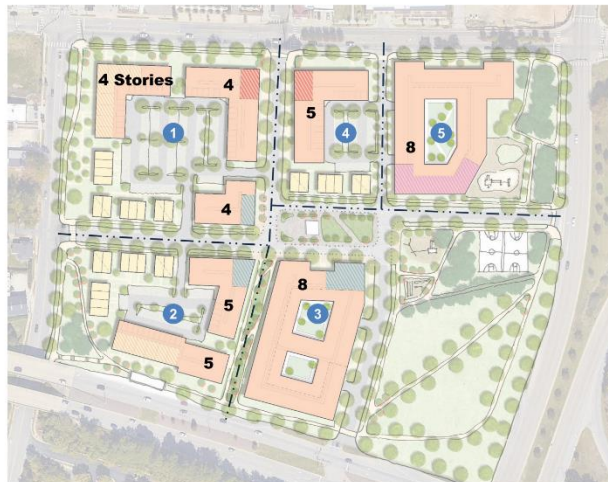


## HERITAGE PARK IN THE FUTURE – PLAN B



HERITAGE PARK

## HERITAGE PARK IN THE FUTURE – PLAN B



Overall Unit Mix						
UNIT TYPE	1BR	2BR	3BR	4BR	5BR	TOTAL
Apartment	490	409	82	0	0	981
TH/SF	0	12	11	12	0	35
	490	421	93	12	0	1016
MIX	48%	41%	9%	1%	0%	

Phase 1		
BLDG TYPE	NON RES (SF)	UNITS
Apartment	4550	147
TH/SF		22
	4550	169

PARKING BY TYPE		
Surface	109	
Structured	28	
On Street	40	
	177	1.05 sp/unit

Phase 2		
BLDG TYPE	NON RES (SF)	UNITS
Apartment	2500	136
TH/SF		19
	2500	155

PARKING BY TYPE		
Surface	39	
Structured	21	
On Street	24	
	84	0.54 sp/unit

Phase 3		
BLDG TYPE	NON RES (SF)	UNITS
Apartment	4000	306
TH/SF		
	4000	306

PARKING BY TYPE		
Surface	338	
Structured	28	
On Street	28	
	366	1.20 sp/unit

Phase 4		
BLDG TYPE	NON RES (SF)	UNITS
Apartment	2600	79
TH/SF		9
	2600	88

PARKING BY TYPE		
Surface	34	
Structured	16	
On Street	24	
	74	0.84 sp/unit

Phase 5		
BLDG TYPE	NON RES (SF)	UNITS
Apartment	9000	298
TH/SF		
	9000	298

PARKING BY TYPE		
Surface	295	
Structured	36	
On Street	36	
	331	1.11 sp/unit

TOTALS		
BLDG TYPE	NON RES (SF)	UNITS
Apartment	22650	966
TH/SF		50
	22650	1016

PARKING		
Surface	182	
Structured	403	
On Street	116	
	1032	1.0 sp/unit





## HERITAGE PARK IN THE FUTURE – PLAN B



Overall Unit Mix						
UNIT TYPE	1BR	2BR	3BR	4BR	5BR	TOTAL
Apartment	490	409	82	0	0	981
TH/SF	0	12	11	12	0	35
	490	421	93	12	0	1016
MIX	48%	41%	9%	1%	0%	

