



Charlotte Housing Authority

**BOARD OF COMMISSIONERS
BOARD MEETING**

April 20, 2010

*Charlotte Housing Authority
Central Office
1301 South Boulevard
Charlotte, NC 28203*

Mission Statement

“To lead, develop, and execute community-wide strategies that meet the broad range of housing needs for families who cannot otherwise attain conventional housing”

*Joel Ford - Chairman
Will Miller - Vice Chairman
Lucille Puckett
Benjamin Hill
Geraldine Sumter
Rodney Moore
David Jones*



**HOUSING AUTHORITY OF THE CITY OF
CHARLOTTE**

NOTICE

BOARD MEETING

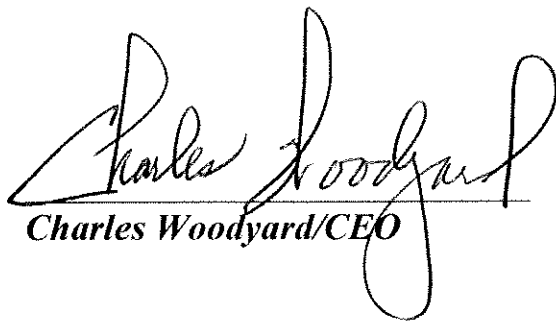
BOARD OF COMMISSIONERS' MEETING

April 20, 2010

NOTICE is hereby given that a Board meeting of the Board of Commissioners' of the Housing Authority of the City of Charlotte will be held on *April 20, 2010* as follows:

TIME/Date: *5:00 P.M.*
 April 20, 2010

LOCATION: *1301 South Boulevard*
 Charlotte, NC 28203


Charles Woodyard/CEO

Housing Authority of the City of Charlotte

Regular Meeting of the Board of Commissioners

Central Office
1301 South Boulevard
Charlotte, NC 28203

April 20, 2010

5:00 p.m. - Regular Board Meeting Convenes:

Regular Meeting Agenda:

1. Pledge of Allegiance
2. Public Forum
3. Review and Approval of the Agenda
4. Consideration to Approve the Minutes for:
 - Regular Board Meeting held *March 16, 2010* (**Tab 3**)
5. Monthly Report from the CEO
 - Business Plan Update
 - Monthly Scorecard (**Tab 1**)
6. Committee Reports:
 - Client Relations Committee
 - Development Committee
 - Finance and Audit Committee
7. **Consent Agenda Action Items:**
 - A. Neighborhood Stabilization Program Commitment for Woodlawn House (1819)
Budget Amendment: MTW Funds (1830) (**p.1**)
 - B. Hampton Creste Replacement Housing Factor Grants (1823) (**p.4**)
 - C. Budget Adoption: 2009 Replacement Housing Factor Grants (1822) (**p.6**)
 - D. Budget Amendment: Carole Hoefener Center (1829) (**p.7**)
 - E. Budget Amendment: Asset Management Project Budget (Boulevard) (1837)
(**p.8**)
 - F. Budget Amendment: Neighborhood Stabilization Program Grant (1838) (**p.9**)
 - G. Approve Procurement Contract: Environmental Holding Group (**p.10**)
 - H. Approve Procurement Contract: BK Lass (**p.11**)
8. **Business Agenda Action Items:**
 - A. Authorize Land Sales Proceeds to Renovate Hall House (1831) (**p.14**)
Budget Amendment: Central Office Cost Center (1832)
 - B. Budget Amendment: Hall House Asset Management Project Budget (1833)
(**p.16**)

- C. The Lofts at Seigle Point (1836) **(p.18)**
Budget Amendment: MTW Funds (1839)
 - D. Steele Creek-Budget Amendment: MTW Funds (1834) **(p.24)**
 - E. Steele Creek-Budget Amendment: Asset Management Project Budget (1835)
(p.26)
9. **Discussion:**
- A. Procurement Policy
 - B. Technology for Board of Commissioners

Consent Agenda:

Consent Agenda items for the April 20, 2010 Regular Board Meeting of the Charlotte Housing Authority Board of Commissioners.

7. A CHA Neighborhood Stabilization Program (NSP) Commitment for Woodlawn House Apartments

- Action:** 1. To Approve Resolution No. 1819 to amend Resolution No. 1775 to Authorize CHA to recharacterize the CHA NSP allocation committed to Woodlawn House Apartments as a grant (from a loan).
2. To Approve Resolution No. 1830 to Amend Resolution No. 1811 (Exhibit A) which Amended the MTW Funds budget for the fiscal year ending March 31, 2011.

Staff Resource: Frank Narron and Ralph Staley

Strategic Business: Real Estate, Finance and Administration

Strategic Goal: Maximize Economic, Physical, and Social value of our Real Estate Portfolio, Attain Long-Term Financial Viability

Explanation:

Status: Project Variance

Horizon Development Properties, Inc. purchased Woodlawn House on October 7, 2009. The project is in the Design phase. We issued an Invitation for Bid (IFB) related to the asbestos abatement and light demolition. The selected firm is Environmental Holding Group (EHG).

Financing for the purchase and rehabilitation is coming from three sources. We have allocated CHA NSP funds to the project in the amount of \$500,000 (from the \$2,100,000 awarded CHA). Staff applied to the City of Charlotte for an allocation from their NSP award and on November 9, 2009 City Council approved that application in the amount of \$1,500,000. The remainder of the funds will be from MTW, up to \$6,365,756. All of the units will be marketed to seniors and will be structured 50% Section 9 and 50% Community Based Rental Assistance (“CBRA”). These units, depending on the timing of rehabilitation, may serve as replacement housing for the other senior rehabs currently being contemplated by CHA.

CURRENT UNDERWRITING

Rents (including common area utilities and project paid utilities):

Type	SF	#	Revenue
ACC 1BR/1BA	640	31	\$335
ACC 1BR/1BA	740	3	\$335
ACC 2BR/2BA	975	11	\$335
ACC 2BR/2BA	1,088	7	\$335

CBRA

1BR/1BA	640	31	\$522
1BR/1BA	740	3	\$562
2BR/2BA	975	11	\$681
2BR/2BA	1,088	7	\$701

Sources		Per Unit
NSP – City of Charlotte (a)	\$1,500,000	14,423
NSP Grant - CHA	500,000	4,808
MTW - CHA (b)	<u>6,365,756</u>	<u>61,209</u>
Total	\$8,365,756	\$80,440

Uses

Acquisition	\$3,250,000	31,250
Transaction/ Carry	153,750	1,478
Rehabilitation	3,794,470	36,485
Soft costs (c)	872,536	8,390
Reserves	<u>295,000</u>	<u>2,837</u>
Total	\$8,365,756	\$80,440

- (a) Assumes debt service with interest only payments of \$15,000 payable to the City.
- (b) Assumes interest only payment at 2% (\$127,315 annually to CHA – contingent on available cash flow).
- (c) Includes Developer Fee of \$500,000 to Horizon / CHA.

In addition to the Developer Fee, there is projected \$52,000 annually for tenant services and \$7,500 for asset management fees as well as about \$65,000 capitalized in the development budget. Without regard to the Developer Fee, tenant services, and asset

management fees, the property generates average annual cash on cash return equal to 1.8% - within established investment policy parameters.

Income and Expenses:

Income:	\$5,502 – PUPY	\$572,208	- Total Annual
Vacancy (a):	\$ 165 - PUPY	\$ 17,160	- Total Annual
Expenses (b):	\$4,022 - PUPY	\$418,288	- Total Annual
NOI:	\$1,315 - PUPY	\$136,760	- Total Annual
Debt Svc:	no required debt service		
Cash Flow:	\$1,315 - PUPY	\$136,760	- Total Annual

(a) Since this project is 100% CHA subsidized, staff assumed a 3% vacancy as opposed to the standard 7% that we traditionally use on mixed-income projects.

(b) Includes \$52,000 annually in tenant services and \$7,500 in asset management fees.

In Resolution 1775, the Board committed up to \$500,000 in CHA NSP funds as a loan to Horizon Development Properties, Inc (“Horizon”) for the purchase and rehabilitation of Woodlawn House Apartments. Resolution 1819 will recharacterize this commitment from a loan to a grant. Classifying these funds as grant is of a greater benefit to the project than a loan.

Also, in Resolution 1775, the Board committed up to \$6,500,000 in MTW funds as a loan to Horizon Development Properties Inc. for the purchase and rehabilitation of Woodlawn House Apartments and at that time, \$625,000 was approved to be used for predevelopment expenses. Exhibit A to Resolution 1830 shows a reallocation of expenditures in the amount of \$5,740,756 (\$6,365,756 - \$625,000) from Capital Projects - Real Estate to Loans To Others for the remainder of the loan to be utilized at this time for repayment of the line of credit and rehabilitation of the property.

Committee Discussion:

There was a question from the Board asking if we were seeking to commit additional funds to the project. We are not – we are only establishing the budget to fulfill the commitment. The committee unanimously recommended approval to the Board of Commissioners. The Finance & Audit committee unanimously approved this item for the consent agenda at its meeting on April 7, 2010.

Community Input:

CHA staff has met with some of the homeowners in the area to collect ideas and answer questions. Staff will continue to keep the neighborhood involved.

Summary of Bids:

The bids for the asbestos abatement and light demolition have been received. The selected firm is Environmental Holding Group (EHG).

Section 3/MWBE Consideration:

Staff will ensure that CHA’s Section 3/MWBE policy goals are prominently incorporated in all agreements and will make strong, affirmative efforts to encourage all contractors and service providers to meet and exceed those goals.

Funding:

Initially the 5th/3rd line of credit.
CHA NSP Funds
City of Charlotte NSP Funds
MTW Funds

Attachment

Resolution No. 1819 (Tab 2)
Resolution No. 1830 (Tab 2)
Exhibit A for Resolution No. 1830 (Tab 2)

7. B Hampton Creste Replacement Housing Factor Grants

Action: Approve Resolution No. 1823 to Authorize CHA to Make a Grant to Horizon Development Properties, Inc. in the Total Amount of \$782,162 (RHF) for the Acquisition and Rehabilitation of Hampton Creste Apartments.

Staff Resource: Tylee Kessler, J. Daniels and Ralph Staley

Strategic Business: Real Estate and Finance Administration

Strategic Goal: Maximize Economic, Physical, and Social Value of our Real Estate Portfolio; Attain Long-Term Financial Viability

Explanation:

Status: Project Budget Approval

The CHA received notice of its final formula awards for the 2009 Replacement Housing Factor Grants (RHF). Staff is requesting approval to use the total RHF Funds, Increments

1 and 2, in the amount of \$782,162 for Hampton Creste Apartments. These funds would be a grant to Horizon Development Properties, Inc (Horizon).

In November 2009, the Horizon Board approved the acquisition of Hampton Creste Apartments, a 239-unit, multifamily community located at 920 N. Wendover Road. The property had been foreclosed and was an REO asset. Horizon utilized its Fifth Third line of credit to fund the required equity, closing costs and due diligence expenses incurred for the purchase. Staff is currently working on a Mixed-Finance Proposal and MTW Amendment for HUD in order to refinance the deal with 60 ACC units and a social services partnership with the Salvation Army.

The scope of the rehabilitation currently includes a) the reconfiguration of fifty-two (52) one-bedroom units into twenty-six (26) three-bedroom units to better meet the needs of both CHA and the homeless family population, b) the replacement of HVAC units, and c) substantial interior improvements and finishes. The additional funds will allow a higher level of component replacement, including HVAC units, door and windows, and appliances, as well as some exterior improvements, including siding replacement and landscaping.

Horizon is acting as developer for the renovation of Hampton Creste. Staff has structured this transaction to include a conventional bank loan (seller financing), MTW funds, City NSP, CHA NSP and an in-kind, construction contribution from Habitat for Humanity.

Committee Discussion:

This item was discussed at the Development Committee meeting on April 7, 2010. Staff explained that we are in the refinancing stage for Hampton Creste. In addition to accepting the financing structure and amending the budget for the mixed finance closing, staff recommended that the two new RHF grants be allocated to Hampton Creste to extend the scope of the rehabilitation. The Committee had no questions and voted unanimously to recommend the approval of this item to the Board of Commissioners.

Funding:

Replacement Housing Factor 1st Increment
Replacement Housing Factor 2nd Increment

Attachments:

Resolution No. 1823 (Tab 2)

7. C Budget Adoption: 2009 Replacement Housing Factor Grants

Action: Approve Resolution No. 1822 which Adopts the Budget for the 2009 Replacement Housing Factor Grants (RHF), Increments 1 and 2.

Staff Resource: Ralph Staley

Strategic Business: Finance and Administration

Strategic Goal: Attain Long – Term Financial Viability

Explanation:

The CHA received notice of its final formula awards for the 2009 Replacement Housing Factor Grants (RHF), Increments 1 and 2. The total grant award is \$782,162 and is awarded as follows:

Replacement Housing Factor	\$ 282,800 (1 st Increment)
Replacement Housing Factor	\$ 499,362 (2 nd Increment)

Based on the final formula amounts listed above, Board approval is needed to adopt these budgets.

