

MINUTES OF A SPECIAL MEETING OF  
THE HOUSING AUTHORITY OF THE CITY OF RALEIGH  
BOARD OF COMMISSIONERS  
MARCH 31, 2025

The members of the Board of Commissioners of the Housing Authority of the City of Raleigh, North Carolina met at 900 Haynes Street on Monday, March 31, 2025, 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, Bahati Mutisya, Gregg Warren, Joe Whitehouse.

Absent: Arne Morris

Visitors: Jordan Tucker, Bird Dog Property Services; Patience, Public.

RHA Staff: Wendy Blain, Liz Edgerton, Jim Farrell, Ashley Lommers-Johnson, Gwen Wall.

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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NEW BUSINESS

Liz Edgerton said at last Thursday's meeting, I showed a presentation on the budget as we had prepared it, and we have put that out front for the public to come in and view.

Our annual contribution contract requires that public housing authorities prepare an operating budget for the low rent housing program. We put the public notice in the paper as well as put the budget out front for viewing.

The admin fees for the HCV program are in the budget reflecting a proration factor of 91% with a lease up proration of 99.2%. RHA has sufficient operating reserves to meet the working capital needs for the AMPs and the CCC. Our operating subsidy was added to the budget at a 95% funding eligibility. Attached to the resolution is a cost allocation plan, which is required by the US Code of Federal Regulations.

The first budget that you are approving is for the master operating budget for the asset management projects, the central cost center, and the Housing Choice Voucher Program for fiscal year ending March 31 2026.

Commissioner Braun asked if we received comments from the public.

Mrs. Edgerton said we have not received any comments.

HOUSING AUTHORITY OF THE CITY OF RALEIGH  
RESOLUTION NO. 24 (2025)

WHEREAS, the proposed Operating Budget for Asset Management Projects (“AMPs”) NC002000006 through NC002000040, the Central Cost Center (“CCC”), and the Housing Choice Voucher (“HCV”) program for the fiscal year ending March 31, 2026, requires approval by the Board of Commissioners; and

WHEREAS, a public notice was published in the News and Observer newspaper on March 25, 2025 to announce the availability of the proposed budget for public review; and

WHEREAS, a public hearing has been held as required by North Carolina General Statute 159-12; and

WHEREAS, the budget for the HCV program is included on the Master Operating Budget to show program expenses which are funded by Administrative Fees from the U.S. Department of Housing and Urban Development (“HUD”); and

WHEREAS, HUD has not issued funding provisions for the Administrative Fees for Calendar Year (“CY”) 2025 and the presented Budget reflects a proration factor of 91% with a lease-up proration of 99.2%; and

WHEREAS, the budget for Capitol Area Developments, Inc. (“CAD”) is approved separately and is shown on the Master Operating Budget for informational purposes only; and

WHEREAS, the Rental Assistance Demonstration program requires the Public Housing Authority Board of Commissioners (“PHA”) to confirm that the owner is making deposits into the Reserve Replacement account in accordance with the RCC; and

WHEREAS, the PHA board should also access the financial health of Oak City Affordable Communities; and

WHEREAS, the budget for Oak City Affordable Communities (“OCAC”) is approved separately and is shown on the Master Operating Budget for informational purposes only; and

WHEREAS, the Fees for Services reflected in the proposed Master Operating Budget are determined to be in the best interest of the individual AMPs and the agency as a whole; and

WHEREAS, RHA has sufficient operating reserves to meet the working capital needs of its AMPs and the CCC; and

WHEREAS, the proposed budget expenditures are necessary in the efficient and economical operations of providing housing for the purpose of serving low-income families; and

WHEREAS, the various programs administered by RHA are on different funding years and have different budgetary restrictions; and

WHEREAS, several of RHA's proposed budgets are calculated based on current data since information specific to the subject fiscal year is not available at this time; and

WHEREAS, The Housing Opportunities through Modernization Act of 2016 ("HOTMA") which allows housing authorities to use up to 20% of Operating Subsidy for Capital Fund Program ("CFP") activities; and

WHEREAS, the President signed the FY2025 Full Year Continuing Appropriations and Extensions Act on March 15, 2025; and

WHEREAS, HUD currently funds the Operating Fund for the AMPs on a calendar year basis; and

WHEREAS, HUD released full guidance for calculating CY 2025 Operating Subsidy as of August 2, 2024; and

WHEREAS, the Operating Subsidy to be provided by HUD for Calendar Year 2025 is estimated in the proposed budget at 95% of funding eligibility; and

WHEREAS, the calculation of eligibility for federal funding reflected in the proposed budget was prepared on a fiscal year basis for internal use only to estimate the funding for the subject fiscal year using nine months of calendar year 2025 and three months of calendar year 2026; and