Phase 1		
BLDG TYPE	NON RES (SF)	UNITS
Apartment	4550	147
TH/SF		22
	4550	169

PARKING BY TYPE	
Surface	109
Structured	28
On Street	40
	177
	1.05 sp/unit

Phase 2		
BLDG TYPE	NON RES (SF)	UNITS
Apartment	2500	136
TH/SF		19
	2500	155

PARKING BY TYPE	
Surface	39
Structured	21
On Street	24
	84
	0.54 sp/unit

Phase 3		
BLDG TYPE	NON RES (SF)	UNITS
Apartment	4000	306
TH/SF		
	4000	306

PARKING BY TYPE	
Surface	
Structured	338
On Street	28
	366
	1.20 sp/unit

Phase 4		
BLDG TYPE	NON RES (SF)	UNITS
Apartment	2600	79
TH/SF		9
	2600	88

PARKING BY TYPE	
Surface	34
Structured	16
On Street	24
	74
	0.84 sp/unit

Phase 5		
BLDG TYPE	NON RES (SF)	UNITS
Apartment	9000	298
TH/SF		
	9000	298

PARKING BY TYPE	
Surface	
Structured	295
On Street	36
	331
	1.11 sp/unit

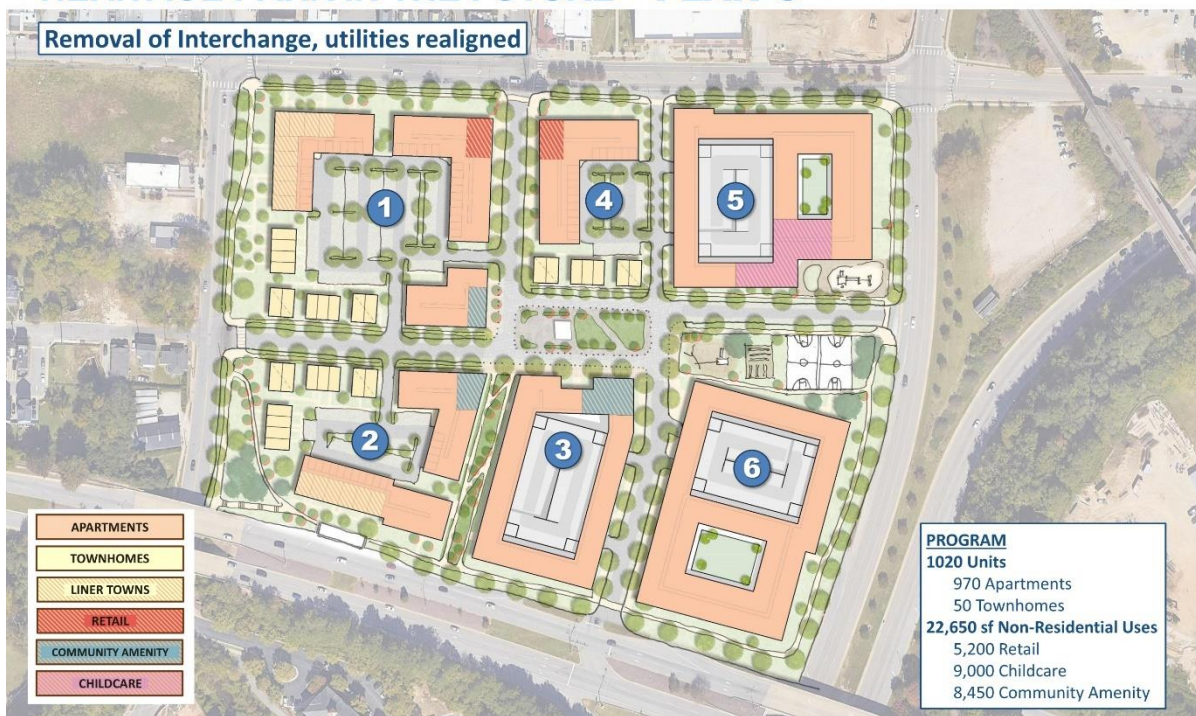
TOTALS		
	NON RES (SF)	UNITS
	22650	1016
Apartment		966
TH/SF		50

PARKING	
	1032
Surface	182
Structured	403
On Street	116
	1.0 sp/unit



## HERITAGE PARK IN THE FUTURE – PLAN C

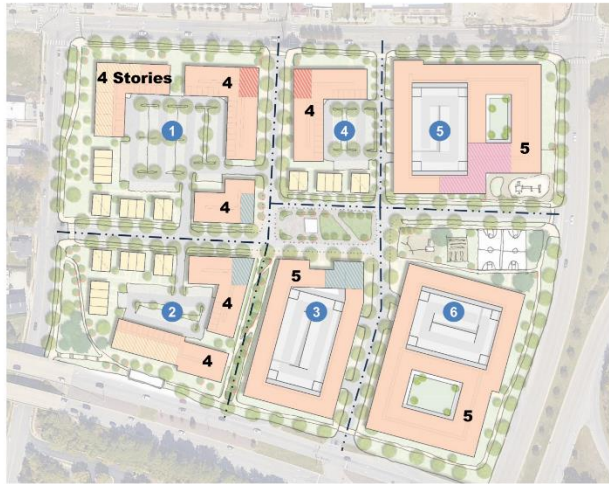
Removal of Interchange, utilities realigned



HERITAGE PARK



## HERITAGE PARK IN THE FUTURE – PLAN C



Overall Unit Mix						
UNIT TYPE	1BR	2BR	3BR	4BR	5BR	TOTAL
Apartment	484	407	94	0	0	985
TH/SF	0	12	11	12	0	35
	484	419	105	12	0	1020
MIX	47%	41%	10%	1%	0%	