Exhibit A shows Dwelling Structures in the amount of \$ 282,800 for RHF 1st Increment and in the 2nd Increment, Dwelling Structures in the amount of \$499,362.

Committee Discussion:

This item was discussed in the Finance Committee on April 7, 2010. It was explained that CHA needs to adopt a budget for these grants so that we can allocate funds to Hampton Creste as discussed in Development Committee. The Committee voted unanimously to recommend the approval of this item to the Board of Commissioners.

Funding:

Replacement Housing Factor 1st Increment
Replacement Housing Factor 2nd Increment

Attachments:

Resolution No. 1822 (Tab 2)
Exhibit A for Resolution No. 1822 (Tab 2)

7. D Budget Amendment: Carole Hoefener Center

Action: Approve Resolution No. 1829 to Amend Resolution No. 1811, Exhibit E, Which Adopted the Carole Hoefener Center Budget for Fiscal Year Ending March 31, 2011.

Staff Resource: Ralph Staley

Strategic Business: Finance and Administration

Strategic Goal: Attain Long – Term Financial Viability

Explanation:

During a recent inspection of the Carole Hoefener Center by staff and our structural engineer, minor separation at the intersection of the rear and interior wall was observed. Initial observations to date show the required rebar connecting the wall systems together is in place but additional grouting is required within the CMU cells. It is also possible the engineer may want to install a supportive “L” channel from the ceiling to the top of the rear door that will strengthen the connection. Repair documents are currently in progress with our engineer and once completed staff will want to immediately procure a contractor. The playroom is currently closed until all repairs are made. Additionally, some sealant work is required on the 7th Street retaining wall.

Staff is requesting a \$25,000 fund balance appropriation to make the required repairs.

In Exhibit A, fund balance is appropriated in the amount of \$25,000 and Ordinary Maintenance and Operation is increased by \$25,000 for the repair work at the Carole Hoefener Center.

Committee Discussion:

At the Finance & Audit Committee meeting on April 7, 2010, this item was unanimously approved for the consent agenda

Funding:

Fund Balance Appropriated

Attachments:

Resolution No. 1829 (Tab 2)

Exhibit A for Resolution No. 1829 (Tab 2)

7. E Budget Amendment: Asset Management Project Budget

Action: Approve Resolution No. 1837 to Amend Resolution No. 1835 which Amended the Asset Management Project Budget for the fiscal year ending March 31, 2011

Staff Resource: Ralph Staley

Strategic Business: Finance and Administration

Strategic Goal: Attain Long – Term Financial Viability

Explanation:

Boulevard Homes security guard service was under significant contract negotiation with the current provider, B.K. Lass Enterprises Inc, while the budget was being prepared, so it was not included in the initial budget. The contract was being renegotiated to accommodate the anticipated vacancy and demolition schedule at Boulevard Homes for the 2010-2011 fiscal year. The patrol schedule is primarily after hours and will work in conjunction with the neighboring property, Little Rock Apartments. The proposed budget amendment totals \$156,195 and will include 3 certified security officers for 135 hours per week at Boulevard Homes for the 2010-2011 fiscal year.

Exhibit A shows an increase in Fund Balance Appropriated in the amount of \$156,195 and a corresponding increase in Protective Services in the Security Contracts line item.

Committee Discussion:

At the Finance & Audit Committee meeting on April 7, 2010, this item was unanimously approved for the consent agenda

Funding:

Fund Balance Appropriated

Attachments:

Resolution No. 1837 (Tab 2)

Exhibit A for Resolution No. 1837 (Tab 2)

7.F Budget Amendment: Neighborhood Stabilization Program (NSP) Grant

Action: Approve Resolution No. 1838 which amends Resolution No. 1787 which adopted the Neighborhood Stabilization Program (NSP) Grant Budget.

Staff Resource: Ralph Staley

Strategic Business: Finance and Administration

Strategic Goal: Maximize Economic, Physical and Social value of our Real Estate Portfolio Attain Long - Term Financial Viability

Explanation:

This amendment is necessary to reallocate expenditures within the NSP Grant to provide grants to two affordable housing properties: Woodlawn House Apartments and Hampton Creste Apartments. Both properties are fully owned by Horizon Development Properties, Inc. (Horizon).

Horizon's Woodlawn House Apartments Capital Project Budget consists of the purchase and rehabilitation for the 104 unit senior's property. This amendment allows a grant of \$500,000 to the Woodlawn House Apartments Capital Project to assist with the funding needed.

Horizon's Hampton Creste Development Budget consists of the purchase and rehabilitation for the 213 unit affordable housing property. This amendment allows a grant of \$1,500,000 to the Hampton Creste Development Project to assist with the funding needed.

Exhibit A reflects the reallocation of expenditures of \$2,000,000 from Dwelling Structures to the Woodlawn House (\$500,000) and Hampton Crest (\$1,500,000) projects as grants.

Committee Discussion:

At the Finance & Audit Committee meeting on April 7, 2010, this item was unanimously approved for the consent agenda.

Funding:

Neighborhood Stabilization Program (NSP) Grant

Attachments:

Resolution No. **1838** (Tab 2)

Exhibit A for Resolution No. **1838** (Tab 2)

7. G Approve Procurement Contract-Environmental Holding Group

Action: Approve Contract for the Procurement of ACM Abatement & Selective Interior Demolition Services for work at Woodlawn House from ENVIRONMENTAL HOLDING GROUP (EHG) for \$181,528.

Staff Resource: Ralph Staley/Steve Lamphere/Cheryl Campbell

Strategic Business: Finance and Administration/Capital Assets

Strategic Goal: Attain Long Term Financial Viability

Explanation:

On November 17, 2009 the CHA Board of Commissioners approved a change to the CHA Procurement Policy that requires a review and approval by the Board for Procurement actions that exceed the dollar threshold set for that individual classification of material or service as set below:

<u>Dollar Threshold</u>	<u>Procurement Classification</u>
\$100,000	Construction, Maintenance or Repair contracts.
\$50,000	Purchase of apparatus, supplies, materials and equipment. Also including service contracts, consultants, architects and engineers.

Additionally, any procurement that will cause a single vendor to exceed the above amounts during a rolling twelve (12) month period will require prior approval from the CHA Board of Commissioners before additional contracts are awarded to the vendor.

For this vendor, this Procurement action for \$181,528 will exceed the total dollar threshold during the twelve month period and must be approved by the CHA Board. The Purchase contract with EHG for abatement and selective interior demolition services requires Board approval of this agenda item to proceed with the improvements.

CHA entered into an agreement with ECS to provide design documents and specifications to accomplish our abatement and demolition initiatives.

Procurement Phase: Standard formal bidding procedures were followed. The project was advertised in the Charlotte Observer, all Charlotte plan rooms, Demand Star (notice) and, TPM (McGraw-Hill) who handled plan distribution; pre-proposal conference held and sealed bid opening. Ten (10) bids were received with EHG being the second lowest responsive bidder. Clear Site Industrial Services, LLC was the first lowest responsive bidder, however, reference checks conducted by ECS reveal they are a new company and have done minimal abatement work none of which is comparable to our advertised job. EHG references were checked (other owners, BBB, licensure, etc.) and found to be acceptable, additionally EHG has performed satisfactorily on previous work for CHA.

Award/Construction/Maintenance Phase: Project will be secured by a 100% Payment and 100% Performance Bonds supplied by an approved surety, as required by HUD.

<u>Contract Number</u>	<u>Cost</u>	<u>Vendor</u>	<u>Total Paid To Date</u>
TBD/Pending	\$181,528	EHG	\$0.00

Committee Discussion:

Agenda was discussed during the Finance meeting and was forwarded to the full Board for approval

**MWBE: MWBE – Sub= 6% of goal;
Section 3: 3 hires, if they remain permanent**

Funding:
NSP

7. H Approve Procurement Contract – BK Lass

Action: Approve Contract for the Procurement of BK Lass Protection Services for Services at Boulevard Homes in the amount of \$156,195.

Staff Resource: Ralph Staley/Steve Lamphere/Cheryl Campbell

Strategic Business: Finance and Administration/Capital Assets

Strategic Goal: Attain Long Term Financial Viability

Explanation:

On November 17, 2009 the CHA Board of Commissioners approved a change to the CHA Procurement Policy that requires a review and approval by the Board for Procurement actions that exceed the dollar threshold set for that individual classification of material or service as set below:

<u>Dollar Threshold</u>	<u>Procurement Classification</u>
\$100,000	Construction, Maintenance or Repair contracts.
\$50,000	Purchase of apparatus, supplies, materials and equipment. Also including service contracts, consultants, architects and engineers.

Additionally, any procurement that will cause a single vendor to exceed the above amounts during a rolling twelve (12) month period will require prior approval from the CHA Board of Commissioners before additional contracts are awarded to the vendor.

This Procurement action for \$156,195 will exceed the total dollar threshold during the twelve month period and must be approved by the CHA Board. The Purchase contract with BK Lass Protection (BKLP) for security services in the Boulevard Homes community requires Board approval of this agenda item to proceed.

This service was procured last year under a HUD-approved sole source contract. Boulevard Homes is adjacent to Little Rock Apartments a 100% multifamily project-based section 8 development containing 200 units. The two properties (Boulevard and Little Rock) are partially separated by wrought iron fencing that continues to have sections torn down by persons between the two properties. This area has unfortunately received the Charlotte Mecklenburg Police Department’s (CMPD) designation as a crime “hot spot”. In many cases criminal activity takes place within the Boulevard/Little Rock area and the origin of the crime is unknown because the alleged perpetrator(s) easily crossover the property lines.

Last year CHA staff met with Little Rock staff and CMPD officers to develop a holistic solution to reducing the crime between Boulevard and Little Rock. Little Rock management has an ongoing contractual agreement with BKLP. CHA desires to renew its contract with BKLP so the comprehensive strategy developed last year to address crime between the two sites can continue. By entering into a contract with the same firm the expectations of the two management companies are aligned and the security company’s focus is broadened to a neighborhood approach in lieu of just one apartment complex.

The proposed services include three taser-armed certified security officers 9 hours/per day for 5 days of the week. These days and hours will be varied in order to maintain

coverage during the weekend and until approximately 1 – 2 a.m. at an hourly rate of \$22.25.

The services to be provided by BKLP include, but are not limited to:

- Armed (tasers) Security Officers
- CMPD holding ability for person(s) to be picked up
- Hours vary at Owner/CMPD recommendation.
- Perimeter and surrounding area patrols
- Patrol vehicle, foot and/or bike patrols of a multifamily site on 40 acres
- GPS vehicle/Nextel phones for tracking of officers while on foot
- Noting any and all security concerns such as lights out, unsecured doors, etc.
- Photographic documentation attached to incident reports

Rate Comparisons:

CMPD Off-Duty Officers \$30.00 – CHA negotiated pricing with City

Professional Security \$18.00– currently at senior high-rise communities

Based on the above information, staff believes it is in the best interest of the CHA and the residents Boulevard Homes to continue this holistic approach.

<u>Contract Number</u>	<u>Cost</u>	<u>Vendor</u>	<u>Total Paid To Date</u>
TBD/Pending	\$156,195	BK Lass Protection	\$308,494.80

Committee Discussion:

This item was discussed at the April 7, 2010 Finance and Audit Committee meeting and has been forwarded to the full Board for approval.

MWBE:

None

Funding:

Boulevard AMP Fund Balance Appropriation

Attachment:

None

Business Agenda:

Business Agenda item for the April 20, 2010 Regular Board Meeting of the Charlotte Housing Authority Board of Commissioners.

**8. A Authorize the Use of Land Sales Proceeds to Renovate Hall House
Budget Amendment: Central Office Cost Center**

- Action:**
- 1. Approve Resolution No. 1831 to Authorize the use of up to \$1,200,000 in Land Sales Proceeds to renovate Hall House For the Purpose of Utilization as a Temporary Relocation Site.**
 - 2. Approve Resolution No. 1832 to Amend Resolution No. 1811, Exhibit B, which Adopted the Central Office Cost Center Budget for the Fiscal Year Ending March 31, 2011.**

Staff Resource: Twyla Taylor and Ralph Staley

Strategic Business: Real Estate and Finance Administration

Strategic Goal: Maximize Economic, Physical, and Social value of our Real Estate Portfolio; Attain Long-Term Financial Viability

Explanation:

Status: Project Budget Approval

In January 2010, CHA received a tax credit award and bond allocation for Parketown Terrace and Strawn Tower. We were also successful in receiving CFRC funds in September 2009 for extensive rehabilitation to Charlottetown Terrace. All three towers were contemplated to be rehabilitated concurrently; however limited relocation options compelled staff to revise the sequence of work to allow for adequate relocation and re-occupancy for the residents.

