

Housing Authority of the City of Charlotte

Regular Meeting of the Board of Commissioners

Central Office
1301 South Boulevard
Charlotte, NC 28203

November 18, 2008

12:00 p.m. - Regular Board Meeting Convenes:

Regular Meeting Agenda:

1. Pledge of Allegiance
2. Public Forum
3. Additions to the Agenda
4. Consideration to Approve the Minutes for:
 - Regular Board Meeting held *October 21, 2008 (Tab 7)*
5. Resident Advisory Council (RAC) Report
6. Monthly Report from the CEO
 - a) Monthly Scorecard **(Tab 1)**
 - b) Preliminary Budget to Actual Reports (BAR) September 30, 2008 **(Tab 2)**
 - c) Cash and Balance Restriction Report September 30, 2008 **(Tab 3)**
 - d) Land Sales Proceeds Report September 30, 2008 **(Tab 3)**
 - e) Administrative Budget Changes **(Tab 3)**
 - f) Moving to Work Update
7. Committee Reports:
 - Client Relations Committee
 - Development Committee
 - Finance and Audit Committee
8. **Consent Agenda Action Items:**
 - A. McCreesh Place **(p.1)**
 - B. Local Moving to Work Subsidy Analysis **(p.4)**
 - C. First Ward Homeownership Policy **(p.5)**
 - D. Budget Amendment: MTW Fund **(p.7)**
 - E. Budget Amendment: Asset Management Project Budget **(p.8)**
 - F. Budget Amendment: Central Office Cost Center Budget **(p.8)**
 - G. Budget Amendment: Fairview Homes HOPE VI (Park @ Oaklawn) **(p.9)**
 - H. Budget Amendment: Dalton Village HOPE VI Grant (Arbor Glen) **(p.10)**
 - I. Collection Loss Report for the Quarter Ended 9/30/08 **(p.11)**

9. **Business Agenda:**
 - A. Hall House
 - B. Neighborhood Stabilization Program

10. **Workshop:**
 - Customer Self-Reliance

11. **Executive Session:**
 - A. Boulevard Acquisition
 - B. CEO Workplan

Consent Agenda:

Consent Agenda items for the November 18, 2008 Regular Board Meeting of the Charlotte Housing Authority Board of Commissioners.

8. A McCreesh Place Addition

Action: Approve Resolution No. 1621 to Authorize Staff to make a HOPE VI loan of up to \$100,000 and provide Section 9 and Section 8 rental subsidies to make minor upgrades to the existing 63 unit building and construction of a new 26 unit efficiency addition to McCreesh Place (located along N. Davidson Street) and to take whatever actions are required to close the financing and complete construction and monitor subsidy provision.

Staff Resource: Kathleen Foster, Frank Narron, Lorie Goble

Key Business: Real Estate Development

Strategic Goal: Develop collaborative relationships for affordable housing solutions to a broad continuum of stakeholders.

Explanation:

For the past 12 months, CHA staff has been working with St. Peters/McCreesh staff to develop a financing strategy with the dual goal of increasing units and stabilizing social services funding. In August 2007, the Board approved a subsidy only RFP which McCreesh was awarded, that provided 25 Section 9 rental subsidies. As part of the MTW initiative CHA staff began working on an expanded plan that would provide rental subsidies and also allow McCreesh a much-needed expansion. Staff applied for tax credits in January, as well as Housing Trust Fund and State Supportive Housing Funding.

Housing Trust Fund made an award of \$1.1 million in June 2008. During August, CHA learned we were not successful in securing tax credits. We also did not receive the State Supportive Housing Funding largely because they were reluctant to fund large social services reserves. Upon further exploration it has become clear that most physical development funding sources will not or cannot make their funds available for supportive services. A method for stabilizing social services funding is critical to increasing supportive housing in Charlotte.

CHA has filed an application for AHP funding and the decision will be announced in November. The City has agreed to keep their \$1.1M HTF commitment through the end of the year.

Development Proposal: CHA is proposing a new funding scenario which will make McCreesh a part of the Seigle Point HOPE VI grant. CHA will lend McCreesh \$100,000 from the HOPE VI Seigle Point grant and add 63 Section 9 and 26 Section 8 units to the development. The Seigle Point CSS Endowment Fund that was approved at the last Board meeting (subject to HUD approval) to serve as “back-up” funding for social services at all the Seigle Point components, would also serve as a guarantee fund for the social services provision at McCreesh. In this way, CHA steps boldly into a community leadership role in partnering with St. Peters Homes to develop supportive housing at 30% of median and below.

The 63 unit SRO and its 26 unit efficiency expansion will be owned and run by St. Peters Homes. St. Peters’ was created to assist in the identification, acquisition, rehab, and occupation of suitable housing for persons in need in the Charlotte area to help alleviate homelessness and reduce human suffering. St. Peter’s Homes, McCreesh Place, provides a recovery friendly environment with on site case-management services for formerly homeless disabled men. It operates similar to a market complex; residents have a lease and pay a monthly rent.

David Furman will act as architect and developer. Contractor will be Carocon Development. CHA will serve as financing consultant and has taken the lead in filing funding applications and coordinating the closing. St. Peters Homes will continue to be the owner and social services provider. They are contracting out leasing and building maintenance to an experienced third party.

Proposed Permanent Sources and Uses:

Sources

Housing Trust Fund Existing Grant	\$1,025,000.00
Housing Trust Fund 2008 Grant	1,100,000.00
AHP Financing	875,000.00
CHA HOPE VI Financing	100,000.00
Developer Fee Loan	<u>232,322.00</u>
Total Sources	\$3,332,322.00

Uses

Existing Loan	\$1,025,000.00
Rehab of Current Building	200,000.00
New Construction	1,400,000.00
Developer Fees	327,322.00
Soft Costs	80,000.00
Reserves	<u>300,000.00</u>
Total Uses	\$3,332,322.00

Development Fee and Developer Guarantees: Total developer fee is \$327, 322 of which will be split between St. Peter’s Homes, CHA, and David Furman CHA has

currently projected \$232,322 of the fees will be re-invested in the development. A construction completion guarantee will be provided by Carocon Construction.