Phase 1		
BLDG TYPE	NON RES (SF)	UNITS
Apartment	4550	147
TH/SF		22
	4550	169

PARKING BY TYPE	
Surface	109
Structured	28
On Street	40
	177
	1.05 sp/unit

Phase 2		
BLDG TYPE	NON RES (SF)	UNITS
Apartment	2500	102
TH/SF		19
	2500	121

PARKING BY TYPE	
Surface	39
Structured	21
On Street	24
	84
	0.69 sp/unit

Phase 3		
BLDG TYPE	NON RES (SF)	UNITS
Apartment	4000	158
TH/SF		
	4000	158

PARKING BY TYPE	
Surface	
Structured	266
On Street	12
	278
	1.76 sp/unit

Phase 4		
BLDG TYPE	NON RES (SF)	UNITS
Apartment	2600	62
TH/SF		9
	2600	71

PARKING BY TYPE	
Surface	34
Structured	16
On Street	24
	74
	1.04 sp/unit

Phase 5		
BLDG TYPE	NON RES (SF)	UNITS
Apartment	9000	235
TH/SF		
	9000	235

PARKING BY TYPE	
Surface	
Structured	240
On Street	26
	266
	1.13 sp/unit

Phase 6		
BLDG TYPE	NON RES (SF)	UNITS
Apartment	9000	266
TH/SF		
		266

PARKING BY TYPE	
Surface	240
Structured	26
On Street	26
	266
	1.00 sp/unit

TOTALS		
NON RES (SF)	UNITS	
Apartment	970	
TH/SF	50	
	22850	1020

PARKING	
	1145
Surface	182
Structured	811
On Street	152
	1.1 sp/unit

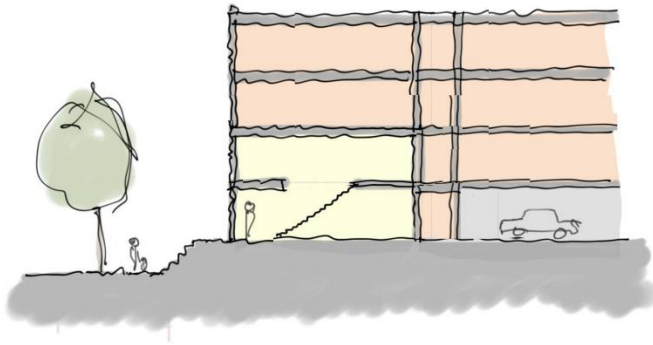


## LIVABLE STREETS

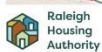




## LINER TOWNHOMES



## TRANSMISSION LINE EASEMENT



## COMMERICAL SPACE

- Raleigh Raised leading the commercial space outreach
- Interested tenants include:
  - Health Care Provider
  - Dental Care Provider
  - Regional Credit Union
  - Four different restaurants
  - Two larger retailers
- RHA & Raleigh Raised consulted with Downtown Raleigh Alliance to discuss potential synergies
- Meetings with Wake County to explore space needs for County services



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Raleigh Housing  
Authority

# Block 1 Project Plan

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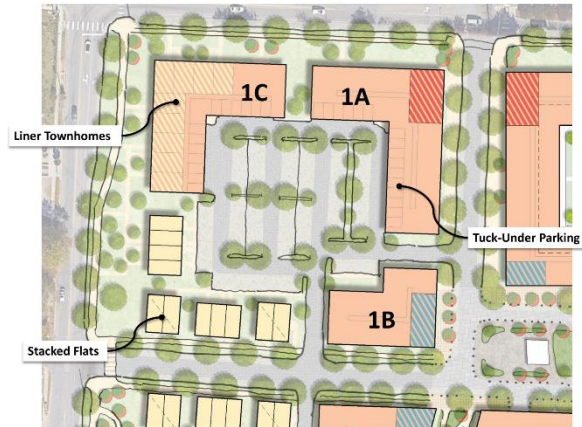
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## BLOCK 1 – SITE PLAN AND PROGRAM



Phase 1		GROUND FLOOR			TYP FLR (SF)	RES AREA (SF)	UNITS
STORIES	BLDG TYPE	RES (SF)	PARKING (SF)	OTHER (SF)			
4	1A	12735	3840	2600	19175	70260	62
4	1B	8450		1950	10400	39650	44
4	1C	5055	3120	16800	16575	46380	50
	TH/SF						13
				4550			169

PARKING BY TYPE	
Surface	109
Structured	28
On Street	40
	177



## BLOCK 1 – UNIT MIX



Phase 1		1BR	2BR	3BR	4BR	5BR	TOTAL
1A		28	30	4			62
1B		44					44
1C		22	19	9			50
TH/SF			4	3	6		13
		94	53	16	6	0	169
MIX		56%	31%	9%	4%	0%	



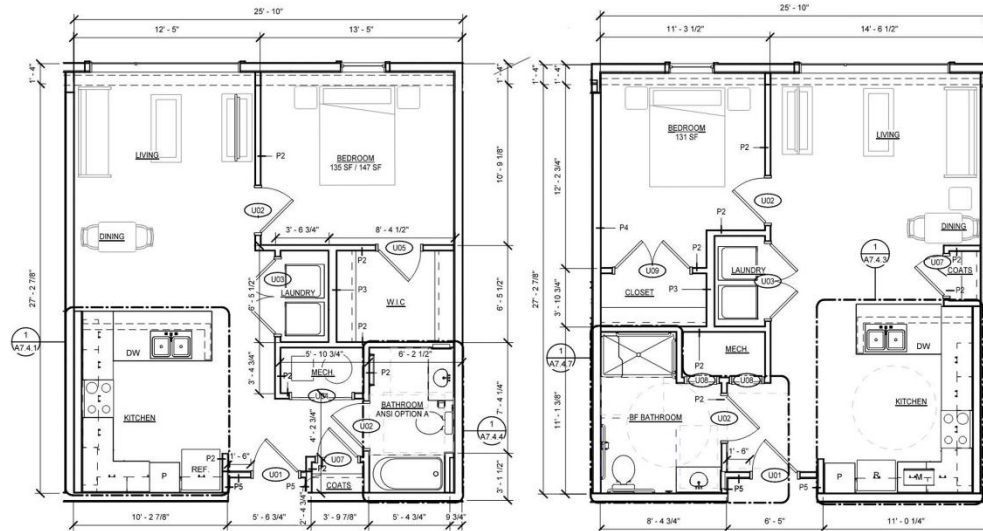


## BUILDING 1B – FLOOR PLANS





## BUILDING 1B – UNIT PLANS



Minimum SF for one-bedroom is 660 per NCHFA  
Minimum Design and Construction Requirements

## BUILDING 1B – MASSING



## BUILDING 1B – Exteriors



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## BUILDING 1B – Courtyard and Outdoor Space



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## Financing Plan: Block – 1B

Sources		Uses	
Federal LIHTC Equity - 9%	\$10,424,700	Building Costs	\$13,800,000
Senior Loan	\$5,380,000	Soft Costs	\$1,000,000
Fee Deferral	\$245,300	Financing Costs	\$1,600,000
Soft Financing: City of Raleigh/Wake County	\$2,000,000	Reserves and Escrows	\$500,000
		Developer Fee	\$1,150,000
<b>Total Sources</b>	<b>\$18,050,000</b>	<b>Total Development Cost</b>	<b>\$18,050,000</b>