In analyzing our options, Hall House was determined to be the least expensive and most strategic asset to facilitate our relocation efforts. Therefore, staff is requesting to put Hall

House back in operation for approximately three (3) years to house relocatees from the three towers. The use of Hall House will allow work at the three towers to flow fluently; thus creating substantial construction savings and significantly less disruption for the residents.

Sources and Uses:

Sources

Land Sales Proceeds-COCC	\$ 800,000
Land Sales Proceeds-AMP	<u>400,000</u>
Total	\$1,200,000

Uses

Professional Services	\$ 75,000
Renovations	457,500
Appliances	200,000
Roofing Systems	50,000
Stairways	15,000
Elevator	25,000
Boiler/Chiller	150,000
Exterior Doors	15,000
Life Safety	50,000
Contingency	<u>162,500</u>
Total	\$1,200,000

Schedule:

Design Fire Evacuation Plan	April 2010
Prepare Scope of Work	April 2010
Bid Scope of Work	May 2010
Begin Renovations	June 2010
Complete Renovations	August 2010

Exhibit A shows Fund Balance Appropriated - Land Sale Proceeds of \$800,000 with the corresponding expenditure in Operating Transfer Out – Public Housing in the amount of \$800,000 for the renovation of Hall House.

Committee Discussion:

At the Finance & Audit Committee meeting on April 7, 2010, there was a 2 to 1 vote to include on the Business Agenda with a favorable recommendation. At the Development Committee Meeting staff presented two scenarios for the use of Hall House as a temporary relocation site versus other relocation options. Some Committee Members questioned the comparison and because of unresolved issues the Committee voted to place this item on the Business Agenda.

Community Input:

None

Section 3/MWBE Consideration:

Staff will ensure that CHA’s Section 3/MWBE policy goals are prominently incorporated in all agreements and will make strong, affirmative efforts to encourage all contractors and service providers to meet and exceed those goals.

Funding:

Land Sales Proceeds

Attachment:

Resolution No. 1831 (Tab 2)

Resolution No. 1832 (Tab 2)

Exhibit A for Resolution No. 1832 (Tab 2)

8. B Budget Amendment: Hall House Asset Management Project Budget

Action: Approve Resolution No. 1833 to Amend Resolution No. 1811 (Exhibit C) which Amended the Asset Management Project Budget for the fiscal year ending March 31, 2011.

Staff Resource: Ralph Staley

Strategic Business: Finance and Administration

Strategic Goal: Attain Long – Term Financial Viability

Explanation:

Status: Project Budget Approval

In January 2010, CHA received a tax credit award and bond allocation for Parketowne Terrace and Strawn Tower. We were also successful in receiving CFRC funds in September 2009 for extensive rehabilitation to Charlottetown Terrace. All three towers

were contemplated to be rehabilitated concurrently; however limited relocation options compelled staff to revise the sequence of work to allow for adequate relocation and re-occupancy for the residents.

In analyzing our options, Hall House was determined to be the least expensive and most strategic asset to facilitate our relocation efforts. Therefore, staff is requesting to put Hall House back in operation for approximately three (3) years to house relocatees from the three towers. The use of Hall House will allow work at the three towers to flow fluently thus creating substantial construction savings and significantly less disruption for the residents.

Sources and Uses:

Sources

Land Sales Proceeds-COCC	\$800,000
Land Sales Proceeds-AMP	<u>400,000</u>
Total	\$1,200,000

Uses

Professional Services	\$ 75,000
Renovations	457,500
Appliances	200,000
Roofing Systems	50,000
Stairways	15,000
Elevator	25,000
Boiler/Chiller	150,000
Exterior Doors	15,000
Life Safety	50,000
Contingency	<u>162,500</u>
Total	\$1,200,000

Schedule:

Design Fire Evacuation Plan	April 2010
Prepare Scope of Work	April 2010
Bid Scope of Work	May 2010
Begin Renovations	June 2010
Complete Renovations	August 2010

Exhibit A shows Fund Balance Appropriated - Land Sale Proceeds of \$400,000, Operating Transfer-In COCC of \$800,000 with corresponding expenditures in the Administration category of \$75,000, the Ordinary Maintenance and Operations category of \$962,500 and the General Expense category of \$162,500 for the renovation of Hall House.

Committee Discussion:

At the Finance & Audit Committee meeting on April 7, 2010, there was a 2 to 1 vote to include on the Business Agenda with a favorable recommendation.

Funding:

Land Sale Proceeds-COCC

Land Sale Proceeds-AMP

Attachments:

Resolution No. 1833 (Tab 2)

Exhibit A for Resolution No. 1833 (Tab 2)

**8. C The Lofts at Seigle Point
Budget Amendment: MTW Funds**

- Action:**
- 1. To approve Resolution No. 1836 for the commitment of up to \$5,000,000 in CHA MTW Funds for the development of The Lofts at Seigle Point and to Make a Loan to Horizon Development, Inc. for that Purpose.**

 - 2. To approve Resolution No. 1839 to Amend Resolution No. 1834 which amended the Moving To Work Project Budget for the fiscal year ending March 31, 2011.**

Staff Resource: Jeff Meadows and Ralph Staley

Strategic Business: Real Estate and Finance Administration

Strategic Goal: Maximize Economic, Physical, and Social Value of our Real Estate Portfolio; Attain Long-Term Financial Viability

Explanation:

Project Status: Project Budget Approval

The Lofts at Seigle Point is proposed to be the final on-site component of the Seigle Point HOPE VI redevelopment of the former Piedmont Courts. The development is proposed to be a mixed-income project including 190 units. All units will be rent restricted at 80% AMI, with 20% (38) of the units to be subsidized by CHA Community Based Rental Assistance (CBRA) at 110% of FMR. The project will be developed and owned by Horizon Development Properties, Inc. utilizing the loan from CHA and the HUD 221(d)(4) program. In September 2009 a pre-development budget in the amount of \$500,000 was adopted.

The development is proposed to consist of 23 studio, 115 one-bedroom, 44 two-bedroom and 8 three-bedroom units for a total of 190 units. The project will be constructed in 4 and 5 story wood framed construction with an integrated clubhouse and pool/amenity area surrounding a pre-cast structured parking deck. Parking has been provided at a ratio of 1 per bedroom, plus 10 spaces for leasing and guests. Additional on-street parking is also available. The project has been designed to create a balance of density, parking and construction type in order to create the optimal economic balance.

The development will meet the following objectives:

1. It will add a much needed work force component to the Seigle Point community. Without the addition of these households, Seigle Point will remain substantially very low income and will not be the vibrant mixed-income community which was originally sought.
2. It will serve as a model for mixed-income development. While leveraging CHA funds at a ratio of 4 to 1, the development will create a luxury environment where CHA's residents will live along side working professionals near Charlotte's Uptown. This environment will be an ideal situation for these residents to excel in CHA's Moving Forward program.
3. It will promote CHA's financial sustainability. It is anticipated that the development will have a total Development Fee of \$1,000,000 and up to \$150,000 in cash available for distribution to CHA & Horizon.

An extensive market analysis has been conducted by Fred Beck & Associates, which has taken into account comparable properties that are currently existing in lease-up and proposed. The Lofts at Seigle Point has been underwritten to compete with these comparable properties at today's rents at a point in time when three market factors have converged to create the most challenging rental market that Charlotte has seen for some time. The market factors that have lead to this market condition are: economic recession

including associated job losses, record levels of new multi-family construction and the conversion of distressed condominium developments to rental.

Taking into consideration the above factors, there are several points why we believe a conservatively underwritten development would be well positioned to succeed. These points are as follows:

1. The projects that are now under construction will be leased-up or substantially leased-up by the time The Lofts at Seigle Point will deliver units.
2. Market conditions and lack of financing have depleted the number of proposed new multi-family developments. From September 08 to March 09 the number of proposed multi-family developments dropped from roughly 14,000 to roughly 4,000.
3. Construction costs have decreased by 10-20% from 2008 pricing, creating very attractive pricing.

It is anticipated that The Lofts at Seigle Point will deliver units in the 3rd Quarter 2011 into a market that will have little or no lease-up competition. With underwriting that is supported in distressed market conditions and taking advantage of optimal construction pricing, The Lofts at Seigle Point should be well positioned to succeed as the market moves toward recovery.

The project is proposed to utilize HUD's 221(d)(4) program, which will provide debt equal to roughly 80% of cost. We have elected to utilize the program's two step process consisting of a Preliminary and Final application. Our 221(d)(4) sponsor is Capmark Finance (with Berkadia Mortgage assisting), the leading sponsor of 221(d)(4) financing in the country as well as in North Carolina. All preliminary underwriting has been completed including a market study and rent and expense analysis. The current underwriting assumptions are indicated in the following information:

Sources and Uses:

	Amount	Per Unit
<i>Sources:</i>		
MTW	5,000,000*	26,316
221 D 4	<u>20,200,000**</u>	<u>106,316</u>
Total	\$25,200,000	\$132,632
<i>Uses:</i>		
Construction	19,000,000	100,000
Const. Contingency	950,000	5,000
Building Services	50,000	263
Signage	100,000	526
Arc./Eng.	660,758	3,478

Equity	2,500,000	13,158
Closing	300,000	1,579
Legal	150,000	789
FFE	250,000	1,316
Dev. Fee	1,000,000	5,263
Soft Cost Cont.	<u>239,242</u>	<u>1,260</u>
Total	25,200,000	132,632

*Meets the HUD prorata test. ($\$132,632 \times 38$ qualified units = $\$5,040,016$)

**The 221(d)(4) is assumed at 5.5% rate for 40 years at 1.11 DCR.

Rents:

<i>Description</i>	<i>NO. Units</i>	<i>Living Unit Area</i>	<i>Rent</i>
1BR, 1BA w/ sm. bal.	23	558 sf	\$ 800
1BR, 1BA w/lg. bal.	65	686 sf	\$ 930
1BR, 1BA w/lg. bal. (CBRA)	14	686 sf	\$ 732
1BR, 1BA w/bal.	27	739 sf	\$ 930
1BR, 1BA w/sm. bal.	9	781 sf	\$ 930
2BR, 2BA w/bal.	4	1046 sf	\$1,114
2BR, 2BA w/bal. (CBRA)	2	1046 sf	\$ 804
2BR, 2BA w/bal.	5	995 sf	\$1,114
2BR, 2BA w/bal. (CBRA)	3	995 sf	\$ 804
2BR, 2BA w/bal.	9	1027 sf	\$1,114
2BR, 2BA w/bal. (CBRA)	7	1027 sf	\$ 804
2BR, 2BA w/bal.	8	1101 sf	\$1,114
2BR, 2BA w/bal. (CBRA)	6	1101 sf	\$ 804
3BR, 2BA w/wrap bal.	2	1185 sf	\$1,283
3BR, 2BA w/wrap bal. (CBRA)	<u>6</u>	1185 sf	\$1,018
Total	190		

Revenue and Expense Summary:

Revenue:

	<i>Amount</i>
<i>Gross Potential Income</i>	2,313,258
<i>Other Income</i>	18,818
<i>Vacancy at 7%</i>	<u>(172,545)</u>
Total	\$ 2,159,531

Expenses:

	<i>Amount</i>
<i>Operating</i>	<i>605,114</i>
<i>Replacement Reserve</i>	<u><i>69,524</i></u>
Total	\$674,638
<i>Net Operating Income</i>	\$1,484,893
<i>Debt Service (at 1.11 DCR)</i>	\$1,336,404
Cash Flow	\$148,489
Social Services	(\$ 38,000)
MTW Loan at 2%	(\$100,000)
Net Cash Flow	\$ 10,489*

*Other income generated by the property may increase this return.

Schedule

221(d)(4) Final Application Submittal:	2nd Quarter 2010
Closing:	3rd Quarter 2010
Construction Start:	3rd Quarter 2010
Delivery of Clubhouse and 1st Units:	3rd Quarter 2011
Project Completion:	2nd Quarter 2012

Risk Analysis

If approved, staff will continue to move forward with design, construction analysis and on-going feasibility analysis. While working toward submission of the Final Application, staff will monitor and assess the following risks:

1. Interest Rates:

- a. Risk: The analysis presented in this report assumes an interest rate on the 221(d)(4) debt of 5.5%. Current rates are in the 5.25% range.
- b. Mitigating Factor(s): If proforma assumptions do not hold true, we are carrying a contingency and could consider using a portion of the developer fee to buy the rate down and still meet HUD underwriting guidelines.

2. MTW Use of Funds:

- a. Risk: The question as to whether or not we can invest MTW funds as capital to construct units that will be assisted by Section 8 (vs. Section 9) has been answered in the affirmative.
- b. Mitigating Factor(s): None.