CHA Resources and Net Benefits: This proposal will use the following CHA resources:

- **Rental Subsidies:**
 - Section 9: 63
 - Section 8: 26
- **HOPE VI loan of \$100,000** at 0% interest directed to the rehab component of the existing building; this loan would consist of HOPE VI funds from the Seigle Point grant. This loan would make McCreesh a part of the Seigle Point HOPE VI development.
- **Access to the Seigle Point Client Services Endowment:** We currently anticipate that this fund will be capitalized somewhere between \$100,000 and \$1M. It would act, not as direct social services funding for McCreesh, but as a back-up or guarantee fund. This should make the lenders comfortable (especially AHP) that if the County funds or philanthropic funding is insufficient in a given year, that the Endowment could be drawn upon with the understanding that it would be replenished in subsequent years.

This proposal allows CHA to meet a key MTW goal of expanding supportive housing. It also meets the goals of increasing the number of Section 9 subsidies in the community and the number of Community Based Rental Subsidies (Section 8) in a new service-enriched environment. Finally, this partnership with St. Peters allows them to put their flagship facility---McCreesh Place on strong financial footing without the need for extensive additional annual fund-raising. This will allow St. Peters staff to focus efforts on expanding to additional new sites to provide much-needed supportive services, hopefully in a continued partnership with CHA.

Project Schedule:

October: Present three-pronged funding proposal, above, to CHA Board for review; submit HUD Mixed Finance proposal.

November: AHP awards announced.

December/January/February: Architectural plans finalized and submitted and approved for permitting; Construction costs finalized; All final financing approvals received; Financial closing in late February.

March 2009: Construction start

September 2009: Construction complete

Committee Discussion: Discussed at development committee meeting on November 5th and unanimously approved.

Funding: Housing Trust Fund existing grant, Housing Trust Fund 2008 grant, AHP financing, CHA HOPE VI financing, Developer Fee Loan

Attachments: Notes to Projections (Tab 4)
Summary of Projection Information (Tab 4)
Resolution No. 1621 (Tab 6)

8. B Local Moving to Work Subsidy Analysis

Action: Approve Resolution No. 1632 to Authorize CHA to Submit the Local Moving to Work (MTW) Subsidy Analysis to the U.S. Department of Housing and Urban Development.

Staff Resource: Jeff Meadows and Frank Narron

Strategic Business: Real Estate Development

Strategic Goal: Maximize Economic, Social, and Physical Value of Real Estate

Explanation:

Moving to Work (MTW) is a demonstration program authorized by Congress and implemented by the U.S. Department of Housing and Urban Development. In establishing MTW, Congress granted broad authority that would permit agencies to design and test new approaches to providing housing assistance that would achieve Congressionally-established goals for the program.

The Charlotte Housing Authority's FY 2008-2009 MTW Annual Plan describes its goals and objectives for the coming year, including activities that will be undertaken to implement the statutory objectives of MTW. Section D5 of the MTW Annual Plan is titled "Initiatives Related to Localizing and Stream Lining Development or Evaluation Processes to Increase Efficiency and Reduce Development Time and Cost". Under Section D5, E. "Establish Local Total Development Cost limits" CHA is allowed to create a new method to set the amount of investment in developments that achieve the goals of the MTW Annual Plan.

The new local TDC is titled "Local MTW Subsidy Analysis (SA)". The methodology used in the SA is focused on the value of the subject property and the introduction of units that produce less revenue. The SA uses the current per unit limits set by HUD for the HOPE VI program, locally produced rents from the Charlotte Apartment Association and published cap rate information from third parties. These information sources are combined to produce the amount of funding needed to capitalize a project with Section 9, Section 8 and / or MTW units. The methodology considers the type of project contemplated, whether it be an acquisition or new construction, and yields the appropriate amount of funding to satisfy the initial equity required to purchase or development the units and the added equity need that results from a lower rent structure being introduced, which impacts the ongoing operation of the project. The model is attached and included detailed instructions.

Committee Discussion: Unanimously approved by Committee

Community Input: TBD

Funding: None

Attachment: Local MTW Subsidy Analysis (Tab 4)
Resolution No. 1632 (Tab 6)

8. C First Ward Homeownership Policy

Action: Approve Resolution No. 1636 to Amend Resolution No. 1302 Regarding the First Ward Homeowners; Request Approval to Allow Staff the Authority, in the Event of Threatened Foreclosure, to Negotiate on a Case by Case Basis to Recover as Much as Possible of CHA's Second Mortgage Funds or other Investments.

Staff Resource: Twyla Taylor

Strategic Business: Real Estate

Strategic Goal: Maximize Economic, Physical, and Social value of our Real Estate Portfolio

Explanation:

During the October 2008 Board Meeting the Board authorized the staff to allow the deferment of 2nd mortgage payments from First Ward Homeowners until the properties are either sold, refinanced or the mortgage term expires; with the stipulation that the deferment must be requested by the homeowner.

Background: In 1995 under the First Ward HOPE VI grant the CHA established the First Ward Homeownership Institute. The goal was to provide homeownership opportunities for 40 families that graduated from the Homeownership Institute. Of those 40 families, 20 purchased within the First Ward community and 20 were allowed to purchase off-site within Mecklenburg County. The CHA provided soft second mortgages for the participants in order to make the homes more affordable.

In 2005 interest rates were at an all-time low and home values in the area had almost doubled. Families began to inquire about refinancing options however no provisions were in place for loan modifications. Since the initial loan terms did not allow families to refinance, staff approached the CHA Board of Commissioners for direction. The Commissioners at the time were concerned about the amount of equity in the homes and as a result, adopted Resolution No. 1302. This Resolution allowed

the option to refinance the first and second mortgage and converts the “shared appreciation” portion into a new second mortgage which would be secured by a lien on the property.