## Financing Plan: Block - 1A

**DRAFT**

Sources		Uses	
Federal LIHTC Equity - 4%	\$17,544,000	Building Costs	\$40,150,000
Senior Loan	\$16,210,000	Soft Costs	\$2,000,000
Fee Deferral	\$517,000	Financing Costs	\$3,000,000
Soft Financing: City of Raleigh/Wake County	\$15,000,000	Reserves and Escrows	\$1,200,000
		Developer Fee	\$2,921,000
<b>Total Sources</b>	<b>\$49,271,000</b>	<b>Total Development Cost</b>	<b>\$49,271,000</b>



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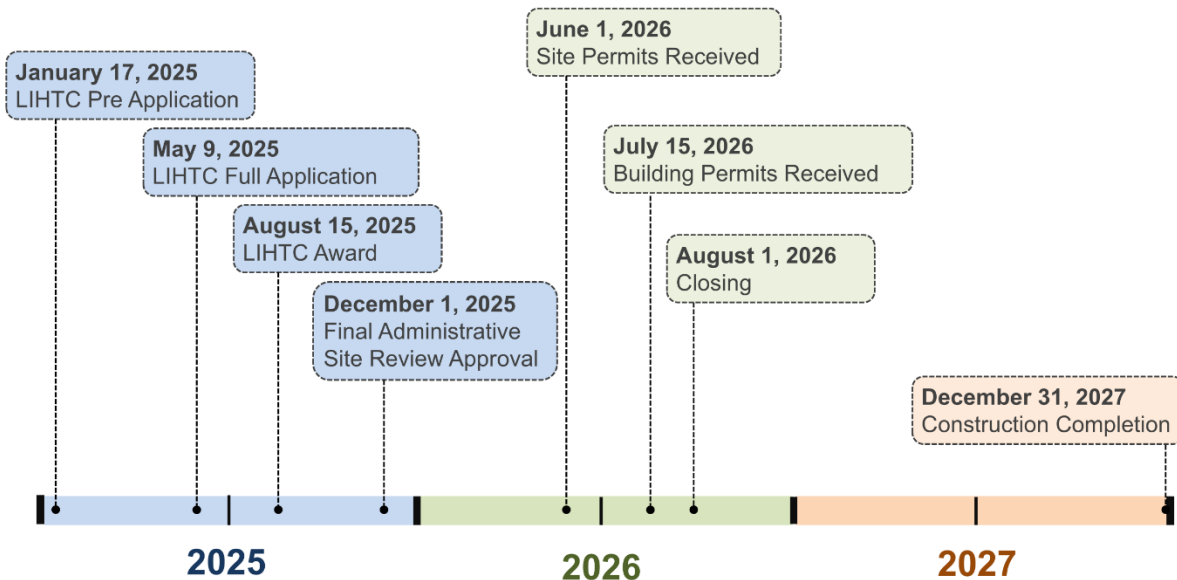
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HERITAGE PARK

## Timeline for Block 1B (Senior Building)



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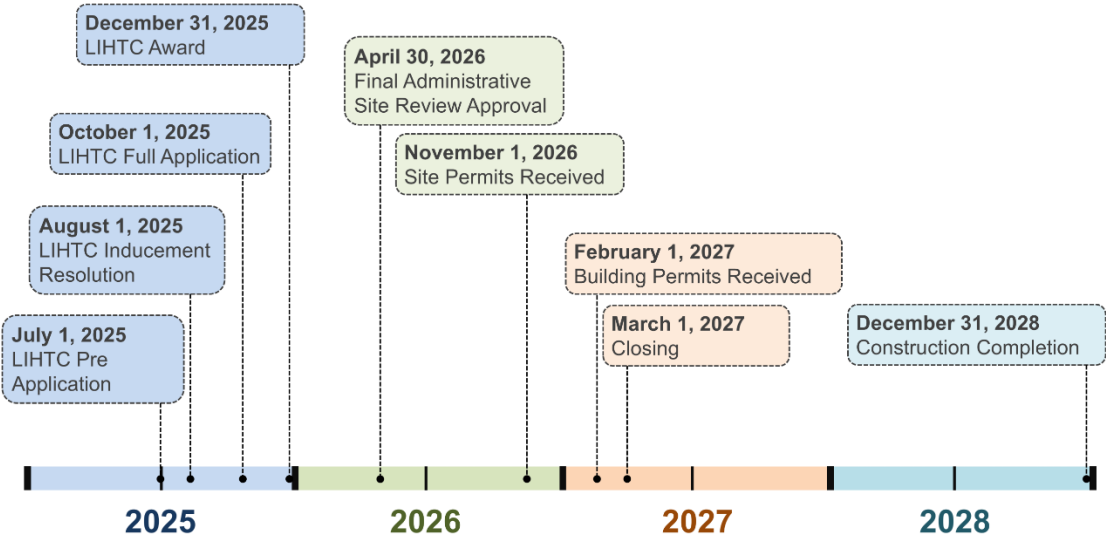
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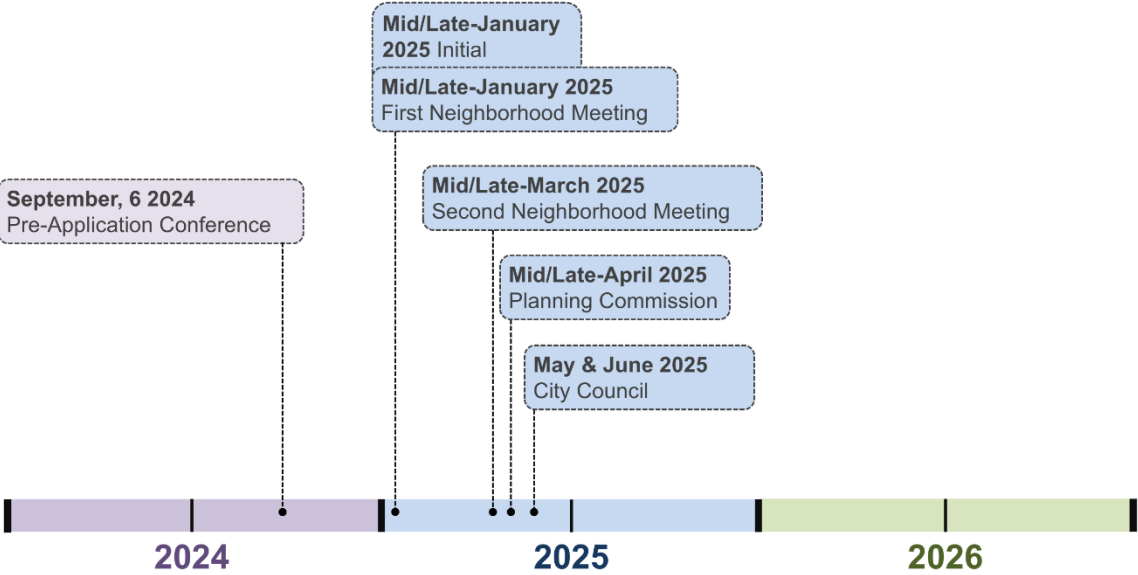