3. Market Rents:

- a. Risk: The rents will be restricted to 80% AMI, which is below the market rent indicated in the market study. The residents will be income qualified. However, the incomes range from \$37,500 to 57,450 for one person to 5 person households, respectively. These incomes should not disqualify most applicants from renting.
- b. Mitigating Factor(s): The rents that have been underwritten in this item have been conservatively underwritten relative to their competition during perhaps the bottom of the market. Having said that, rents have been underwritten at \$67 to \$100 below the maximum 80% AMI rent, depending on bedroom size, resulting in a conservative rent schedule.

4. Property Tax Exemption:

- a. Risk: The analysis presented in this report anticipates that Horizon Development Properties, Inc. will be the sole owner of The Lofts at Seigle Point and that it will receive a property tax exemption for the property.
- b. Mitigating Factor(s): Staff has discussed the proposed project with legal counsel and has received favorable feedback regarding a property tax exemption. The property would be considered for the exemption so long as it meets the statutory requirements. The Statute requires a non-profit demonstrating a charitable purpose to qualify. With Horizon Development Properties, Inc. (a non-profit) owning the property and the inclusion of the 80% AMI rent restriction we will meet these requirements. HUD will need to approve the change to a rent restricted property and our underwriter has indicated that affordable projects are usually considered favorably.

Budget:

The MTW budget is being amended in the amount of \$4,500,000. Funds in the amount of \$500,000 were approved for pre-development costs. Exhibit A reflects funds moved from Capital Projects – Real Estate to Loans to Others in the amount of \$4,500,000.

Committee Discussion:

This item was pulled and not discussed at the Development or Finance & Audit committee meeting on April 7, 2010 and rescheduled as a Business Item at the April 20, 2010 Board meeting.

Community Input:

This project required rezoning and as part of that process a community meeting and public hearing were held. No concerns were raised at either of these meetings.

Funding:

This project will require financing through HUD's 221(d)(4) program. The preliminary application was approved. Final application will be submitted in 2nd Quarter 2010.

MTW Funds

Attachments:

Resolution No. 1836 (Tab 2)

Resolution No. 1839 (Tab 2)

Exhibit A for Resolution 1839 (Tab 2)

**8. D Steele Creek Senior Apartments
Budget Amendment: MTW Funds**

<p>Action: Approve Resolution No. <u>1834</u> to Amend Resolution No. 1830 Which Amended the MTW Funds Budget for the Fiscal Year Ending March 31, 2011.</p>
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Staff Resource: Jeff Meadows and Ralph Staley

Strategic Business: Real Estate and Finance and Administration

Strategic Goal: Maximize Economic, Social, and Physical Value of Real Estate
Attain Long Term Financial Viability

Explanation:

In October and December of 2009 the Board approved a long term loan of \$3,000,000 (\$592,676 in RHFF and \$2,407,324 in MTW Budget) in funds to be expended for the project. The Steele Creek Senior project will be the new construction of 120 tax credit units located off of Steele Creek Road in Southwest Charlotte. The project will include one and two bedroom units with 60 units serving as Section 9 units (all one bedrooms) and 60 units of Community Based Rental Assistance (One and Two Bedroom Units). The requested action is to amend the MTW portion of the approved project budget to move funds from “Loans to Others” to the “Operating Transfers Out-Public Housing” to allow for the acquisition of land to be held in the “Project AMP” (Up to \$1,100,000).

During the process of securing an equity investor for the project we discovered a change in the North Carolina Housing Finance Agency (NCHFA) policy on loan terms. The CHA loan terms were contemplated to be 30 years at Applicable Federal Rate (AFR) with 2% interest only payable with the remainder of the interest accruing. The NCHFA policy now limits the terms to 2% interest only to receive mortgage subsidy points. The change in the rate of the CHA loans creates a reduced tax loss to the ownership entity that results in a lower equity pay out of two pennies per dollar (.72 vs .74) or approximately \$220,000 in this project. To address this issue, staff is recommending CHA buy the land using our investment in the project and place the land in the project as a lease with a note accruing interest and extend the CHA loan term to 40 years at 2% interest only (up to at least the NCHFA limits) to create the loss stream needed to maintain the equity pricing.

The lease and loan structure concept has been utilized successfully in several past tax credit projects.

This action will ensure: compliance with the NCHFA policy on loan terms preserving our right to claim mortgage subsidy points on future applications; meeting the tax credit 10% carry forward requirements; and taking down the land prior to the June 2010 contract term expiration.

The \$3,000,000 expenditure will be split into three parts:

Land Purchase - The land purchase is up to \$1,100,000 (MTW*).

*This MTW Budget item is the subject of the requested budget amendment.

Pre-development - The predevelopment expenditures are being shared 50/50 with Wood Partners. The estimated predevelopment budget is \$635,000. The CHA share will be \$317,500 (MTW).

Development Expenditures - The development expenditure amount is a total of \$1,582,500. It is split into two parts, \$989,824 (MTW) and \$592,676 (RHFF), to be expended at closing and during construction of the project.

Sources and Uses:

<u>Sources</u>	<u>Amount</u>
Housing Trust Fund	1,370,434
CHA MTW	2,407,324
CHA RHFF	592,676
State Tax Credit Loan	1,088,552
Investor Equity	7,581,384
Deferred Dev. Fee	<u>245,957</u>
Total	\$13,286,327

<u>Uses</u>	
Land	1,100,000
Hard and Soft Cost	<u>12,186,327</u>
Total	\$13,286,327

MTW Budget Amendment:

In Resolution No. 1759, \$3,000,000 was reallocated from Capital Projects- Real Estate to Loans To Others. In Resolution No. 1782 a reallocation of expenditures moved \$592,676 from Loans to Others to Capital Projects Real Estate to use Replacement Housing Factor funding for the Steel Creek Seniors Apartments. In this amendment staff would like to re-appropriate \$2,407,324 (\$3,000,000 - \$592,676) for this project. Funding is from the

Fund Balance Appropriated - MTW Funds. Exhibit A shows an increase in Fund Balance Appropriated - MTW Funds of \$2,407,324 and an increase in Loans to Others of \$1,307,324 for the Steele Creek Seniors Apartments and an increase of \$1,100,000 for Operating Transfers Out-Public Housing.

Committee Discussion:

This item was pulled and not discussed at the Development or Finance & Audit committee meeting on April 7, 2010 and rescheduled as a Business Item at the April 20, 2010 Board meeting.

Funding:

MTW Funding
Replacement Housing Factor Funds (RHFF) Funding

Attachments:

Resolution No. 1834 (Tab 2)
Exhibit A for Resolution No. 1834 (Tab 2)

8. E Budget Amendment: Asset Management Project Budget

Action: Approve Resolution No. 1835 to Amend Resolution No. 1833 which Amended the Asset Management Project Budget for the fiscal year ending March 31, 2011

Staff Resource: Ralph Staley

Strategic Business: Finance and Administration

Strategic Goal: Attain Long – Term Financial Viability

Explanation:

In October and December of 2009 the Board approved a long term loan of \$3,000,000 (\$592,676 in RHFF and \$2,407,324 in MTW Budget) in funds to be expended for the project. The Steele Creek Senior project will be the new construction of 120 tax credit units located off of Steele Creek Road in Southwest Charlotte. The project will include one and two bedroom units with 60 units serving as Section 9 units (all one bedrooms) and 60 units of Community Based Rental Assistance (One and Two Bedroom Units).

During the process of securing an equity investor for the project we discovered a change in the North Carolina Housing Finance Agency (NCHFA) policy on loan terms. The CHA loan terms were contemplated to be 30 years at Applicable Federal Rate (AFR) with 2% interest only payable with the remainder of the interest accruing. The NCHFA policy now limits the terms to 2% interest only to receive mortgage subsidy points. The change in the rate of the CHA loans creates a reduced tax loss to the ownership entity that

results in a lower equity pay out of two pennies per dollar (.72 vs .74) or approximately \$220,000 in this project. To address this issue, staff is recommending CHA buy the land using our investment in the project and place the land in the project as a lease with a note accruing interest and extend the CHA loan term to 40 years at 2% interest only (up to at least the NHCFA limits) to create the loss stream needed to maintain the equity pricing. The lease and loan structure concept has been utilized successfully in several past tax credit projects.

This action will ensure: compliance with the NCHFA policy on loan terms preserving our right to claim mortgage subsidy points on future applications; meeting the tax credit 10% carry forward requirements; and taking down the land prior to the June 2010 contract term expiration.

The \$3,000,000 expenditure will be split into three parts:

Land Purchase - The land purchase is up to \$1,100,000 (MTW).

Pre-development - The predevelopment expenditures are being shared 50/50 with Wood Partners. The estimated predevelopment budget is \$635,000. The CHA share will be \$317,500 (MTW).

Development Expenditures - The development expenditure amount is a total of \$1,582,500. It is split into two parts, \$989,824 (MTW) and \$592,676 (RHFF), to be expended at closing and during construction of the project.

Sources and Uses:

<u>Sources</u>	<u>Amount</u>
Housing Trust Fund	1,370,434
CHA MTW	2,407,324
CHA RHFF	592,676
State Tax Credit Loan	1,088,552
Investor Equity	7,581,384
Deferred Dev. Fee	<u>245,957</u>
Total	\$13,286,327

<u>Uses</u>	
Land	1,100,000
Hard and Soft Cost	<u>12,186,327</u>
Total	\$13,286,327

Budget Amendment:

Exhibit A shows an increase in Operating Transfers In- MTW of \$1,100,000 and an increase in the Capitalized line item of \$1,100,000 for the Steele Creek Seniors Apartments.

Committee Discussion:

This item was pulled without discussion at the Finance & Audit Committee meeting on April 7, 2010.

Funding:

MTW Funds

Attachments:

Resolution No. 1835 (Tab 2)

Exhibit A for Resolution No. 1835 (Tab 2)

**MINUTES OF THE REGULAR BOARD MEETING
OF THE COMMISSIONERS' OF THE
HOUSING AUTHORITY OF THE CITY OF CHARLOTTE
HELD ON TUESDAY, MARCH 16, 2010**

The Board of Commissioners' of the Housing Authority of the City of Charlotte, North Carolina held a regular meeting at *Southside Homes, 3400 Griffith Street, Charlotte NC 28203* at 5:00 p.m. on Tuesday, March 16, 2010.

Present: ***Chairman Joel Ford***
 Commissioner Ben Hill
 Commissioner Geraldine Sumter
 Commissioner Lucille Puckett
 Commissioner Rodney Moore

Absent: ***Vice-Chairman Miller***
 Commissioner David Jones

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

Pledge of Allegiance:

Chairman Ford asked that everyone stand as Commissioner Hill leads us in the pledge of allegiance. Once completed, the public hearing was opened.

Public Hearing: 2010 – 2011 Annual Operating Budgets:

Chairman Ford stated that during the 2001 North Carolina legislature, article 3 of chapter 159 of the general statutes was amended to add section 159 – 42C annual budget. It states that housing authorities shall operate under an annual budget. Further it states that the proposed budget shall be available for public inspection. The Charlotte Housing Authority's budget has been available for public inspection since February 3, 2010. That same general statute states that the governing board shall cause a notice of public hearing to be published in the newspaper of general circulation in the area; once a week for two consecutive weeks prior to the public hearing. That notice was published on February 28, 2010 and March 7, 2010. Additionally it states that before adopting the budget the housing authority shall hold the public hearing at which time any persons who wish to be heard on that budget may appear. This is that required public hearing.

Therefore at this time do we have anyone who chooses to speak on behalf of this operating budget? Seeing that there are none, a motion was requested to close the public hearing.

ACTION:

Motion was made by:	Commissioner Hill
Motion was seconded by:	Commissioner Puckett
Outcome:	Passed unanimously

Public Forum:

Chairman Ford asked if there was anyone present who wishes to address this board on any issues/concerns or if you have something you would like to compliment us on, we would be happy to receive those at this time as well. Seeing and hearing none, Chairman Ford asked for a motion to close the public forum.

ACTION:

Motion was made by:	Commissioner Puckett
Motion was seconded by:	Commissioner Hill
Outcome:	Passed unanimously

Additions to the Agenda:

Chairman Ford stated that before we adopt the remainder of this agenda he would like to remove Item 7 which is the committee reports (Client Relations, Development and Finance & Audit). We have some upcoming action items that will be explained. He then asked if there were any additions to this agenda; Commissioner Puckett requested that a RAC update be added. The update would be given by Ms. Lucy Brown, president of the Sunridge community. Chairman Ford than asked for any additions/deletions to the agenda, hearing none he requested a motion to accept the amended agenda.

ACTION:

Motion was made by:	Commissioner Moore
Motion was seconded by:	Commissioner Puckett
Outcome:	Passed unanimously

Consideration to approve the minutes for:

- Regular Board meeting held *February 16, 2010*

ACTION:

Motion was made for approval by:	Commissioner Puckett
Motion was seconded by:	Commissioner Moore
Outcome:	Passed unanimously

NOTE: All committee reports were removed from the agenda as stated under Additions to the Agenda.