Today, with the drastic change in the market and property values rapidly declining, more families are facing foreclosure than ever before. Families that purchased in the surrounding neighborhoods where property values were hit the hardest are experiencing foreclosure. Unlike the on-site participants, the families that purchased off-site do not have sufficient equity to cover the first and second mortgage.

This summer, we were notified of a pending foreclosure and bought the property at the foreclosure sale. Operations and Real Estate staff spent time securing the home, getting it ready for market and hiring a listing agent. The home was on the market for 2-3 months and eventually sold, resulting in a \$4,003 recovery on the second mortgage. We were fortunate that the home sold when it did. At this time, with the collapse of the mortgage markets, it is likely that we would still be holding and maintaining the house for an indefinite period.

Staff is requesting the authority to be more proactive in managing these off-site second mortgages so that we might explore the possibilities of short sales or other measures. These methods will be more cost effective and will be a service to our low income homeowners in that the homeowners will be more likely to be able to repair their credit over time without a foreclosure on their records.

Proposal:

Staff recommends expanding the language in Resolution No. 1302 to include that in the event of pending foreclosure, CHA reserves the right to negotiate the terms and make necessary decisions, on a case-by-case basis in an attempt to recover all or a portion of the CHA’s second mortgage or other investment. This may include negotiating short sales, discounting notes, and/or devising other innovative solutions to cure the pending foreclosure. Staff also proposes to examine various resources to support the families while protecting the CHA’s interest and make any necessary adjustments.

Community Input: None

Committee Discussion:

Discussions regarding the First Ward Homeownership Policy were held in Closed Session; however, the Committee voted to recommend the item to the Board for approval.

Summary of Bids: N/A

MWBD Consideration: N/A

Funding: First Ward Program Income

Attachments: First Ward Second Mortgage Analysis (Tab 4)
2nd Mortgage Chart (Tab 4)
Resolution No. 1636 (Tab 6)

8. D Budget Amendment: MTW Fund

Action: Approve Resolution No. <u>1627</u> to Amend Resolution No. 1609 which Amended the MTW Fund Budget for the fiscal year ending March 31, 2009.

Staff Resource: Ralph Staley

Strategic Business: Finance Administration

Strategic Goal: Attain Long Term Financial Viability

Explanation:

HUD announced 88.96% as the final proration for public housing operating subsidy. The original subsidy proration was 84%. This increase means an increase in funding of \$612,476.

The Replacement Housing Factor Increments 1 & 2 funding of \$592,676 should not have been included as part of the MTW funds, but instead they are being shown as Replacement Housing Factor grant budgets. This is necessary because as a part of the MTW budget CHA would not be eligible to receive the second increment funding.

Exhibit A shows a net increase of revenue of \$19,800. This represents the increase of public housing subsidy of \$612,476 and the decrease of Replacement Housing Factor funds of \$592,676. The increase in expense of \$19,800 is in the Implementation of MTW Initiative category.

Committee Discussion:

The Finance & Audit Committee unanimously approved this amendment for inclusion on the consent agenda.

Funding: Public Housing Subsidy
2007 Capital Funds

Attachments: Exhibit A for Resolution No. 1627 (Tab 5)
Resolution No. 1627 (Tab 6)

8. E Budget Amendment: Asset Management Project Budget

Action: Approve Resolution No. 1628 to Amend Resolution No. 1619 which amended the Asset Management Project Budget for the Fiscal Year Ending March 31, 2009.

Staff Resource: Ralph Staley

Strategic Business: Finance and Administration

Strategic Goal: Attain Long – Term Financial Viability

Explanation:

In Resolution No. 1630 funds in the amount of \$204,504 from the Park at Oaklawn and in Resolution No. 1633 funds in the amount of \$214,543 from Arbor Glen are being transferred for case management services for residents in Section 9 units as shown in Exhibit A. The funds were originally budgeted in Other Revenue in the amount of \$329,250 but should have been shown as a Transfer In. This creates an additional revenue amount of \$89,797.

This budget amendment also realigns funds from Operating Transfer- Out in the amount of \$434,238 to Other General Expenses to be in compliance with HUD regulations regarding the transfer of funds. Exhibit A also shows this realignment of funds.

The net result of these transactions is \$89,797 because we are transferring more money than originally budgeted. The related expense of \$89,797 is shown in Tenant and Social Services.

Committee Discussion:

The Finance & Audit Committee unanimously approved this amendment for inclusion on the consent agenda.

Attachments: Exhibit A for Resolution No. 1628 (Tab 5)
Resolution No. 1628 (Tab 6)

8. F Budget Amendment: Central Office Cost Center Budget

Action: Approve Resolution No. 1629 to Amend Resolution No. 1598 which Amended the Central Office Cost Center Budget for Fiscal Year Ending March 31, 2009.

Staff Resource: Ralph Staley

Strategic Business: Finance and Administration

Strategic Goal: Attain Long – Term Financial Viability

Explanation:

This amendment is necessary to realign revenues in the amount of \$925,813 in the Central Office Cost Center in compliance with HUD regulations regarding the transfer of funds. Funds are being realigned from Operating Transfers –In to Capital Fund Fees and Other Income.

Also in this amendment, staff is appropriating \$45,000 from Fund Balance to be used for Professional Services in Human Resources.

Exhibit A shows net revenues of \$45,000 due to the realignment of revenues and the appropriation of fund balance. An expense of \$45,000 is shown in Administration - Professional Services.

Committee Discussion:

The Finance & Audit Committee unanimously approved this amendment for inclusion on the consent agenda.

Funding: Fund Balance Appropriated

Attachments: Exhibit A for Resolution 1629 (Tab 5)
Resolution No. 1629 (Tab 6)

8. G Budget Amendment: Fairview Homes Hope VI Grant (Park at Oaklawn) Project Budget

Action: Approve Resolution 1630 to Amend Resolution No. 1580 which approved the Fairview Homes Hope VI Grant (Park at Oaklawn) Project Budget

Staff Resource: Ralph Staley

Strategic Business: Finance Administration

Strategic Goal: Attain Long – Term Financial Viability

Explanation:

This budget amendment is necessary to reallocate funds in the Fairview Homes HOPE VI Grant (Park at Oaklawn). The first reallocation is for the final phase of the grant as it relates to Seneca Woods Apartments. Funds have been reallocated from Administration (\$150,818) to Fees and Cost (\$52,000) and Dwelling Structures (\$98,818).