HERITAGE PARK

Timeline for Block 1A (Family Building)



Master Plan Entitlements Timeline (TBD)





## Overall Phasing Plan

	2024				2025				2026				2027				2028				2029				2030				2031				2032				2033			
Phasing Plan	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Block 1A																																								
Block 1B																																								
Block 2																																								
Block 3																																								
Block 4																																								
Block 5																																								
Block 6																																								



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HERITAGE PARK

## Immediate Next Steps

- Open-house style resident meeting planned for December 18<sup>th</sup>
- Morningstar Law is engaged to lead entitlement/zoning processes including coordination with the City on development agreement. Further discussion with city around the following: relocation of the utilities, removal of cloverleaf and property conveyance to RHA, potential infrastructure cost sharing, coordination intentions with other major projects in the corridor
- Submission of LIHTC and other financing applications related to Block One



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HERITAGE PARK

Commissioner Braun asked if the Entitlement Plan is locking RHA into the heights and unit numbers.

Mrs. Pleasant said no – there is still flexibility in the plan.

Commissioner Whitehouse asked if the REIC committee had seen Plan 1B on December 3rd.

Mrs. Pleasant said no – it's a new drawing.

Commissioner Whitehouse does not like the small courtyard with four stories. It will lead to a dark “canyon” effect with not much daylight. I would encourage you and the design team to look into that further.

Peter Levavi agreed and they are looking for alternatives to make it more “open”.

Commissioner Warren asked about how the two development teams are working together on this project.

Mr. Levavi said this has been a real collaboration between Brinshore, Torti Gallas, Moseley, and RHA. There's been a lot of back and forth at every step of the design process. While this building for 1B is not finished yet, the site plan is, and I feel really good about the collaboration, evidenced by the fact that Kenya presented it, and she's taken real ownership of it for the RHA. I think that's a real positive sign and I feel like this is a good collaboration.

Commissioner Warren asked if they are good with the balance of the site planning at this stage for that first block.

Mr. Levavi said yes, I am. For the first block, I think we're in great shape. There's a 9% and a 4% strategy that allows us to move forward on something very rapidly. If I had to say that there are certain things that I'm less happy about, number one is getting the city and NC DOT and everybody to focus on the clover leaf and on the infrastructure that's coming through the site, and the fact that Red Hat is closing a street right adjacent to the site. I think those are things that weigh heavy on us in thinking about how we're going to maximize the site's potential to be a really great mixed income development.

Commissioner Warren asked who will pay for covering the cost of new streets and the infrastructure associated with Dorothea drive and the New West Street. Those costs are not insignificant, and it's been my history in over the years when we redesigned streets, the developer had to cover those costs and allocate those across various components of the development. I'm guessing that in the tax credit applications those offsite improvements are not included in the budgets. Who will pay for those, and do we have a cost allocation plan in place? Or do we have estimates of those costs?

Mrs. Pleasant said when we talk about the rezoning, one of the elements of the rezoning is a negotiation of a development agreement with the City of Raleigh to address some of those items, with infrastructure being a large part of that negotiation.