Monthly Report from the CEO

Business Plan Update:

Chairman Ford introduced Mr. Woodyard, CEO, to give his report. Mr. Woodyard started with the not-so-good news. Last month he updated the Board about the “Living Cities” initiative we had been asked to participate in, we have received information that our initiative did not make the next round of consideration. He thinks we will try again next year.

Information was disseminated to the board and this is the good news. We did get specific approval on our Flexible Use of Funds Request to HUD. Mr. Woodyard reminded the board that a few months ago all the MtW agencies were granted the authority to use MtW funds outside of Section 8 and Section 9. However the caveat is that you had to propose a specific program or set of programs to HUD for them to approve or not approve on a case-by-case basis. We submitted our initiatives to them several weeks ago and we received our approval on March 10, 2010 with permission to move ahead. Mr. Woodyard referred specifically to the front first page and the three bullets. The Charlotte Housing Authority’s initiatives are: 1) to create a local rental subsidy program. We will use MtW funds, probably in conjunction with other local funds. Mr. Woodyard gave a brief explanation before revealing number 2. Generally Section 9 or public housing funds can only be used to build public housing not project based Section 8 funds. As you know we like to use project based Section 8 as a way to provide a better economic model in a lot of our developments either new development or acquisition; 2) gives us the flexibility to use MtW funds for Project Based Section 8 units; 3) approves the use of MtW funds for McCreesh Place. Mr. Woodyard reminded the Board that McCreesh Place is the SRO addition that we provided capital funds up front and also operating funds. There was a slight snag because of the original funds that were used to construct McCreesh Place which were part of the supportive housing program. The regulations for supportive housing and regulations for Section 8 or Section 9 are not compatible in a lot of senses and we have had the mayor attempt to work with the HUD secretary as well as myself and staff working with HUD staff to get these issues resolved. This does not resolve those issues it merely states that we had permission to use the MtW funds for McCreesh Place. So stay tuned on resolving those issues. Mr. Woodyard then asked for questions surrounding this information.

Hearing none, Mr. Woodyard recognized Ms. Cheryl Campbell, Deputy COO, to give a brief update on the scorecard. However before giving the report, Mr. Woodyard asked Ms. Campbell to introduce some of the staff of Southside Homes and the regional property managers.

Chairman Ford stated that typically as commissioners we do not know who some of the staff is until we come to the sights therefore he wanted to acknowledge the staff and thank all for allowing us to come to this facility. Additionally he thanked them for what they do on behalf of the Charlotte Housing Authority.

Ms. Campbell's report was as follows:

She referred to behind tab 1 you will find the scorecard, with our monthly statistics and she pointed out overall things are looking very good. On the Section 8 utilization she mentioned that we are holding the special use vouchers for Boulevard Homes and FUP program. Other than that we only have 12 vouchers that are not currently utilized. We are doing well on the utilization rate for our regular vouchers and the special use vouchers are being held. Commissioner Hill questioned that the waiting list has gone from 3600 people to 2300 people to what do you attribute that to. Ms. Campbell responded that the waiting list is not open, therefore we started with 3600 and now it is down to 2300. The decrease this month has resulted primarily from people either not responding to the letters, therefore being removed from the wait list or the background checks have found them ineligible. Commissioner Puckett asked if the wait list had been purged. We purge usually once every six months.

The vacancy turn days are very favorable for conventional, we are at 15, affordable properties are at 9. Although the private management properties have had a few challenges this month. They are at an average of 36 this month, due to a situation at 940 Brevard which had a vacant unit that was vacant for over 100 days. They requested permission from the Housing Authority to take an ACC unit off line to be used for a manager's office and Ms. Campbell informed them that we will not agree with that unless there is a very compelling reason why we want to lose the subsidy or assistance for a family. Therefore send me the crime stats as well as the reason why you want to do this, however at this time we are not going to approve it. Unfortunately, the manager made the decision to hold the unit vacant pending our decision. This has caused a little glitch and we have consulted with the regional property manager to make sure that does not happen again. Ms. Campbell continued to explain that we had another situation at Park at Oaklawn that a unit went 45 days and the manager stated that she had a customer ready to move in then at the last minute that customer changed their mind, then they had to start the process over again which took a little longer.

Ms. Campbell asked for questions; Chairman Ford asked do we have anything in our operating agreements either now or something we will do in the future that will allow us to address managers that make a unilateral decision to pull a unit off line which allows us some leverage to deal with that. Ms. Campbell responded that we write very strong letters to the managing agent. We can recommend replacement if they have a history of errors. Mr. Woodyard injected that he would suggest that we hold back on the management fee because of the lose revenue. This is classified as a non-performance issue. Commissioner Hill questioned the occupancy rate at

Stonehaven East which is 79%. She explained that Stonehaven East is struggling because there is no bus line. This explains the low occupancy rate. A market analysis is being prepared for submission. Additionally they have had a high turnover in managers within the past 12 months. They asked if there were anymore questions, hearing none Mr. Woodyard concluded his report.

Before RAC gave their report, Chairman Ford wanted to acknowledge and thank all the staff from Charles Woodyard, CEO to Ralph Staley, CFO and to staff that works under Ralph for the Small Business Procurement Workshop that was held on March 10th at the Carole Hoefener Center. Chairman Ford stated that the facility looked extremely nice and he was very proud when he entered the property. He is not sure what the attendance record was but there was a huge turnout. He wants to publicly acknowledge and thank all of the staff in the procurement department for their presentation and providing a very meaningful, fruitful outreach to the community.

Resident Advisory Council (RAC) Report:

Ms. Lucy Brown, president of the Sunridge Community gave the following report:

- Ms. Brown read to the Board a letter which was dated March 5, 2010. The letter was intended to inform the Charlotte Housing Authority and all partners, the remaining presidents of the resident organization, as members of the resident council also known as RAC, has unanimously made a decision to form an interim Board. The Board was created to continue the mission without any further lapse in operation due to the resignation of the present Board. Effective immediately any business matters, questions/concerns should be addressed to this Board. We look forward to continuing our partnership in the best interest of the residents, the authority, the community, all past present and future partners.
- On February 22, 2010 the election committee was at Strawn Apartments and on February 23, 2010 the committee was invited to Parktowne Terrace. The nominating committee was formed in both communities.
- Strawn Apartments election is scheduled for April 8th and Parktowne election is scheduled for April 9th.
- The election committee will be in the Claremont Community at 1:00 p.m. As you can see RAC is very active and on the move. Any further questions please come to the RAC office or the interim president.

Chairman Ford asked if any of the commissioners had any questions. Chairman Ford directed a question to Mr. Sherrod Banks, General Counsel, asked if we are ok with the current setup. Does he have any feedback? Mr. Banks responded that he had none at this time however he would be talking with RAC's counsel beyond this meeting and he would report his information to Chairman Ford. Additionally Mr. Woodyard, CEO, directed the following question to Ms. Brown: when you stated that you had elections were they for the community presidents for

Strawn and Parktowne, and have you developed a way to hold elections for the RAC Board? Ms. Brown responded that they have had their election for the interim board. For clarification Mr. Woodyard stated for the permanent sitting RAC Board. Ms. Brown responded not at this time. Mr. Woodyard continued that he wanted to understand and let the Board know that once the permanent RAC Board is seated then we can start negotiations on a new MOU (Memorandum of Understanding). Commissioner Moore directed the following question to Commissioner Puckett: what is the time frame for going from an Interim Board to a permanent Board. Commissioner Puckett stated that she is not sure at this time, however according to the bylaws the community president has to be in that position for at least a year to be considered for the president of the RAC Board and be at least six months in any position on the RAC Board. In her conversation with HUD and TSSI (Tennant Service Support) Corporation located in Philadelphia advised that it could take anywhere from 6 month to maybe a year. However that should not stop the housing authority from proceeding with the MOU or anything else in order to move this organization forward. Commissioner Moore referred to the officers list, as of this moment those are the people that are qualified to serve. Commissioner Puckett continued that the reason the Interim Board was elected and decided upon was 1) as stated in the letter it is to be able to move forward 2) there is no qualified people to be able to carry the Interim Board forward. Currently there are seven presidents remaining; one is up for reelection at the Parktowne Terrace community which will take place on April 9th. Also there is one from the Boulevard Homes community which is due to be relocated therefore remaining are five. Commissioner Puckett continued that she did not elect to be a permanent part of the Board therefore remaining is four. The remaining informed that they have other commitments that inhibit them from being elected at this time. This explains why the decision was made not to have the election with the remaining members. Commissioner Moore reiterated a six month to one year process. Commissioner Puckett agreed that possibly at this time which includes getting the presidents that are currently involved as well as getting future presidents properly trained in an effort to get everybody on the same page going forward.

Chairman Ford continued with the following comment to Commissioner Puckett and Mr. Woodyard, CEO. He stated that he visited Edwin Towers last month and with the shift in the RAC organization it has left a void especially for that community. Therefore can information be communicated to the property manager so the residents can be informed. He would greatly appreciate the assistance which would help him to fulfill an obligation that he told the residents when he was at that community.

Consent Agenda Action Items:

Chairman Ford referred to the action **Items 8.A – 8.D.** He then asked if there were any questions concerning the Consent Agenda items, hearing none he asked for a motion to approve the consent agenda action items as presented.

ACTION:

Motion was made for approval: Commissioner Puckett
Motion was seconded by: Commissioner Sumter
Outcome: Passed unanimously

Business Agenda Action Item:

9.A Budget Adoption: Annual Operating Budgets

Approve resolution no. **1811** which adopts the Moving To Work Budget, Central Office Cost Center Budget, Asset Management Project Budget, Section 8 Budget and Carole Hoefener Center Budget for the fiscal year ending March 31, 2011.

Mr. Staley, CFO, stated that the Board conducted their required public hearing and the Board was presented the budget for the housing authority in January 2010. The final budget was given in February 2010 then discussed with a question and answer session during the March committee meeting. We have given further answers to questions and at this point it appears that we answered all questions relative to the adoption of the budget and this item is to ask for approval of the adoption of Resolution No. **1811** which adopts this years operating budgets for the authority.

ACTION:

Motion was made by: Commissioner Puckett
Motion was seconded by: Commissioner Hill
Prior to the final outcome vote Commissioner Sumter requested to make sure that some of the responses to questions particularly those raised by Commissioner Puckett's last memo, when we vote to approve this budget we are voting to approve the budget as it was distributed with the number corrections. Mr. Staley, CFO, responded that those were not included they were in a variance column. This answered Commissioner Sumter's questions and she accepted the information.
Outcome: Passed unanimously

Chairman Ford stated that moving forward we need to suspend the Charlotte Housing Authority's Board of Commissioners meeting and enter into the Horizon Development Properties, Inc. Board of Directors meeting.

ACTION:

Motion was made by: Commissioner Moore
Motion was seconded by: Commissioner Hill
Outcome: Passed unanimously

A motion was made to return to the CHA regular Board meeting to discuss the following items which due to an over site were not added at the beginning of the agenda. Mr. Woodyard, CEO, referred the question to Mr. Sherrod Banks, General Counsel, asking if the Board would need to amend the agenda to add this item or can we go directly to discussion of the item. Mr. Banks responded that it would be proper to amend the agenda to add the item which was over looked at the beginning of the meeting. For clarification the following items were added: Savanna Woods Redevelopment Resolution no. 1817 and Park at Oaklawn Homeownership recovery. Chairman Ford requested a motion to amend the agenda to add Resolution no. 1817

ACTION:

Motion was made to amend the agenda as stated: Commissioner Moore

Motion was seconded by: Commissioner Hill

NOTE: Commissioner Sumter requested a friendly amendment to add Resolution no. 1818 and Resolution no. 1820

Outcome: Passed unanimously

Chairman Ford called Mr. Frank Narron, Real Estate Dir. Of Strategic Initiatives, to the podium to give the following comments. In January 2010, as it relates to Savanna Woods, we filed a tax credit preliminary application that was a follow-up on the rezoning and the locational policy waiver received last year. On March 8, 2010 we received the March study that had been commissioned by the Housing Finance Agency. The information received from the Housing Finance Agency is relied upon to make a recommendation as to whether or not you will get credits. It was recommended, based on what has happened in the market recently that we reduce our market rent substantially and reduce our sixty-percent tax credit rents as well. Once Mr. Narron started restructuring the numbers and running new numbers it was realized that it would be difficult to have 34 market rate units and support conventional debt at substantially lower rents. Initially we were looking at having 95 tax credit units. A slight wrinkle is when you apply for the locational waiver the city doesn't give you any written document saying you have a waiver on this site. They make the approval of the Housing Trust Fund allocation equal to the approval that you are getting for locational policy. When they approved the Housing Trust Fund application they approved it with 83 affordable units, as opposed to 95. Today the numbers were run again at 83 tax credits with 12 market rate units for which the rent would be substantially lower and it still functions. This option may also give us a better position with the neighborhood because it has been extremely important for them, when we went through the rezoning process, and the locational waiver process for there to be some market rate units in the project. This may actually be a nice compromise to have the 83 tax credit units.