The second reallocation is for the Live Oak project. Funds have been reallocated from Non Dwelling Structures (\$150,000) to Non Dwelling Equipment (\$150,000).

The final reallocation is to transfer funds for social services fees (\$108,497) for the mixed financed properties which pay for case management for Section 9 residents. Program Income has been increased to reflect revenues to be earned through the end of the fiscal year. Funds have been reallocated from Management Improvements (\$95,675). Those amounts combine to equal \$204,172. These revisions are shown in Exhibit A.

Committee Discussion:

The Finance & Audit Committee unanimously approved this amendment for inclusion on the consent agenda.

Funding: Fairview Homes HOPE VI Grant (Park at Oaklawn)

Attachment: Exhibit A for Resolution No. 1630 (Tab 5)
Resolution No. 1630 (Tab 6)

8. H Budget Amendment: Dalton Village HOPE VI Grant (Arbor Glen)

<p>Action: Approve Resolution <u>1633</u> to Amend Resolution No. 1524 which approved the Dalton Village HOPE VI Grant (Arbor Glen).</p>

Staff Resource: Ralph Staley

Strategic Business: Finance Administration

Strategic Goal: Attain Long – Term Financial Viability

Explanation:

This budget amendment is necessary to recognize a revision to program income of \$163,031 which is to be earned through the end of the fiscal year for the Dalton Village HOPE VI Grant (Arbor Glen). Program income consists of social services fees, developer fees, ground leases and note repayments. Funds are reallocated from Management Improvements in the amount of \$51,512. Those combined funds are being transferred as social service fees to the mixed financed projects in the amount of \$214,543 to pay for case management for Section 9 residents.

Also, staff is reallocating expenses from Fees and Cost (\$19,395), Site Improvements (\$2,720) and Relocation Costs (\$1,983) to Administration (\$13,882) and Dwelling Structures (\$10,216) for the final phase of the grant for Fairmarket Square Apartments. These revisions are shown in Exhibit A.

Committee Discussion:

The Finance & Audit Committee unanimously approved this amendment for inclusion on the consent agenda.

Funding: Dalton Village HOPE VI Grant (Arbor Glen)

Attachments: Exhibit A for Resolution No. 1633 (Tab 5)
Resolution No. 1633 (Tab 6)

8. I Collection Loss Report for the Quarter Ended 9/30/08

Action: Approve the write-off of \$39,317.26 in accounts receivable due to collection losses for tenants vacated through 6/30/08.

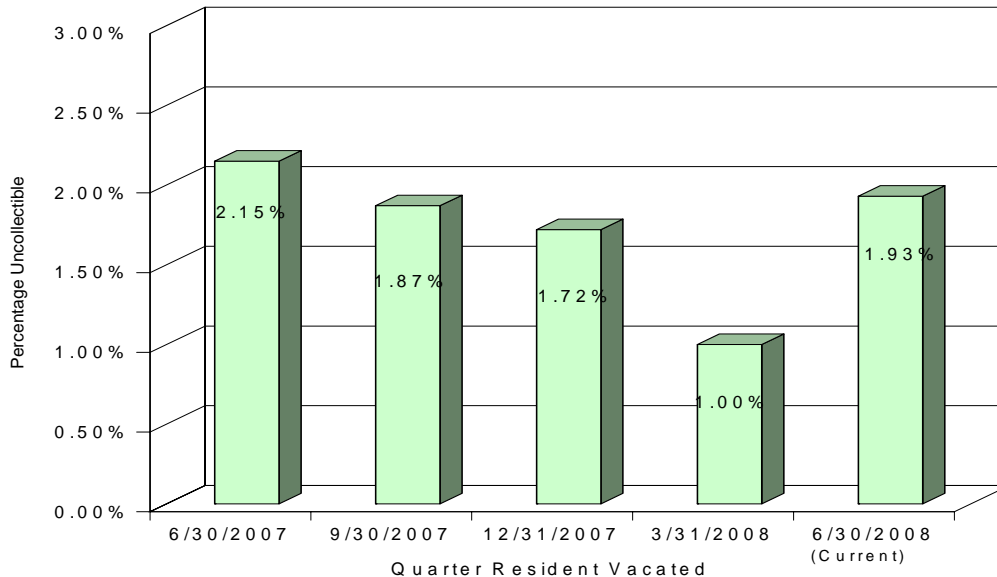
Staff Resource: Heather Franklin

Strategic Business: Finance and Administration

Strategic Goal: Attain Long-Term Financial Viability

Explanation:

We are requesting to write-off as per the policy, the receivables outstanding as of September 30, 2008 from tenants who vacated during the quarter ending June 30, 2008. The amount proposed for write-off is \$39,317.26, which represents 1.93% of total charges for the quarter then ended. Below is a graphical depiction of the write-offs percentages over the past several quarters. All quarters below compare Total Charges.



Committee Discussion:

The Collection Loss Report was discussed at the Finance Committee meeting and approved unanimously.

Community Input: None.

Funding: Conventional and Horizon Development

Attachment: Collection Loss Report – Sept 2008 (**Tab 5**)

REVISED
MINUTES OF THE REGULAR BOARD MEETING
OF THE COMMISSIONERS' OF THE HOUSING
AUTHORITY OF THE CITY OF CHARLOTTE
HELD ON TUESDAY, OCTOBER 21, 2008

The Board of Commissioners of the Housing Authority of the City of Charlotte, North Carolina held a regular meeting at the *Charlotte Housing Authority, 1301 South Boulevard, Charlotte, NC 28236* at 12 noon on October 21, 2008.