HOUSING AUTHORITY OF THE CITY OF RALEIGH  
RESOLUTION NO. 66 (2024)  
A RESOLUTION ADOPTING THE HERITAGE PARK ENTITLEMENT PLAN

WHEREAS, the Housing Authority of the City of Raleigh (RHA) entered into a Master Planning Agreement ("MPA"), effective May 31, 2023, with Brinshore Development, L.L.C. an Illinois limited liability company ("Brinshore") and Raleigh Raised Development, LLC, a North Carolina limited liability company ("Raleigh Raised"), collectively, Brinshore and Raleigh Raised (the "Developer") for the redevelopment of Hertiage Park, a 122-unit public housing community owned by RHA and located at 416 Dorothea Drive, Raleigh, North Carolina 27601 ("HP"); and

WHEREAS, RHA and the Developer executed a Memorandum of Understanding Heritage Park Redevelopment effective October 6, 2022 (Exhibit A - MOU); and

WHEREAS, the Developer engaged Torti-Gallas and BLWall for master planning and community engagement services in accordance with the executed Torti-Gallas Scope and Fee Proposal (Exhibit B – TGP Proposal); and

WHEREAS, Developer, Torti-Gallas, and BLWall (collectively, the Development Team) has been working with RHA staff to address the demolition and redevelopment of HP; and

WHEREAS, the Development Team and RHA's work has included, but is not limited to, the following steps:

- Submission of a disposition application under Section 18 of the U. S. Housing Act of 1937 which authorizes the disposition of public housing, with administrative steps and application process (24 CFR 970) prescribed by the U.S. Department of Housing and Urban Development (HUD); and
- Development of an initial design concept after a robust engagement process including a series of community meetings and a multi-day design workshop on-site at HP with residents and other community members; and

WHEREAS the initial design concept includes the new construction of a mixed-income residential, mixed-use development based on a vision to create a healthy, vibrant, thriving community incorporating five core components and attributes: walkable, connected, diverse, safe, and address the growing need for quality affordable housing including a one-for-one replacement and right to return for existing residents ("Initial Concept Plan"); and

WHEREAS, the Board of Commissioners adopted the Initial Concept Plan delivered in accordance with the Exhibit B – TGP Proposal Tasks 2.0. to 2.4 and authorized the Chief Executive Officer, through the work of the Development Team, to further refine the Initial Concept Plan into an Entitlement Site Plan; and



WHEREAS, the Entitlement Plan continues the vision set forth in the Initial Concept Plan and includes the new construction of approximately 1,000 mixed-income residential rental units, and non-residential uses comprised of community and commercial spaces, and other amenities; and

WHEREAS, the implementation of the Entitlement Plan assumes RHA will seek to rezone the site and negotiate a development agreement with the City of Raleigh, as may be required; and

WHEREAS, RHA, or its affiliates as may be assigned, will contribute the land or enter a long-term ground lease to facilitate the execution of the Entitlement Plan; and

WHEREAS, the Entitlement Plan shows the Northwest portion of the site (“Block One”) to include the new construction of approximately 177 residential units targeting households earning between 0% and 80% of the area median income; and up to 3,000 square feet of ground floor retail; and

WHEREAS, RHA has proposed a project plan for the development Block One which will include, but not be limited to, the following (“Block One Project Plan”):

- Utilization of low-income housing tax credits (“Tax Credit(s)”) and other available affordable housing funding that may require the creation of a limited liability entity for federal tax purposes (“Tax Credit Partnership”); and
- An application to the North Carolina Housing Finance Agency for a reservation of Tax Credits; and
- Using the terms set forth in Exhibit A – MOU as the basis to enter into a joint venture agreement or master development agreement with Brinshore to co-develop Block One; and
- Seek equity from a firm that will purchase the Tax Credits in exchange for acquiring up to a 99.99% limited interest in the Tax Credit Partnership (“Tax Credit Investor”); and
- RHA may form a new entity or use an existing entity to serve as the general partner or managing member of the Tax Credit Partnership; and

WHEREAS, the remaining blocks at HP will be developed based on the proposed phasing plan outlined in the Entitlement Plan;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH:

1. Adopt the Entitlement Plan as intended by the MPA Section 2, MOU Section 2. C., Exhibit B – TGP Proposal Tasks 3.1 to 3.3.
2. Direct the Chief Executive Officer, through the work of the Development Team, to implement the Entitlement Site Plan which may include, but not be limited to the following actions:

- a. If necessary, obtain proper zoning for the site, in aggregate, or an individual parcel(s), if subdivided; and
- b. Negotiate and execute a Development Agreement with the City of Raleigh, as may be required; and
- c. With respect to the Block One Project Plan, approve, execute and deliver all documents related to the financing, development and construction, including but not limited to, Low Income Housing Tax Credit Documents, Organizational Documents, Construction Documents, Lease Documents, Authority Documents, Deferred Development Fee Agreement, State Loan Documents, County Loan Documents, City Loan and Development Agreement Documents, Joint-Venture or Master Development Agreement; and
- d. With respect to each of the remaining blocks, continue to develop a project plan including negotiating financing, development, partnership and construction terms. Board approval of the Project Plan is required prior to the execution of related loan and construction documents, and partnership or development agreements.

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, Valerie Crutchfield, Susan Ellinger, Arne Morris, Bahati Mutisya, Gregg Warren, Joe Whitehouse, Yolanda Winstead.

Nay: None.

Resolution No. 66 (2024) has been adopted.

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Jennifer Morgan said this resolution is the inducement resolution for up to \$34,000,000 in multifamily housing revenue bonds for Fisher Grove. DHIC is the developer for this property. 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.

Fisher Grove Apartments is a 166-unit family property located in Raleigh. Fisher Grove is the final phase in DHIC's Washington Terrace redevelopment. The property will include two, three-story, garden-style buildings; one, three-story elevator building, and one, four-story elevator building. This project is also expected to include a small retail building.