Commissioner Sumter questioned that the numbers would be different. Mr. Narron stated there are two options, he is recommending that we go with the one just described, 83 tax credit units and 12 market rate units in phase I. We can still go with what you see in front of you for phase I

at 95 tax credit units; however it would require that we go through the locational waiver process at the city. This would require to be voted on before city council again. Commissioner Sumter requested that Mr. Narron take the following action: when this project is over how many total units would you have, under the option, which is not before me. Mr. Narron responded that either way there would be up to 251 units in the property if we joint ventured it with the adjacent property owner. Commissioner Sumter continued questioning that out of the 251 what would be the number for market rate. Mr. Narron responded that out of the 251 there would be 157 market. Commissioner Hill commented that you have preformed a market study/analysis that concluded that market rate is very difficult to deal with at this time, therefore is it the reasonable approach to change from 95 as opposed to moving those 12 over to phase II. He realizes that you would have to go back to ask for a waiver, however it would be hard to image that CHA would be turned down if we are creating more affordable housing. Commissioner Hill concluded that he has a concern with lease up since the market study has showed this is not a favorable market at this time. Mr. Narron clarified that the market study showed not to proceed with the rents at the higher market rate levels however we have lowered the rents substantially. Chairman Ford continued stating is this a good document or do we need another document. Mr. Narron responded that this would have to be amended per the discussion today. Chairman Ford questions then we are not voting on this.

Synopsis: Mr. Woodyard stated that we just found out what the waiver does and does not do, therefore he would like to suggest that we amend this, if you are going to accept our recommendation to do the 12 market rate units and the 83 affordable units, if this is acceptable and the reason behind it would need to be a part of the motion to approve Resolution no. **1817** reflecting 83 affordable units and 12 market rate units in phase I.

Chairman Ford asked the Board if everyone understood what we are preparing to vote on today. Mr. Narron concluded that the reason he is here tonight is to inform that we received this information on March 8, 2010 and we are required to respond to it by March 29th. Chairman Ford asked if there were any final questions on the revised Resolution no. **1817**. Hearing none, he asked for a motion to approve this request. Mr. Sherrod Banks, General Counsel, asked that the motion be stated for clarification. Chairman Ford asked Mr. Woodyard's assistance in stating this motion. Mr. Woodyard stated: the motion is as it is stated in the action item with the amendment stating that instead of 95 affordable units in phase I you would have 83 affordable units in phase I and 12 market rate units.

ACTION:

Motion was made by:	Commissioner Moore
Motion was seconded by:	Commissioner Hill
Opposed:	Commissioner Puckett

Outcome: 3 passed
1 opposed

Chairman Ford then moved to Resolution no. 1818. Ms. Twyla Taylor, Development Officer, and Mr. Ralph Staley, CFO, came forward to give some background. It is being requested that this resolution be requested to amend resolution no. 1626 which was a resolution to allow the First Ward homeowners to refinance their homes. This goes back to 2005, where the housing authority issued 40 second mortgages for the First Ward part of the HOPE VI grant. We allowed 20 families to purchase on site and 20 families to purchase off site. When the interest rates went down drastically starting in 2005, the term of those loans did not allow the families to refinance and so we adopted resolution no. 1302 which would allow them to refinance. Then in 2008 when the market took another change we revised resolution no. 1626 to amend resolution no. 1302 to allow the housing authority to be able to negotiate on foreclosures. The reason being at that time we had started to see several foreclosures come through and there was nothing in place to allow us to effectively deal this the situation. Therefore resolution no. 1626 allowed us to negotiate with the first lender on those homes.

Today we asking to amend that resolution once again to include other CHA communities that have second liens, which include Park@Oaklawn and Arbor Glen. This resolution has been prompted because we have received a notice of foreclosure on one home at Park@Oaklawn and in order to begin to negotiate the terms we are here today and Mr. Staley has the budget amendment. The actual foreclosure date was Friday, March 12, 2010 and BB&T the first lien holder opened the bidding. Their first loan was \$71,900 and the housing authority has a second lien for \$44,000. We would like authority to negotiate with that loan. The recommendation is to be able to bid on the property. In the Park@Oaklawn community those homes with a rough calculation/market analysis and they are selling in the range of \$160,000 for a 3-bedroom house. We would like authorization to move forward with bidding on that process in an effort to recapture some of CHA's investment. Mr. Woodyard, CEO, noted that if there is a bid outside of the CHA bid that exceeds \$115,000, then we will not try to bid because we would then recover all of our cost. Ms. Taylor agreed with that comment.

Commissioner Sumter questioned how would we know if the bid is not going to reach \$115,000. How will that work? Ms. Taylor responded that we are monitoring the process and we will be prepared to do upset bids. The upset bid process will actually end on March 22, 2010. Commissioner Sumter continued and stated that we want to rehab the building for resale. Do you have some idea of the condition of the property is at this time? Ms. Taylors stated that not the interior, we have not had a chance to go into the property but from the looks of the outside and the surrounding community it is still in decent shape. Chairman Ford asked if there were any other questions before the final vote, hearing none, he would like a motion to approve the

adoption of resolution no. **1818** which amends resolution no. 1626. Additionally, if Mr. Staley, CFO, has no objection to approve resolution no. **1820** which would amend resolution no. 1794.

ACTION:

Motion was made for approval by:	Commissioner Moore
Motion was seconded by:	Commissioner Hill
Outcome:	Passed
Abstention:	?

Chairman Ford announced that we need a motion to suspend the CHA regular board meeting to go into Horizon Development Properties, Inc. Additionally we need to amend the Horizon Agenda to authorize additional 28 Community Based Rental Assistance (CBRA) Units at Mill Pond item **3.E**.

ACTION:

Motion was made by:	Unable to understand
Motion was seconded by:	Unable to understand
Outcome:	Passed

Chairman Ford requested a motion of adjournment from the Horizon Development Properties, Inc. meeting and reconvene the CHA Board meeting.

ACTION:

Motion was made by:	Commissioner Moore
Motion was seconded by:	Commissioner Puckett
Outcome:	Passed unanimously

Once reconvened a motion was made to officially close the CHA Board of Commissioners' meeting to go into Executive Session for the purpose of legal issues by:
Commissioner Moore, Seconded by: Commissioner Puckett, outcome: Passed unanimously

Minutes respectfully prepared by:	Barbara G. Porter Executive Assistant to the CEO
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Horizon Development Properties, Inc
Board of Directors
AGENDA

Central Office
1301 South Boulevard
Charlotte, NC 28203

April 20, 2010

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 March 16, 2010*
3. **Business Agenda Item:**
 - A. Budget Amendment: Woodlawn House Apartments **(p.1)**
 - B. Budget Amendment: The Lofts at Seigle Point **(p.4)**
 - C. Hampton Creste Funding Acceptance **(p.10)**
Hampton Creste Budget Amendment
 - D. Budget Amendment: Hampton Creste and Mill Pond **(p.13)**
 - E. Approve Procurement Contract-Bovis Lend Lease **(p.14)**

Business Agenda

Business Agenda items for the April 20, 2010 Regular Board Meeting of the Horizon Development Properties, Inc. Board of Directors.

3.A Horizon Development Properties, Inc. Budget Amendment: Woodlawn House Apartments

Action: Approve an Amendment to the Woodlawn House Apartments Capital Project Budget to include a loan from City of Charlotte NSP Funds, a grant from CHA NSP Funds, and to increase the CHA MTW loan to \$6,365,756 in Horizon Development Properties, Inc.

Staff Resource: Frank Narron and Ralph Staley

Strategic Business: Real Estate, Finance and Administration

Strategic Goal: Maximize Economic, Physical, and Social value of our Real Estate Portfolio; Attain Long-Term Financial Viability

Explanation:

Status: Project Variance

Horizon Development Properties, Inc. purchased Woodlawn House on October 7, 2009. The project is in the Design phase. We issued an Invitation for Bid (“IFB”) related to the asbestos abatement and light demolition. The selected firm is Environmental Holding Group (EHG).

Financing for the purchase and rehabilitation is coming from three sources. We have allocated CHA NSP funds to the project in the amount of \$500,000 (from the \$2,100,000 awarded CHA). Staff applied to the City of Charlotte for an allocation from their NSP award and on November 9, 2009 City Council approved that application in the amount of \$1,500,000. The remainder of the funds will be from MTW, up to \$6,365,756. All of the units will be marketed to seniors and they will be structured 50% Section 9 and 50% Community Based Rental Assistance (“CBRA”). These units, depending on the timing of rehabilitation, may serve as replacement housing for the other senior rehabs currently being contemplated by CHA.

CURRENT UNDERWRITING

Rents (including common area utilities and project paid utilities):

Type	SF	#	Revenue
ACC 1BR/1BA	640	31	\$335
ACC 1BR/1BA	740	3	\$335
ACC 2BR/2BA	975	11	\$335
ACC 2BR/2BA	1,088	7	\$335

CBRA

1BR/1BA	640	31	\$522
1BR/1BA	740	3	\$562
2BR/2BA	975	11	\$681
2BR/2BA	1,088	7	\$701

Sources		Per Unit
NSP – City of Charlotte (a)	\$1,500,000	14,423
NSP Grant - CHA	500,000	4,808
MTW - CHA (b)	<u>6,365,756</u>	<u>61,209</u>
Total	<u>\$8,365,756</u>	<u>\$80,440</u>

Uses

Acquisition	\$3,250,000	31,250
Transaction/ Carry	153,750	1,478
Rehabilitation	3,794,470	36,485
Soft costs (c)	872,536	8,390
Reserves	<u>295,000</u>	<u>2,837</u>
Total	<u>\$8,365,756</u>	<u>\$80,440</u>

- (a) Assumes debt service with interest only payments of \$15,000 payable to the City.
- (b) Assumes interest only payment at 2% (\$127,315 annually to CHA – contingent on available cash flow).
- (c) Includes Developer Fee of \$500,000 to Horizon / CHA.

In addition to the Developer Fee, there is projected \$52,000 annually for tenant services and \$7,500 for asset management fees as well as about \$65,000 capitalized in the development budget. Without regard to the Developer Fee, tenant services, and asset management fees, the property generates an average annual cash on cash return equal to 1.8% - within established investment policy parameters.

Income and Expenses:

Income:	\$5,502 – PUPY	\$572,208	- Total Annual
Vacancy (a):	\$ 165 - PUPY	\$ 17,160	- Total Annual
Expenses (b):	\$4,022 - PUPY	\$418,288	- Total Annual
NOI:	\$1,315 - PUPY	\$136,760	- Total Annual
Debt Svc:	no required debt service		
Cash Flow:	\$1,315 - PUPY	\$136,760	- Total Annual

(a) Since this project is 100% CHA subsidized, staff assumed a 3% vacancy as opposed to the standard 7% that we traditionally used on mixed-income projects.

(b) Includes \$52,000 annually in tenant services and \$7,500 in asset management fees. Exhibit A shows in Total Development Project Sources the addition of the City of Charlotte NSP Loan (\$1,500,000), the addition of the CHA NSP Grant (\$500,000), reclassification of the CHA MTW Loan (\$3,975,000) from Other Sources and the increase of the MTW Loan amount by \$2,390,756 to the total approved loan amount of \$6,365,756. Capitalized items is reduced by \$3,525,000 for the reclassification of the repayment of the line of credit to General and Administrative, and an increase of \$4,390,756 to complete the total project amount for acquisition and rehab for a net amount of \$865,756.

Committee Discussion:

There was a question from the Board asking if we were seeking to commit additional funds to the project. We are not – we are only establishing the budget to fulfill the commitment. The committee unanimously recommended approval to the Board of Directors. At the Finance & Audit committee meeting this item was also unanimously approved.

Community Input:

CHA staff has met with some of the homeowners in the area to collect ideas and answer questions. Staff will continue to keep the neighborhood involved.

Summary of Bids:

The bids for the asbestos abatement and light demolition have been received. The selected firm is Environmental Holding Group (EHG).

Section 3/MWBE Consideration:

Staff will ensure that CHA’s Section 3/MWBE policy goals are prominently incorporated in all agreements and will make strong, affirmative efforts to encourage all contractors and service providers to meet and exceed those goals.

Funding:

- Initially the 5th/3rd line of credit.
- CHA NSP Funds
- City of Charlotte NSP Funds
- MTW Funds

Attachments:
Resolution
Capital Project 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 April 20, 2010.