Present: *Chairman David Jones*
 Vice-Chairman Rodney Moore
 Commissioner Will Miller
 Commissioner Dan Page
 Commissioner Moffat

Absent: Commissioner Montega Everett

Also Present: Charles Woodyard, CEO
 Sherrod Banks, General Counsel

Pledge of Allegiance:

Vice-Chairman Moore asked that all stand and recite the pledge. Once completed, the public forum was opened.

Public Forum:

Chairman Jones asked if there was anyone present to speak at the public forum; hearing none the public forum was then closed.

Additions to the Agenda:

Chairman Jones asked for additions/modifications to the agenda. Mr. Woodyard, CEO, stated that he had three items; the first is an update from the adhoc committee on their study of "How to Increase Housing Production" the report will be given by Commissioner Moffat. This will be added as Item **10.B** under the Discussion Items. Also, we will pull Consent Agenda Action Item **8.A** and move it to the Business Agenda as item **9.C**. One final addition is to hear from our environmental attorney, Tom Griffin, at some point prior to the CEO report. A motion was requested to approve with the stated changes.

Regular Board Meeting
October 21, 2008

ACTION:

Motion was made to approve by:	Vice-Chairman Moore
Motion was seconded by:	Commissioner Moffat
Outcome of the vote:	Passed unanimously

Consideration to approve minutes for:

- o Regular Board Meeting held *September 16, 2008*:

ACTION:

Motion was made to approve by:
Commissioner Moffat had one change, it was noted that he was absent; therefore he could not vote on the approval of the minutes for the August 29, 2008. Also it was stated that something was given to Mr. Troy White, COO, at the Quality Circle meeting, however it was not stated what it was? Mr. Woodyard stated that the gift was a plaque of recognition for working with the RAC organization.

Motion was made that minutes be approved as modified:	Vice-Chairman Moore
Motion was seconded by:	Commissioner Miller
Outcome of the vote:	Passed unanimously

Resident Advisory Council (RAC) Report:

The report was given by Ms. Lucy Brown:

- o It was stated that a good time was had by all at the 25th Annual Charlotte Housing Authority Scholarship Fund Breakfast, held on October 7th @ 7:30 a.m. at the Westin Hotel. The keynote speaker was former mayor Harvey Gantt.
- o There will be three elections held next month therefore there will be three new communities set-up and operating in November 2008.
- o RAC will be traveling to Myrtle Beach on Thursday, October 30th for a workshop. Ms. Cheryl Campbell, Deputy COO, joined them on Saturday, November 1st as well as Ms. Donna Hughes, Client Services Director, and Ms. Lekeista Freeman, Liaison.

Michelle Allen, Sr. Development Officer gave the following introduction. Mr. Tom Griffin, Environmental Attorney, is present in reference to Item 9.B on the Business Agenda which is the Belmont Acquisition. Last month Mr. Griffin spoke to the Board regarding some environmental issues, particularly gases associated with the site. He reported that in his opinion the risk was minimal to CHA in purchasing the property.

Regular Board Meeting
October 21, 2008

Although the risks are minimal he did recommend that we have some further testing done. Over the past month test were conducted in a two phase process and we recently received a written report on the test results. Mr. Griffin had copies of the report from ECS, an environmental group which were passed out to the Board. Basically the completed report finds that there is some ground water impact on the property, as well as soil, however they are minimal and well within the minimal risks. It was suggested to perform an additional soil vapor study, to evaluate the risks that stuff from the ground water will volatilize off and come into the building. This report concludes in the end that after some modeling, which is a process performed to collect and evaluate gases, that there is not a risk that soil vapor would enter the building above the standards. It was emphasized that they are well below of what the standards will be. The conclusion in the end by ECS Environmental after there modeling was that we are well within the risk levels for this site, to be using it for residential purposes. However, Mr. Griffin does recommend that it would behoove us to put a vapor barrier in place in these buildings as a precautionary measure. Mr. Griffin stated that with this study we have done the due diligence needed; from a technical standpoint this report says what we need it to say, to have in our file to show our constituents, Board and others involved that we have done the due diligence necessary to make sure this property is acceptable and that we will go the extra step to put in a vapor barrier. Commissioner Page questioned that the tank that caused this is gone? Mr. Griffin responded that yes the tank is gone. Commissioner Page continued questioning “so the chances of anymore gravitating onto our site from that source, there would not be any chance of that”. Mr. Griffin stated that we can’t go quite that far because we don’t have all the data from that and we don’t know what stuff would continue to migrate onto the site. Based on ECS Environmental report the tanks were removed and some soil was removed, so we can assume that it is a very good chance the source is gone. It was added that whether there is still stuff in the ground water, to the best of his knowledge they did not do any ground water sampling on this property, so we don’t know if there is a slug of ground water contamination that might continue to migrate over time. This was the basis of his recommendation to put a vapor barrier in, anyway. The levels in this report are well below the standards and we are well within our comfort zone. Mr. Woodyard, CEO, asked how long ago was the tank removed? Mr. Griffin responded that he did not remember how long, however it could be mentioned in the report, he could send him an email. His recommendation was received and no vote was necessary.

Regular Board Meeting
October 21, 2008

Monthly Scorecard:

Mr. Woodyard, CEO, introduced Ms. Melissa Jaggernauth, Asset Manager, to give the scorecard update:

Referring to page 1, we are at 98.7% of vouchers utilized, which is within target. Year-to-Date percent of dollars utilized is at 72.6% the difference between what we actually achieved and the target mainly due to units being off line because of the project based Section 8 units. We are considering modifying that report for next month, which was discussed during the Client Relations Committee Meeting. There were 40 new landlord packages issued. The Board was made aware that we do have a new monthly briefing to landlords which includes a new package and presentation.

On page 2, under the Conventional Public Housing sites, managed by CHA, we had twenty-five units that did vacancy turn within our 20 day target time limit. Under the New Tenants Accounts Receivable (TARS) report we are at 97% which is within target. Under the Affordable Properties we had two units that did turn, and we were within the 5 day limit. Under the new process we are 94% and we are working toward our goal of 96%.