The property includes 1, 2, and 3-bedroom units, serving residents between 20% to 60% AMI with nine of the units serving residents at 20%AMI and 9 units serving residents at 30%AMI.

The contract rents will range from \$340- \$1,650. The property is also required to accept housing choice vouchers due to a requirement of the 4% tax credits.

The total project is approximately \$55 million including funding from bonds, 4% Tax Credits, deferred developer fee, funds from the City of Raleigh and Wake County, and a member note related to the acquisition of the land.

Amenities will include a playground, multipurpose room including a gym and computer center, and an additional flex space for resident services activities. Residents of Fisher Grove will also have access to a DHIC owned and operated private park across N. Fisher Street.

The developer is willing to include a preference in their Tenant Selection Plan for RHA 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. 67 (2024)  
RESOLUTION GIVING PRELIMINARY APPROVAL TO ISSUANCE OF  
MULTIFAMILY HOUSING REVENUE BONDS (FISHER GROVE)

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 12<sup>th</sup> day of December, 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, DHIC, Inc., a North Carolina nonprofit corporation, 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 in financing the acquisition, construction and equipping of a 166-unit multifamily housing development to be known as Fisher Grove and located at approximately 401 Elders Grove Way 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 the acquisition, construction 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 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 Company 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 Thirty-Four Million Dollars (\$34,000,000) to provide all or part of the cost of the Development.

2. The Authority intends that the adoption of this resolution be considered as "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 acquisition, construction and equipping of the Development, the Authority agrees that the Company may proceed with plans for such acquisition, 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 acquisition, 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 Winstead and Commissioner Ellinger recused themselves from the voting.)

Commissioner Whitehouse moved and Commissioner Morris 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, Joe Whitehouse.

Nay: None.

Resolution No. 67 (2024) has been adopted.

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Laura McCann said in 1998 HUD began requiring the development of comprehensive PHA plans under the Quality Housing and Work Responsibility Act. There are two types of PHA plans that HUD requires: an annual PHA plan and a five-year PHA plan. These plans are

submitted to HUD and outline RHA's policies, rules and requirements concerning the operations programs and services provided under both the public housing and voucher programs. While housing authorities are not required to complete all items included in a PHA plan, these items must be submitted and included prior to the agency undertaking any significant actions. These plans not only include information that has historically been held within RHA's plans, but now also include information found within RHA's Strategic Plan.

Starting in August 2024, staff began reviewing and revising RHA's plans for the 2025 through 2026 annual plan and the 2025 through 2029 five-year plan. Since then, RHA has offered a robust public engagement process, including three public and one resident advisory board meeting. Additionally, these plans were made available to the public and partners in multiple ways, including by email, social media, physical postings, flyers and on RHA's website. The feedback and comments received have been summarized and included with both plans as HUD requires that RHA submit plans no later than January 16.

Commissioner Winstead asked if we publish in the Carolinian.

Mrs. McCann said we did not this year.

Commissioner Winstead asked if there is a minimum number of places we have to publish.

Mrs. McCann said no.

Commissioner Braun said I appreciate the fact that we incorporated some of our Strategic Plan initiatives in the plan and the presentation of this appears to me to be different than in prior years. It was more readable, and I feel like it was presented more effectively this year. So, thank you for that.

#### HOUSING AUTHORITY OF THE CITY OF RALEIGH RESOLUTION NO. 68 (2024)

WHEREAS, the Quality Housing and Work Responsibility Act of 1998 (QHWRA) requires the development of a comprehensive PHA Plans; and

WHEREAS, Raleigh Housing Authority ("RHA") has revised its annual and five-year PHA Plans to be effective starting April 1, 2025; and

WHEREAS, these Plans have been made available to the public in multiple ways including by email, social media, postings, flyers, and on RHA's website; and

WHEREAS, RHA engaged in a robust public engagement process including through three public and one Resident Advisory Board meeting; and

WHEREAS, a public notice was published in the *News and Observer* to announce the availability of the plan for public review and to encourage written comments; and

WHEREAS, partnering agencies were provided with notice of all policies and plans out for comment to encourage comments and feedback; and

WHEREAS, all feedback and comments received have been summarized and included with each Plan; and

WHEREAS, the Agency Plan will be submitted to the City of Raleigh for a Certification of Consistency with the Consolidated Plan following Board Approval;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the Board Chair and Executive Director are authorized to sign the attached required certifications.

BE IT FURTHER RESOLVED that staff is directed to submit the Annual and Five-Year PHA Plans to the U. S. Department of Housing and Urban Development for their approval prior to the January 16, 2025 due date.

Commissioner Morris 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, Arne Morris, Gregg Warren, Joe Whitehouse, Yolanda Winstead.

Nay: None.

Resolution No. 68 (2024) has been adopted.

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Mrs. Batts said whereas the Raleigh housing board is required to set forth his policies for processing applications and provide assistance to the eligible housing voucher families to the section eight metric plan, staff has updated the RHA's policies and issued them to the public for comments as required by HUD regulation.

The draft of the revised Administrative Plan was made available on the RHA website for 30 days. The revisions to the Administrative Plan include changes to HUD regulations and changes in the application in the tenant selection procedures. Under the regulation changes we have the HOTMA or the Housing Opportunities Through Modernization Act of 2016 notification and appendix. This gives information about what changes are coming. The effective date has not been determined because most of the changes will require HUD to implement their new housing information portal.