(SEAL)

BY: _____
Barbara Porter, Secretary

**3. B Horizon Development Properties, Inc.(Horizon)
Budget Amendment: The Lofts at Seigle Point**

Action:	Resolution to Authorize Horizon to Incur Expenses Related to the Development of The Lofts at Seigle Point, to Amend the Budget to \$25,200,000 to include a \$5,000,000 MTW Loan and \$20,200,000 in HUD 221(d)(4) Loan Proceeds, and Accept Said Loans for that Purpose.
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Staff Resource: Jeff Meadows and Ralph Staley

Strategic Business: Real Estate and Finance Administration

Strategic Goal: Maximize Economic, Physical, and Social Value of our Real Estate Portfolio; Attain Long-Term Financial Viability

Explanation:
Project Status: Project Budget Approval

The Lofts at Seigle Point is proposed to be the final on-site component of the Seigle Point HOPE VI redevelopment of the former Piedmont Courts. The development is proposed to be a mixed-income project including 190 units. All units will be rent restricted at 80% AMI , with 20% (38) of the units to be subsidized by CHA Community Based Rental Assistance (CBRA) at 110% of FMR. The project will be developed and owned by Horizon Development Properties, Inc. utilizing the loan from CHA and the HUD 221(d)(4) program. In September 2009 the CHA Board adopted a \$500,000 pre-development budget.

The development is proposed to consist of 23 studio, 115 one-bedroom, 44 two-bedroom and 8 three-bedroom units for a total of 190 units. The project will be constructed in 4 and 5 story wood framed construction with an integrated clubhouse and pool/amenity

area surrounding a pre-cast structured parking deck. Parking has been provided at a ratio of 1 per bedroom, plus 10 spaces for leasing and guests. Additional on-street parking is also available. The project has been designed to create a balance of density, parking and construction type in order to create the optimal economic balance.

The development will meet the following objectives:

1. It will add a much needed work force component to the Seigle Point community. Without the addition of these households, Seigle Point will remain substantially very low income and will not be the vibrant mixed-income community which was originally sought.
2. It will serve as a model for mixed-income development. While leveraging CHA funds at a ratio of 4 to 1, the development will create a luxury environment where CHA's residents will live along side working professionals near Charlotte's Uptown. This environment will be an ideal situation for these residents to excel in CHA's Moving Forward program.
3. It will promote CHA's financial sustainability. It is anticipated that the development will have a total Development Fee of \$1,000,000 and up to \$150,000 in cash available for distribution to CHA & Horizon.

An extensive market analysis has been conducted by Fred Beck & Associates, which has taken into account comparable properties that are currently existing, in lease-up and proposed. The Lofts at Seigle Point has been underwritten to compete with these comparable properties at today's rents at a point in time when three market factors have converged to create the most challenging rental market that Charlotte has seen for some time. The market factors that have lead to this market condition are: economic recession including associated job losses, record levels of new multi-family construction and the conversion of distressed condominium developments to rental.

Taking into consideration the above factors, there are several points why we believe a conservatively underwritten development would be well positioned to succeed. These points are as follows:

1. The projects that are now under construction will be leased-up or substantially leased-up by the time The Lofts at Seigle Point will deliver units.
2. Market conditions and lack of financing have depleted the number of proposed new multi-family developments. From September 08 to March 09 the number of proposed multi-family developments dropped from roughly 14,000 to roughly 4,000.
3. Construction costs have decreased by 10-20% from 2008 pricing, creating very attractive pricing.

It is anticipated that The Lofts at Seigle Point will deliver units in the 3rd Quarter 2011 into a market that will have little or no lease-up competition. With underwriting that is supported in distressed market conditions and taking advantage of optimal construction pricing, The Lofts at Seigle Point should be well positioned to succeed as the market moves toward recovery.

The project is proposed to utilize HUD's 221(d)(4) program, which will provide debt equal to roughly 80% of cost. We have elected to utilize the program's two step process consisting of a Preliminary and Final application. Our 221(d)(4) sponsor is Capmark Finance (with Berkadia Mortgage assisting), the leading sponsor of 221(d)(4) financing in the country as well as in North Carolina. All preliminary underwriting has been completed including a market study and rent and expense analysis. The current underwriting assumptions are indicated in the following information:

Sources and Uses:

	Amount	Per Unit
<i>Sources:</i>		
MTW	5,000,000*	26,316
221 D 4	<u>20,200,000**</u>	<u>106,316</u>
Total	\$25,200,000	\$132,632
<i>Uses:</i>		
Construction	19,000,000	100,000
Const. Contingency	950,000	5,000
Building Services	50,000	263
Signage	100,000	526
Arc./Eng.	660,758	3,478
Equity	2,500,000	13,158
Closing	300,000	1,579
Legal	150,000	789
FFE	250,000	1,316
Dev. Fee	1,000,000	5,263
Soft Cost Cont.	<u>239,242</u>	<u>1,260</u>
Total	25,200,000	132,632

*Meets the HUD prorata test. (\$132,632 x 38 qualified units = \$5,040,016)

**The 221(d)(4) is assumed at 5.5% rate for 40 years at 1.11 DCR.

Rents:

<i>Description</i>	<i>NO. Units</i>	<i>Living Unit Area</i>	<i>Rent</i>
1BR, 1BA w/ sm. bal.	23	558 sf	\$ 800
1BR, 1BA w/lg. bal.	65	686 sf	\$ 930
1BR, 1BA w/lg. bal. (CBRA)	14	686 sf	\$ 732
1BR, 1BA w/bal.	27	739 sf	\$ 930
1BR, 1BA w/sm. bal.	9	781 sf	\$ 930

2BR, 2BA w/bal.	4	1046 sf	\$1,114
2BR, 2BA w/bal. (CBRA)	2	1046 sf	\$ 804
2BR, 2BA w/bal.	5	995 sf	\$1,114
2BR, 2BA w/bal. (CBRA)	3	995 sf	\$ 804
2BR, 2BA w/bal.	9	1027 sf	\$1,114
2BR, 2BA w/bal. (CBRA)	7	1027 sf	\$ 804
2BR, 2BA w/bal.	8	1101 sf	\$1,114
2BR, 2BA w/bal. (CBRA)	6	1101 sf	\$ 804
3BR, 2BA w/wrap bal.	2	1185 sf	\$1,283
3BR, 2BA w/wrap bal. (CBRA)	<u>6</u>	1185 sf	\$1,018
Total	190		

Revenue and Expense Summary:

Revenue:

	<i>Amount</i>
<i>Gross Potential Income</i>	2,313,258
<i>Other Income</i>	18,818
<i>Vacancy at 7%</i>	<u>(172,545)</u>
Total	\$ 2,159,531

Expenses:

	<i>Amount</i>
<i>Operating</i>	605,114
<i>Replacement Reserve</i>	<u>69,524</u>
Total	\$674,638

<i>Net Operating Income</i>	\$1,484,893
<i>Debt Service (at 1.11 DCR)</i>	\$1,336,404

Cash Flow	\$148,489
Social Services	(\$ 38,000)
MTW Loan at 2%	(\$100,000)
Net Cash Flow	\$ 10,489*

*Other income generated by the property may increase this return.

Schedule

221(d)(4) Final Application Submittal:	2nd Quarter 2010
Closing:	3rd Quarter 2010
Construction Start:	3rd Quarter 2010
Delivery of Clubhouse and 1st Units:	3rd Quarter 2011
Project Completion:	2nd Quarter 2012

Risk Analysis

If approved, staff will continue to move forward with design, construction analysis and on-going feasibility analysis. While working toward submission of the Final Application, staff will monitor and assess the following risks:

1. Interest Rates:

- a. Risk: The analysis presented in this report assumes an interest rate on the 221(d)(4) debt of 5.5%. Current rates are in the 5.25% range.
- b. Mitigating Factor(s): If proforma assumptions do not hold true, we are carrying a contingency and could consider using a portion of the developer fee to buy the rate down and still meet HUD underwriting guidelines.

2. MTW Use of Funds:

- a. Risk: The question as to whether or not we can invest MTW funds as capital to construct units that will be assisted by Section 8 (vs. Section 9) has been answered in the affirmative.
- b. Mitigating Factor(s): None.

3. Market Rents:

- a. Risk: The rents will be restricted to 80% AMI, which is below the market rent indicated in the market study. The residents will be income qualified. However, the incomes range from \$37,500 to 57,450 for one person to 5 person households, respectively. These incomes should not disqualify most applicants from renting.
- b. Mitigating Factor(s): The rents that have been underwritten in this item have been conservatively underwritten relative to their competition during perhaps the bottom of the market. Having said that, rents have been underwritten at \$67 to \$100 below the maximum 80% AMI rent, depending on bedroom size, resulting in a conservative rent schedule.

4. Property Tax Exemption:

- a. Risk: The analysis presented in this report anticipates that Horizon Development Properties, Inc. will be the sole owner of The Lofts at Seigle Point and that it will receive a property tax exemption for the property.
- b. Mitigating Factor(s): Staff has discussed the proposed project with legal counsel and has received favorable feedback regarding a property tax exemption. The property would be considered for the exemption so long as it meets the statutory requirements. The Statute requires a non-profit demonstrating a charitable purpose to qualify. With Horizon Development Properties, Inc. (a non-profit) owning the property and the inclusion of the 80% AMI rent restriction we will meet these requirement. HUD will need to approve the change to a rent restricted property and our underwriter has indicated that affordable projects are usually considered favorably.

Budget:

In Exhibit A, Proceeds from Loans Bonds Notes - MTW Funds is increased by \$4,500,000 and Capitalized Items is increased by \$4,500,000. Also included is the HUD 221(d)(4) loan in the amount of \$20,200,000 as revenue, with the corresponding expenditure in the Capitalized Line item. In September 2009 the CHA Board adopted a \$500,000 pre-development budget. Therefore, the amended total project budget is 25,200,000.

Committee Discussion:

This item was pulled and not discussed at the Development or Finance & Audit committee meeting on April 7, 2010 and rescheduled as a Business Item at the April 20, 2010 Board meeting.

Community Input:

This project required rezoning and as part of that process a community meeting and public hearing were held. No concerns were raised at either of these meetings.

Funding:

This project will require financing through HUD’s 221(d)(4) program. The preliminary application was approved. Final application will be submitted in 2nd Quarter 2010.
MTW Funds

Attachments:

Resolution for Acceptance of Loans
Lofts at Seigle Point Budget

RECORDING OFFICER’S CERTIFICATION

I, Barbara Porter, the duly appointed secretary of the Horizon Development Properties, Inc., do hereby certify the above item was properly adopted at a regular meeting held April 20, 2010.

(SEAL)

BY: _____
Barbara Porter/Secretary

**3. C Horizon Development Properties, Inc.
Hampton Creste Budget Amendment and Funding Acceptance**

Action: 1. Approve the Resolution to Accept the City of Charlotte NSP Loan , the Habitat for Humanity’s “In-Kind” Construction Contribution, the CHA Replacement Housing Factor Funds Grant and the CHA NSP Grant.
2. Approve the Amendment of the Hampton Creste Apartments Development Budget in Horizon Development Properties, Inc.

Staff Resource: Tylee Kessler, J. Wesley Daniels and Ralph Staley

Strategic Business: Real Estate and Finance Administration

Strategic Goal: Maximize Economic, Physical, and Social Value of our Real Estate Portfolio; Attain Long-Term Financial Viability

Explanation:
Status: Project Budget Approval

Staff is requesting approval of 2 items: 1) acceptance of the \$1,300,000 City of Charlotte Neighborhood Stabilization Program (NSP) loan, the acceptance of up to \$100,000 in “in-kind” construction from Habitat for Humanity, the acceptance of the \$782,162 Replacement Housing Factor (RHF) grant from CHA, the acceptance of the \$1,500,000 NSP grant from CHA and 2) amendment of the Hampton Creste Apartment Development Budget.

In November 2009, the Board approved the acquisition of Hampton Creste Apartments, a 239-unit, multifamily community located at 920 N. Wendover Road. The property had been foreclosed and was an REO asset. Horizon utilized its Fifth Third line of credit to fund the required equity, closing costs and due diligence expenses incurred for the purchase.

Horizon is acting as developer for the renovation of Hampton Creste. Staff has structured this transaction to include a conventional bank loan (seller financing), CHA MTW loan, City NSP loan, CHA NSP Grant, CHA RHF grant and an in-kind, construction contribution from Habitat for Humanity.

Horizon has previously accepted an MTW loan in an amount of up to \$1,500,000 for the acquisition/rehab of Hampton Creste. As part of today’s agenda, staff is also requesting approval to accept a grant from CHA of Replacement Housing Factor funds in the total amount of \$782,162 that was recently received from HUD.

In December 2009, the Charlotte City Council approved a \$1,300,000 NSP loan for the renovation of Hampton Creste. These funds must be obligated by mid-July 2010.

In an effort to accommodate larger families, fifty-two (52) one-bedroom units will be converted to twenty-six (26) three-bedroom units to better meet the needs of both CHA and the homeless family population. This results in a unit reduction of twenty-six (26) units and brings the unit total from 239 to 213 units. The renovation also includes replacement of a substantial number of HVAC units, interior improvements to vacant units, and abatement of hazardous materials.