On page three, it is reflected that we are at 36 days for the private sector. This is directly related to the Crosland Properties and they are aware that this is unsatisfactory. Mr. Charlie Henley, Director of Operations for Crosland, is very involved in this issue and is implementing changes within staff as well as changing the process to avoid this from reoccurring in the future. As of today all of these properties are 100% occupied. Chairman Jones remarked that there was a footnote beside the 28 days at McAden Park but there was no explanation. Ms. Jaggernauth stated that is attributed to having difficulty finding a qualified FSS candidate for that unit.

Ms. Jaggernauth explained that the wait list being used had not been purged therefore it was difficult to find a qualified FSS candidate to fill the unit. Commissioner Page emphasized the importance of purging the wait list in a timely continuous manner. Mr. Woodyard agreed and assured Commissioner Page that would be the process moving forward.

Chairman Jones asked Mr. Woodyard to update the Board on the status of the vacant commissioners' seat. Mr. Woodyard explained that City Council will vote on the nominations presented at council meeting on October 27, 2008. There are two names that are being considered, which are: Joel Ford and Jonathan Pullen. It was mentioned that Mr. Woodyard was familiar with both candidates and they would be good choices for the vacant seat.

Committee Reports:

Client Relations Committee:

The update was given by Vice-Chairman Moore:

- Discussion of the MtW initiative partnership with CMS (Charlotte Mecklenburg Schools), CIS (Communities in Schools), CHASF and POST (Partners-in-Out-of-School-Time).
- Brief discussion of the Krefeld Property which will be further discussed in the Development Committee report.
- RAC gave a brief update concerning their networking with Atlanta to get feedback concerning their MtW initiative.
- There was discussion concerning Resolution no.1302 which is on the Business agenda concerning the First Ward Homeownership program and the second mortgages.
- Brief discussion of the business plan.
- The meeting was adjourned and there was a site visit to the Robinsdale community located in the University area. This was conducted to review a potential partnership with UNCC.

Chairman Jones added for the benefit of the commissioners' that were not able to take the tour, he explained that this was an interesting site/location which has both challenges and positive attributes. This community is quietly tucked behind UNCC and is very appealing. It was stated that this was a very worthwhile tour.

Vice-Chairman Moore then explained that he had the privilege of visiting Durham, NC, October 15 – 17th 2008, to attend the 2008 NC Housing Affordable Housing Conference. He advised that the Charlotte Housing Authority received an award for Springfield Gardens, which is shared with Crosland and the City of Charlotte. The plaque was then presented to Charles Woodyard, CEO. Chairman Jones reminded everyone that this is the second award we have been involved in recently. Prosperity Creek got a National award of merit representing the seniors component at the Mutli-family Executive Conference held in Las Vegas on October 13 -15, 2008. Mr. Woodyard, CEO, accepted the award at the conference. It was suggested by Chairman Jones and Commissioner Page that if there is some way possible to get a positive PR message to the community about these awards—we should do so.

Regular Board Meeting
October 21, 2008

Development Committee:

The update was given by Commissioner Moffat:

- The meeting took place on October 8, 2008 from 12:30 – 2:00 p.m.
- Items discussed are listed on the consent agenda as Item 8.B & 8.C
- Discussion on the construction loan relating to the townhomes at Seigle Point project. This will be discussed further when we reach the Business Agenda.
- Discussion of the proposed CHA office building. Staff was directed to do additional work on the location at 10th & Seigle.
- An agenda item relating to CHA participation in expansion of McCreesh Place was deferred to the November meeting due to the lack of time.
- Committee reviewed a detailed report on the impact of the current financial downturn on the developments we have in progress. Additional information will be available today in executive session relating to the Ashley Park Multi-family Development.
- Twyla Taylor, Development Officer, presented a plaque. The plaque is from the NC Housing Finance Agency for achievement in affordable housing. There was one plaque given to the Authority and one given to the City of Charlotte.
- Lastly, Commissioner Moffat reminded the Board of the grand opening at Seigle Point on Tuesday, October 28, 2008 @ 11:00 a.m. All are invited.

Finance and Audit Committee:

The update was given by Commissioner Page:

- ✓ Commissioner Page announced that there was a very brief meeting.
- ✓ Ralph Staley, CFO, advised that the HUD proration for 2008 was 88.96%.

Consent Agenda Action Items:

Chairman Jones explained that these are the Consent Agenda action items which previously have been brought before their individual working committees. At this time you can select any item for discussion if you need further information or you can leave all the items as they are shown under consent through **Item 8.B – 8.E**.

ACTION:

Motion was made to approve by:

Commissioner Page

Motion was seconded by:

Vice-Chairman Moore

Outcome of the vote:

Passed unanimously

Business Agenda:

9.A First Ward Homeownership Policy:

Approve resolution no. **1626** to amend resolution no. 1302 regarding the First Ward Homeowners, to allow deferral of payment on the CHA second mortgage until the home is sold or refinanced; and in the case of threatened foreclosure, allowing staff to negotiate on a case by case basis to recover as much as possible of CHA's second mortgage or other investment. This item was discussed in-depth prior to approving. However, as a recommendation from counsel a "Request for Notice of Sale" which is a one page statutory form, that should be prepared and recorded on properties where we are lien holders. Therefore we will be notified of any refinance/sale of these properties. Sherrod Banks, General Counsel, presented clarity to the motion. It was stated that the last paragraph of this resolution will be struck. The motion is to allow deferral of payment upon request by homeowner on the CHA second mortgage until the home is sold, refinanced or the term expires.

ACTION:

Commissioner Moffat made a motion to reflect the resolution as modified by Sherrod Banks, General Counsel, it was seconded by Vice-Chairman Moore. Outcome of the vote: Passed unanimously.