WHEREAS, all regulatory and statutory requirements have been met including all proposed rental charges and expenditures; and

WHEREAS, pursuant to Section 307, Part II of the Consolidated Annual Contributions Contract, the Authority hereby certifies that all administrative salaries are comparable to local public practice, based upon studies approved by the Board, which are on file for HUD review; and

WHEREAS, the Authority hereby certifies that all positions, as identified, do not exceed 100% of any individual employee's time; and

WHEREAS, the Cost Allocation Plan as required by Title 2 U.S. Code of Federal Regulations Part 225 has been prepared by staff and provided to the Board; and

WHEREAS, there are times when it may be in the best interest of the agency for the CEO to authorize the expenditure of funds in excess of the amount budgeted for an account category in

order to address the needs of the agency without exceeding the total amount budgeted for that program; and

WHEREAS, this also includes hiring replacement personnel prior to an employee's retirement date for cross training and sharing of institutional knowledge in order to address the needs of the agency;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the attached Master Operating Budget for the Asset Management Projects, the Central Cost Center, and the Housing Choice Voucher program for the fiscal year ending March 31, 2026 be approved.

BE IT FURTHER RESOLVED that staff is authorized to use the approved Master Operating Budget as a guide and to update and submit portions thereof to the various funding agencies as they are due in the format required by those agencies.

BE IT FURTHER RESOLVED that the CEO is authorized to hire replacement personnel prior to an employee's retirement date.

BE IT FURTHER RESOLVED that the CEO is authorized to approve the expenditure of funds in excess of the amount budgeted for an account category if deemed necessary in order to address the needs of the agency providing the expenditure does not exceed the total amount budgeted for that program and that this information will be reported to the Board of Commissioners at its next regularly scheduled meeting.

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, Bahati Mutisya, Gregg Warren, Joe Whitehouse.

Resolution No. 24 (2025) has been adopted.

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Liz Edgerton said our local housing fund was established by the housing authority for entrepreneur activities, which include some non-recourse housing revenue bonds and earning non-federal property management fees from properties that support RHA's mission. With the Board's approval, the reserves and the local fund may be used to loan funds to Housing Choice Voucher Program to timely pay landlords, and also to RHA and its affiliates to build affordable housing.

As presented to the Board, we are proposing \$1 million for bond fees in our income section of the proposed budget, and we are showing a net income of \$168,669.

Commissioner Ellinger asked what safeguards are in place when we loan money to our own affiliates. What are the checks and balances?

Mrs. Edgerton said, unless it's an internal loan for our HCV program, it would be a loan on the books. For our affiliates, there would be a loan agreement that's drawn up. We haven't done that in quite a while. There are some on the books now, but they're from many years back that they've been making the payments on it.

Commissioner Ellinger said I've seen the ones from once upon a time, and I'm just wondering if there have been any review of those lately, since you're putting it in the upcoming budget.

Mrs. Edgerton said those would be brought to the Board if we did the loan agreements.

## HOUSING AUTHORITY OF THE CITY OF RALEIGH RESOLUTION NO. 25 (2025)

WHEREAS, the Housing Authority of the City of Raleigh ("RHA") established the Local Housing Fund for entrepreneurial activities, which include issuing non-recourse housing revenue bonds and earning non-federal property management fees from properties that support RHA's mission; and

WHEREAS, PIH Notice 2007-15 issued June 20, 2007 defines an Instrumentality as the PHA's related entity whose assets, operations, and management are legally and effectively controlled by the PHA, which assumes the role of the PHA for purposes of implementing public housing development activities and programs, and which must abide by the public housing requirements that would be applicable to the PHA; and

WHEREAS, PIH Notice 2007-15 has been extended by PIH Notice 2008-27 issued on July 2, 2008, PIH Notice 2009-24 issued on July 23, 2009, PIH Notice 2010-30 issued on August 2, 2010, and PIH Notice 2011-47 issued on August 17, 2011 is effective until amended, superseded, or rescinded; and

WHEREAS, the Local Housing Fund is under the oversight and control of the Board of Commissioners; and

WHEREAS, with Board approval, the reserves in Local Fund may be used to:

- Loan funds to the Housing Choice Voucher ("HCV") program to timely pay landlords when HUD funding is delayed;
- Loan funds to RHA and RHA's affiliates to build affordable housing; and

WHEREAS, the U. S. Department of Housing and Urban Development ("HUD") mandated housing authorities with 250 or more units of public housing convert to Asset Management and encouraged housing authorities to generate income from entrepreneurial activities and sources other than traditional subsidies and revenues; and