Also under the regulation, is the small area fair market rents. RHA has established payment standards for each zip code or group, and ours is in the group of zip codes in our jurisdiction. It also references the hold harmless policy that assists families where the payment standard is scheduled to decrease the hold harmless allows for that payment standard to be frozen at the current level until such time as the payment standard is equal to or above the frozen level, or the family moves, or a change in the household composition is required. We started this single area fair market rent with the January annual re exams that were completed in November.



Changes in the application and tenant selection procedure, under the local preference section, the preferences were given points to ensure that they would land at the top of the waiting list. Under the tenant selections, we now only have two selection criteria after the local preference. We have elderly or disabled, that's 62 years of age or older, and/or proof of disability, and Wake County residency. We removed working preference and graduates of the Wake County ready to rent class.

The deadline for public comment was November 30, 2024 and no public comments were received.

**HOUSING AUTHORITY OF THE CITY OF RALEIGH**  
**RESOLUTION No. 69 (2024)**

WHEREAS, the Raleigh Housing Authority (RHA) is required to set forth its policies for processing applications and providing assistance to eligible Housing Choice Voucher (HCV) families in its Section Eight Administrative Plan; and

WHEREAS, staff has updated RHA's policies and issued them to the public for comment as required by HUD regulations; and

WHEREAS, the draft of the revised Administrative Plan was made available on RHA's web page for 30 days; and

WHEREAS, revisions to the Administrative Plan include changes in HUD regulations and changes in the application and tenant selection procedures; and

WHEREAS, the deadline for public comments was November 30, 2024; and

WHEREAS, no public comments were received;

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the revised Section Eight Administrative Plan be adopted and become effective January 1, 2025.

Commissioner Morris 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, Arne Morris, Gregg Warren, Joe Whitehouse, Yolanda Winstead.

Resolution No. 69 (2024) has been adopted.

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Sonia Anderson said the Admissions and Continued Occupancy Policy dictates the operations for that program. It incorporates federal, state and local laws. Should federal laws change during this time frame of our covered policy, the change would be effective within 30 days. HUD is in the

process of changing – HOTMA has been existence since 2016 and HUD is in the process of updating their system so that we can comply.

Some of the changes we have made, in addition to the HOTMA requirements, include:

- Incorporating our software capabilities.
  - Some of our software capabilities will provide for, when our wait list opens, the housing application will be online. Applicants who cannot apply online may still come into the office and gain assistance from our staff.
  - We also changed some corresponding verbiage that replaces our terms, such as letters and how we mail things.
  - We are now incorporating our electronic system and how we are communicating with our participants.
- Provide changes that would take away some of the hindrances that are in our program. For the first time, we're providing a choice for public housing. Historically, public housing was tied to the apartment or tied to the units, and unless you were in the Housing Choice Program, you didn't have much of a choice. We're excited to be able to offer choices for which waiting list you want to be on.
- Some of our income and asset changes are coming.  
(I just want to make note to our Board that while we are training our staff, we will also be training our residents, because some of this is really going to change for them as well.)
  - Medical deductions go from a 3% to a 10% threshold.
- Reducing our security deposit back to one gross monthly rent amount. Some years ago, we had increased to \$500 as the minimum. Some of our families are having a difficult time paying that \$500 at the front end, even if we offer them a repayment plan. That was something that we were trying to do to remove any barrier or hindrance from applying for subsidized housing.
- Another barrier was the incentive housing always had a work requirement. We do see the benefits from a work requirement, but we want to remove the 24 months prior to move in. Our staff had to verify that someone was working 35 hours, two years consecutively, and so we're proposing to remove that.
- We are removing the 10 year time limit, as long as the family is compliant and in need of our subsidy, we want to allow them to stay in that program.
- Reducing the 35 hour work requirement to a 20 hour work requirement per week. This would remove any kind of barrier and a hindrance. I've seen families qualify for my subsidized housing program, but they didn't meet that 35 hour threshold, and they were denied.

Commissioner Morris asked if we are eliminating the security deposit.

Mrs. Anderson said no, it's equal to the gross rent that's calculated before the utility allowance and a minimum of \$50 for someone that is a zero income family coming into the program.

Commissioner Warren said I think these changes are noteworthy and make a lot of sense, and I appreciate you thinking through them and figuring out what we can do to help our residents.

Commissioner Ellinger agreed. It's so important to make sure we take care of our residents. And I'm very excited to hear this.

Mrs. Anderson said every year we try to assess what's going on. I appreciate our leadership –Mr. Lommers-Johnson listens, and he and the Board are very open and encouraging. We've all come together, along with the resident leadership as well.

HOUSING AUTHORITY OF THE CITY OF RALEIGH  
RESOLUTION NO. 70 (2024)

WHEREAS, the administrative plan for the Public Housing Program is called the Admissions and Continued Occupancy Policy or ACOP; and

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 a public notice was sent to each public housing resident household to encourage public review and comments; and

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

WHEREAS, the public review was held for thirty days and the deadline for providing comments was December 6, 2024; and

WHEREAS, the draft was shared with the Resident Advisory Board which enabled staff to address all questions and solicited written comments by their deadline of November 12, 202 and

WHEREAS, RHA received no public comments;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the revised Admissions and Continued Occupancy Policy amendments be approved and become effective January 1, 2025.

Commissioner Warren 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, Arne Morris, Gregg Warren, Joe Whitehouse, Yolanda Winstead.

Resolution No. 70 (2024) has been adopted.

## ADJOURNMENT

There being no further business to come before the Board, the RHA Board Meeting adjourned at 6:55 pm.