9.B Belmont Acquisition:

Approve resolution no. **1578** to authorize staff to acquire property located along Seigle Avenue in the Belmont Neighborhood; and negotiate and execute terms and documents. Commissioner Moffat gave the following statement: When we get into construction, if we could have some sort of environmental testing firm or materials testing firm that will certify the vapor barrier was not disturbed from penetration of plumbing or electrical. Also do some testing inside the completed structure before being occupied.

Therefore there would be a paper trail confirming the vapor barrier is effective which will complete our environmental circle.

ACTION:

Motion was made by:	Commissioner Moffat
Motion was seconded by:	Commissioner Page
Outcome of the vote:	Passed unanimously

9.C Construction Loan-Townhomes @ Seigle Point budget Amendment: MTW Funds:

1. Approve resolution no. **1617** to authorize CHA to provide up to \$2M of MtW funds as construction loan for the townhomes at Seigle Point.
2. Approve resolution no. **1618** to amend resolution no. 1609 which amended the MtW fund budget for the fiscal year ending March 31, 2009.

ACTION:

Motion was made to approve resolution no. **1617** with the change in reference from MtW to Piedmont Courts HOPE VI by: Vice-Chairman Moore
Motion was seconded by: Commissioner Moffat
Outcome of the vote: Passed unanimously

ACTION:

Chairman Jones requested a motion to approve budget resolution no. **1618**:
Motion was made by: Commissioner Miller
Motion was seconded by: Vice-Chairman Moore
Outcome of the vote: Passed unanimously

Discussion Items:

10.A Directors and Officers (D&O) Insurance:

Sherrod Banks, General Counsel, stated that the Board instructed him to discuss the directors and officers' liability insurance. After lengthy discussion, Chairman Jones asked did anyone have any objection to authorizing General Counsel to draft the appropriate bylaw amendment for the Charlotte Housing Authority and its subsidiaries. Hearing no objection a motion was requested.

ACTION:

Motion was made by: Commissioner Moffat
Motion was seconded by: Vice-Chairman Moore
Outcome of the vote: Passed unanimously

10.B Adhoc Committee update:

A short briefing was given by Commissioner Moffat:
Stated by Chairman Jones, it was decided that an adhoc committee be appointed to think strategically about housing production and related matters. The committee is composed of: Commissioner Moffat, Commissioner Miller, Tylee Keesler, Sr. Development Officer, and Charles Woodyard, CEO. The following update was given:

Regular Board Meeting
October 21, 2008

In April 2008 at the Strategic Planning retreat a concern was voiced on how to increase the affordable housing stock. In the early meetings of the adhoc committee, it was requested that Tylee Keesler researched creative use of dollars, that we have available, and compare how many units we could create with subsidization of rent vs. the capital expenditures of dollars. A consensus was reached that we needed more information. We feel at this point we are ready to send out an RFP and commission our own study. The project description would be: The Charlotte Housing Authority and its Affordable Housing Study Partners, (The Housing Partnership, the City of Charlotte Neighborhood Development Department, Mecklenburg County Department of Social Services, Crisis Assistance Ministries, A Way Home, Legal Aide of North Carolina, and the Urban Ministry Center) hereinafter referred to as the "Housing Study Commission", seek proposals in response to this Request For Proposals (RFP) from consultants, research firms and/or academic institutions experienced in housing market data collection for the purpose of collecting and analyzing data to create a comprehensive affordable housing market study. The RFP has been prepared and is ready to be put on the street. Commissioner Moffat felt it was time to give the Board a full update prior to the RFP being released. No vote was necessary on this topic.

Chairman Jones requested a motion that we suspend the regular meeting and convene a meeting for Horizon Development Properties Inc. The motion was made by: Commissioner Page, then seconded by: Vice-Chairman Moore, passed unanimously. Once the Horizon meeting was adjourned it was reconvened to the regular Board meeting and was officially adjourned to go into Executive Session. Motion was made by: Commissioner Miller, then seconded by: Commissioner Moffat, Outcome of the vote: passed unanimously.

Minutes respectfully prepared by:

Barbara G. Porter
Executive Assistant to the CEO

The next meeting will be held on November 18, 2008 at the Charlotte Housing Authority, 1301 South Boulevard, Charlotte, NC 28203 starting promptly at 12 noon. Lunch will be provided at 11:30 a.m. If any questions/comments, please contact the Executive Office at 704.336.5221.

Horizon Development Properties, Inc
Meeting of Directors
AGENDA

Central Office
1301 South Boulevard
Charlotte, NC 28203

November 18, 2008

Directly After CHA Board Meeting – Meeting Convenes:

Regular Meeting Agenda:

1. Additions to the Agenda
2. Consideration to Approve the Minutes for:
- *Meeting held on October 21, 2008*
3. **Business Agenda Item:**
 - A. Budget Amendment: Horizon Development Properties **(p.1)**
 - B. Laurel Walk Apartments **(p.2)**

Business Agenda:

Business Agenda items for the November 18, 2008 Meeting of the Horizon Development Properties Board of Directors

3. A Budget Amendment: Horizon Development Properties, Inc.

Action: Approve the Amendment of the Horizon Development Properties, Inc. Budget for the Fiscal Year Ending

Staff Resource: Ralph Staley

Strategic Business: Finance Administration

Strategic Goal: Attain Long-Term Financial Viability

Explanation:

Arbor Glen 50 is entering the final construction phase for the rehabilitation of its units. Staff requests permission to appropriate fund balance in the amount of \$91,549. Of this amount, \$30,000 represents contingency funds. In the original amendment, staff stated that contingency funds could be used after consultation and concurrence of the Chairman of the CHA Board and the Chairman of the CHA Development Committee. The contingency funds will be used for the replacement of vinyl siding to match Arbor Glen I, Arbor Glen II and Arbor Glen III and improve the overall appearance of the development.

Finally, as a part of this amendment the Chief Executive Officer (CEO) or his/her designee may transfer funds as provided below. All such transfers must be consistent with state or federal laws and local board policies. The CEO or his/her designee must report any such transfers at the regular meeting of the board at which the budget to actual results are discussed and transfers between functions must be entered in the minutes of that meeting.