WHEREAS, the Supplement to HUD Handbook 7475.1 (Revised April 2007) which was issued with PIH Notice 2007-9 on April 10, 2007 states, *"...any internal fee-for-service charges to Asset Management Projects or programs (property management fees, asset management fees, etc.) are considered non-program income for purposes of A-87 and 24 CFR part 85. Consequently any reasonable fees earned by PHA/Central Cost Center will be treated as local revenue subject only*

*to the controls and limitations imposed by the PHA's management, Board or other authorized governing body.”; and*

WHEREAS, HUD instructed RHA in February 2012 that all fees related to Asset Management, including the HCV Management Fee, must be earned by the Central Cost Center (“CCC”) and could be subsequently transferred to other funds; and

WHEREAS, the Master Operating Budget for the fiscal year ending March 31, 2026, includes the Local Housing Fund; and

WHEREAS, the budget projections reflect a cost-efficient operation and a positive net cash flow;

WHEREAS, there are times when it may be in the best interest of the agency for the Executive Director to authorize the expenditure of funds in excess of the amount budgeted for an account category in order to address the needs of the agency without exceeding the total amount budgeted for that program; and

WHEREAS, this also includes hiring replacement personnel prior to an employee's retirement date for cross training and sharing of institutional knowledge in order to address the needs of the agency;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the attached Operating Budget for the Local Housing Fund included in the Master Operating Budget for the fiscal year ending March 31, 2026 be approved.

BE IT FURTHER RESOLVED that staff is authorized to use the approved Master Operating Budget as a guide and to update and submit portions thereof to the various funding agencies as they are due in the format required by those agencies.

BE IT FURTHER RESOLVED that the Executive Director is authorized to hire replacement personnel prior to an employee's retirement date.

BE IT FURTHER RESOLVED that the Executive Director is authorized to approve the expenditure of funds in excess of the amount budgeted for an account category if deemed necessary in order to address the needs of the agency providing the expenditure does not exceed the total amount budgeted for that program and that this information will be reported to the Board of Commissioners at its next regularly scheduled meeting.

Commissioner Ellinger moved and Commissioner Braun 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, Joe Whitehouse.

Resolution No. 25 (2025) has been adopted.

Liz Edgerton said the Department of Housing and Urban Development issued notice H-2019-9/PIH-2019-23 on September 5, 2019 and this was to provide instructions for our RAD properties. We converted four of our properties to RAD in 2020 and the statement requires that an ongoing public housing authority Board reviews the OCAC, Inc. operating budget annually. It also states that the Board must confirm that OCAC, Inc. is making deposits into the reserve for replacement account in accordance with the RAD conversion commitment.

The attachment to the resolution shows the ending replacement reserve balances as of the end of fiscal year ending 2024, it shows the deposits that we made in the fiscal year 2025, and it shows the interest earned on those deposits. We are also showing the projected replacement reserve deposits for fiscal year ending 2026.

This resolution is for you to approve as confirmation that the project owner is making deposits into the reserve for replacement account in accordance with the RCC.

HOUSING AUTHORITY OF THE CITY OF RALEIGH  
RESOLUTION NO. 26 (2025)

WHEREAS, on December 4, 2019, Raleigh Housing Authority (“RHA”) applied for the conversion of 16 Public Housing Asset Management Projects (“AMP”) to the Rental Assistance Demonstration (“RAD”) program; and

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

WHEREAS, the portfolio for housing that fully converted to the RAD program thus far includes Meadowridge LLC; Valleybrook Housing LLC; Terrace Park LLC and Berkshire Village LLC; and

WHEREAS, the U.S. Department of Housing and Urban Development issued Notice H-2019-09 PIH-2019- 23 (HA) on September 5, 2019, to provide program instructions for RAD; and

WHEREAS, the notice requires an ongoing Public Housing Authority (“PHA”) Board review of the Oak City Affordable Communities, Inc. operating budget annually; and

WHEREAS, the PHA’s Board must confirm that Oak City Affordable Communities, Inc. is making deposits into the Reserve for Replacement account in accordance with the RAD Conversion Commitment (“RCC”); and

WHEREAS, staff has prepared a schedule of the replacement for reserve accounts for Fiscal Year Ending (“FYE”) 2025, showing deposits, interest earned, yearend balances, and projected FYE 2026 deposits, which is hereto attached;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the attached Replacement Reserve schedule herein be made part of this resolution and approved as confirmation that the Project

Owner is making deposits into the Reserve for Replacement account in accordance with the RCC.

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, Bahati Mutisya, Gregg Warren, Joe Whitehouse.

Resolution No. 26 (2025) has been adopted.

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#### ADJOURNMENT

There being no further business to come before the Board, the RHA Board Meeting adjourned at 5:12 pm.

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Eric Braun  
Board Chair

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Ashley Lommers-Johnson  
Secretary