1. The CEO may transfer between sub-functions and objects of expenditure within a function.
2. The CEO may transfer amounts not to exceed \$50,000 between functions.
3. The CEO may not transfer any amounts between funds or increase the total amount of a fund.

Committee Discussion:

The Finance & Audit Committee unanimously approved this amendment for inclusion on the consent agenda.

Funding: Developer Fees

Attachment: Amended Horizon Budget

RECORDING OFFICER’S CERTIFICATION

I, Barbara Porter, the duly appointed Secretary of the Horizon Development Properties, Inc., do hereby certify that the above item was properly adopted at a regular meeting held November 18, 2008.

(SEAL)

BY: _____
Barbara Porter, Secretary

3. B Laurel Walk Apartments – Horizon Development Properties, Inc.

<p>Action: Authorize Horizon explore the potential purchase of Laurel Walk Apartments including underwriting and due diligence and establishing a \$50,000 budget for this purpose.</p>
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Staff Resource: Frank Narron

Strategic Business: Real Estate

Strategic Goal: Maximize Economic, Physical, and Social value of our Real Estate Portfolio

Explanation:

CHA staff is recommending that Horizon explore the purchase of Laurel Walk Apartments from Brookside Properties. This purchase would include the purchase of an adjacent one acre parcel that currently houses one single family residence.

Laurel Walk is comprised of 48 one-bedroom and 49 two-bedroom units for families, totaling 97 revenue producing units, located on Providence Road directly across from Gladedale Apartments, a CHA owned conventional public housing project. Laurel Walk was built by Summit Properties in 1985 and sits on 7.743 acres. All of the two-bedroom units have two full baths and full-size washer/dryer connections and sun rooms. All of the units have walk-in closets and balconies or patios. The units are spacious with a one-bedroom floor plan of 870 square feet and two two-bedroom floor plans of 1,254 and 1,355 square feet, respectively.

Currently, the property is using a two-bedroom unit as a leasing office and maintenance shop. However, the adjacent 1.078 acre parcel is being marketed

with Laurel Walk and it includes a Cape Cod style stone cottage built in 1937. This approximately 2,800 square foot structure could be renovated and configured as an office with ample community space. Some grading and other site work would be required to make the building accessible from the project. The only vehicle access to the structure is currently through the Heatherwood Apartments. The configuration of the eight buildings is similar to a horse shoe and there is a pool in the center of the configuration.

Within one mile of the property, 2008 household incomes are estimated to average over \$97,000 and the average housing value is (was) estimated to exceed \$264,000. This area of the southeast Charlotte submarket offers great demographics but very few new development opportunities. The area's desirability is also seen by Torto-Wheaton, which predicts in their summer 2008 report that Southeast Charlotte will "outperform" the overall market.

The current rents (rents actually being collected) are \$659 for the one-bedroom units, \$828 for the smaller two-bedroom, and \$849 for the larger two-bedroom. Upon a recent visit by staff, they were running a concession that would provide ½ off the first month rent if you were to sign by Halloween. It had been running since mid-October. We have assumed that 29 of the units will receive be allocated to seniors or families qualifying for Section 9 subsidy and the remainder will be leased as market units. For purposes of underwriting permanent conventional debt, we assumed that the current rents would be discounted by 10% on the market rate units.

As part of the due diligence phase, staff will seek an appraisal, environmental, and other studies needs to verify the long term viability of the project. The budget detailed below is a potential financing scenario that was part of the preliminary feasibility analysis:

Sources

Conventional Debt (a)	\$1,690,000
Housing Trust Fund (b)	580,000
CHA – HOPE VI (b)	1,300,000
CHA – MTW (c)	<u>4,700,000</u>
Total	\$8,270,000

Uses

Acquisition (up to)	\$6,800,000
Transaction/ Carry	114,916
Rehabilitation	657,000
Soft costs (d)	509,834
Reserves	<u>188,250</u>
Total	\$8,270,000

- (a) 20 yr. fully amortizing debt at 7% with DSC of 1.25.
- (b) assumes that loans are 0% interest with no debt service.
- (c) assumes debt service of 1%, interest only.

(d) includes Developer Fee/OH/Construction Management Fee of \$250,000 to Horizon / CHA and \$25,000 in Architect supervision.

In addition to the Developer Fee, there would be a \$7,500 annual asset management fee payable to CHA. Another \$29,000 would be applied as a tenant services fee.

Real Estate Staff, will as part of the due diligence process, work with Operations to confirm that the acquisition/rehab budget does, at least upon a preliminary review, seem suitable for the project.

Committee Discussion:

This item was unanimously approved by the Development Committee.

Community Input: None

Funding: Applications would be submitted after taking ownership.

Attachment: Resolution

**MINUTES OF HORIZON DEVELOPMENT PROPERTIES, INC.
BOARD MEETING HELD ON TUESDAY, OCTOBER 21, 2008**

Regular Meeting:

Additions to the Agenda:

None

Motion was made to approve the agenda as submitted:	Commissioner Page
Motion was seconded by:	Vice-Chairman Moore
Outcome of the vote:	Passed unanimously

Consideration to approve minutes for:

- Meeting held on *September 16, 2008*

ACTION:

Motion was made to approve:	Vice-Chairman Moore
Motion was seconded by:	Commissioner Page
Outcome of the vote:	Passed unanimously

Business Agenda:

3.A Budget Amendment: Fairmarket Square Apartments

Approve the amendment of the Capital Project Budget for Fairmarket Square Apartments In Horizon Development.

ACTION:

Motion was made to approve:	Commissioner Page
Motion was seconded by:	Commissioner Moffat
Outcome of the vote:	Passed unanimously

Motion was made to adjourn this meeting:	Commissioner Moffat
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Motion to second was not requested by Chairman Jones, therefore the motion for adjournment passed unanimously.

Minutes respectfully prepared by:	Barbara G. Porter Executive Assistant to the CEO
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