Staff will continue to identify additional funding sources to supplement the existing financing structure to renovate Hampton Creste. We are currently working on several upcoming opportunities for City grant funds for renovation.

Sources and Uses:

<u>Sources</u>	<u>Total</u>	<u>Per Unit</u>
United Community Bank	\$ 4,440,000	\$20,845
CHA MTW	1,500,000	7,042
RHF Funds	782,162	3,672
City NSP	1,300,000	6,103
CHA NSP	1,500,000	7,042
Habitat for Humanity	<u>100,000</u>	<u>470</u>
	\$ 9,622,162	\$45,174**
 <u>Uses</u>		
Acquisition	\$ 5,598,500	\$26,284
Renovation	2,455,115	11,526
Soft Costs*	1,193,547	5,603
Reserves	<u>375,000</u>	<u>1,761</u>
	\$ 9,622,162	\$45,174

**includes Developer Fee of \$512,500 and Relocation Expenses of \$375,000.*

***based on 213 units*

Schedule:

Acquisition Closing:	December 2009
MTW Amendment Review – Approval:	April – June 2010
MFP Approval:	June 2010
Mixed Finance Closing:	June 30, 2010
Construction Start:	June 2010
Construction Completion:	December 2010

In the original budget submission, the United Community Bank loan was \$4,640,000. After due diligence was completed, the seller financing was reduced by \$200,000. The new loan amount of \$4,440,000 is shown in Exhibit A. The Revenue section also shows a CHA MTW Loan of \$1,500,000, a CHA RHF Grant of \$782,162, a City of Charlotte - NSP Loan of \$1,300,000, a CHA NSP Grant of \$1,500,000 and a Habitat for

Humanity In-Kind Contribution of \$100,000. The United Community Bank and CHA MTW loan were previously shown in the Proceeds from Loans, Notes and Bonds and are now shown in separate line items, thus causing the decrease of \$6,140,000 to that line item. All expense items are shown in the Capitalized line item except for the repayment of the line of credit, which is shown in General and Administrative.

Committee Discussion: This item was discussed at the Development Committee meeting on April 7, 2010. Staff explained that these items are for the refinancing of Hampton Crete into a mixed income community with 60 ACC units. The Committee voted unanimously to recommend approval to the Board of Commissioners. This item was also unanimously approved at the Finance & Audit Committee.

Community Input:

Staff is working collaboratively with the Salvation Army, Habitat for Humanity and the Sisters of Mercy to collaborate on this project.

Section 3/MWBE Consideration:

Staff will ensure that CHA's Section 3/MWBE policy goals are prominently incorporated in all agreements and will make strong, affirmative efforts to encourage all contractors to meet and exceed those goals.

Funding:

MTW Funds
RHF Funds
City NSP
CHA NSP

Attachments:

Resolution
Hampton Crest Budget

RECORDING OFFICER'S CERTIFICATION

I, Barbara Porter, the duly appointed secretary of the Horizon Development Properties, Inc., do hereby certify the above item was properly adopted at a regular meeting held April 20, 2010.

(SEAL)

BY: _____
Barbara Porter/Secretary

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

Action: Approve an Amendment of the Horizon Development Properties, Inc. Budget for the Fiscal Year Ending March 31, 2011.

Staff Resource: Ralph Staley

Strategic Business: Finance Administration

Strategic Goal: Attain Long-Term Financial Viability

Explanation:

Hampton Crete and Mill Pond Apartments were purchased by Horizon Development Properties, Inc. in December 2009 and January 2010, respectively. Both properties have continued on-going operations uninterrupted since the purchases were made. Last month, as part of the year end clean up, the Board approved their budgets for January through March. In this amendment, staff is requesting to include the fiscal year 2010-2011 operating budgets for Hampton Crete and Mill Pond Apartments as shown below. However, since these properties are new to our portfolio, staff expects to amend these budgets in the future as better information becomes available.

	<u>Hampton Crete Apartments</u>	<u>Mill Pond Apartments</u>	<u>Total Budget</u>
Tenant Rents	\$915,324	\$1,014,400	\$1,929,724
Other Revenue	<u>377,464</u>	<u>50,681</u>	<u>428,145</u>
Total Revenue	1,292,788	1,065,081	2,357,869
Administrative	389,206	232,961	622,167
Utilities	163,816	62,578	226,394
Ordinary Maintenance	498,326	103,336	601,662
Other General	<u>241,440</u>	<u>666,206</u>	<u>907,646</u>
Total Expenditures	\$1,292,788	\$1,065,081	\$2,357,869

Exhibit A shows an increase in Total Revenue and Total Expenditures of \$2,357,869 to include the operating budgets for Hampton Crete and Mill Pond Apartments.

Also, 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 item at its meeting on April 7, 2010.

Funding:

Operating Revenues

Attachment:

Amended Horizon Budget

RECORDING OFFICER'S CERTIFICATION

I, Barbara Porter, the duly appointed Secretary of Horizon Development Properties, Inc., do hereby certify that the above item was properly adopted at a regular meeting held April 20, 2010.

(SEAL)

BY: _____
Barbara Porter, Secretary

3.D Approve Procurement Contract - Bovis Lend Lease

<p>Action: Authorize the CEO to Negotiate and Award a contract to Bovis Lend Lease, as Construction Manager at Risk for Horizon Development Properties, Inc.</p>

Staff Resource: Ralph Staley/Steve Lamphere/Jeff Meadows

Strategic Business: Finance Administration

Strategic Goal: Attain Long-Term Financial Viability

Explanation:

On November 17, 2009 the CHA Board of Commissioners approved a change to the CHA Procurement Policy that requires a review and approval by the Board for Procurement actions that exceed the dollar threshold set for that individual classification of material or service as set below:

<u>Dollar Threshold</u>	<u>Procurement Classification</u>
\$100,000	Construction, Maintenance or Repair contracts.
\$50,000	Purchase of apparatus, supplies, materials and equipment. Also including service contracts, consultants, architects and engineers.

Additionally, any procurement that will cause a single vendor to exceed the above amounts during a rolling twelve (12) month period will require prior approval from the CHA Board of Commissioners before additional contracts are awarded to the vendor.

On December 20, 2009 the CHA developed and broadcast a Request for Proposal (RFP) for an experienced Construction Manager (CM) at Risk for a Class A multifamily development to be located at Seigle Avenue and 10th Street, The Lofts at Seigle Point. The CM at Risk will be working as part of a team that also includes an architect along with mechanical, electrical, plumbing, and structural and civil engineering. The CM at Risk will also be required to follow the Federal Procurement Regulations of 24 CFR 85.36.

The CM at Risk provides planning, estimating, scheduling and other consulting services to the CHA and Architect during the design phase. When the design is near completion, the CM at Risk and the CHA negotiate a Guaranteed Maximum Price ("GMP") and schedule. The CM then acts as the general contractor during the construction of the project and prequalifies and procures all of the construction trade contractors that will perform the work. The CM at Risk is required to share all cost information with the CHA so that it will only pay for the Cost of the Work plus an agreed fee for the CM at Risk up to the GMP. Once negotiation with the Vendor is completed it is anticipated that the final agreement will be approximately \$19,950,000.

On January 15, 2010 the CHA received seven (7) proposals for the Construction Manager at Risk. An evaluation Committee was selected from within the CHA and included a CHA Commissioner. The following respondents were evaluated in accordance with the provisions of the RFP and interviews were conducted with these four firms as they were the most qualified. Once the evaluations and interviews were concluded, a second round of interviews were scheduled with the top two (2) scoring firms. Based upon the recommendation from the evaluation committee, it is recommended that the CEO be authorized to Negotiate and Award a contract to Bovis Lend Lease. In the event that negotiations with the top ranked firm are unsuccessful, the Board authorizes the CEO to enter into discussions and award a contract to the second ranked firm. Once again, if negotiations are unsuccessful the CEO may move on to the next ranked firm and so on until an agreement can be negotiated.

EVALUATION SCORING SUMMARY			
	Respondents	Total Points	Ranking
1	Bovis Lend Lease	264	1
2	Cox-Schepp Construction Inc & R J Leeper Construction LLC	241	2
3	Carocon	222	3
4	C F Evans Construction	204	4

Committee Discussion:

This item will be discussed at the April 7, 2010 Finance and Audit Committee meeting.

Funding:

The Lofts at Seigle Project budget

Attachment

None

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 April 20, 2010.

(SEAL)

BY: _____
Barbara Porter, Secretary

**MINUTES OF HORIZON DEVELOPMENT PROPERTIES, INC.
BOARD MEETING HELD ON TUESDAY, MARCH 16, 2010**

Regular Meeting:

Additions to the Agenda:

Chairman Ford asked for any additions/changes to this agenda, hearing none, he asked for a motion to accept the agenda as presented.

ACTION:

Motion was made by:	Commissioner Moore
Motion was seconded by:	Commissioner Puckett
Outcome:	Passed unanimously

Consideration to Approve the minutes for:

- Meeting held on *February 16, 2010*

ACTION:

Motion was made for approval by:	Commissioner Moore
Motion was seconded by:	Commissioner Puckett
Outcome:	Passed unanimously

Business Agenda Item:

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

Approve the amendment and removal of the Development Budget for Charlottetown Terrace in Horizon Development Properties, Inc.

Mr. Staley, CFO, stated that this item was discussed in the Finance & Audit Committee and was unanimously approved.

ACTION:

Motion was made for approval:	Commissioner Moore
Motion was seconded by:	Commissioner Puckett
Outcome:	Passed unanimously

NOTE: Chairman Ford stated that he would like to group **Items 3.B, 3.C and 3.D** He then asked if Mr. Staley would like to give a brief explanation and if there are no questions, then he would like to precede with adoption of those three business agenda items.

Mr. Staley, CFO, agreed and stated that 3.B was discussed in the Finance & Audit Committee and it was also unanimously approved at that time. Item 3.C was also discussed in the F&A Committee and as unanimously approved. Item 3.D is the operating budget which was disseminated and there were no questions relating to Horizon during the budget discussion but it was not voted on, it came directly to the Board. Chairman Ford asked if there were any questions concerning the budget adoption 2010-2011 Horizon Development Properties, Inc. budget. If there are none then he would like to get a motion to accept **Items 3.B, 3.C and 3.D.**

ACTION:

Motion was made to approve as stated:	Commissioner Puckett
Motion was seconded by:	Commissioner Hill
Outcome:	Passed unanimously

3.E Authorize Additional 28 Community Based Rental Assistance (CBRA) Units at Mill Pond Increasing the total to 51 CBRA Units:

Approve Horizon Development Properties, Inc. resolution to authorize the addition of 28 CBRA units and refinancing with the HUD 223 (F) program.

Jeff Meadows, Sr. Development Officer, came forward to give a brief explanation for the request. Horizon Development Properties, Inc. has acquired Mill Pond. The CHA Board unanimously approved a commitment of up to \$3,000,000 for the acquisition of Mill Pond. Mill Pond is a 168 unit, multifamily community located at 3515 Laurel Mill Drive. The transaction was structured with private bank financing (assumption of existing Wachovia construction loan) and LSP funds. The acquisition price was \$11,250,000 or \$66,964/unit (or \$57,692 per CHA Housing Opportunity). The property has recently completed construction and is currently in lease-up. Fast forward two significant challenges have emerged as staff has worked towards refinancing: a potential funding gap of \$1M and a delay in lease up is anticipated.

For clarification, Commissioner Sumter, stated that CHA has a new construction and therefore you are simply asking to change the categorization of the units; and by doing so you don't change the number of affordable housing units. Mr. Meadows responded that the number of units would remain the same. Initially we had 51, the breakdown is 23 Section 8 and 28 Section 9. When you change the 28 Section 9 to Section 8 the difference is the revenue to the project which allows us to carry additional refinancing which will allow the elimination of the potential gap. Mr. Woodyard injected that the Section 8 units bring in twice as much revenue as a public housing unit. Commissioner Sumter asked did we have enough Section 8 vouchers to immediately occupy the units. Mr. Meadows stated that we would have to market and make sure there is a respond,

however staff feels that once the notice is sent to Section 8 wait list clients and listed on SocialServe.com our flow will increase. Commissioner Sumter questioned was it close to public transportation. Mr. Meadows stated that it is in close proximity to Concord Mills and there is bus service five to six days a week. No Sunday schedule. Chairman Ford commented that he had visited the property and found it very updated and modern. Although he had difficulty with the current management staff to get the property leased up. Hopefully the necessary changes can be made which will assist in getting these units leased up. Chairman Ford reiterated that this is an extremely nice property however he did not foresee this refinancing issue nor having this lease up issue. Hopefully with the passing of this resolution we will be able to deal with the refinancing issue and move forward with the lease up. Chairman Ford asked for any further questions, hearing none he would like to request a motion to approve this resolution.

ACTION:

Motion was made by:	Commissioner Hill
Motion was seconded by:	Commissioner Moore
Opposed:	Commissioner Puckett
Outcome:	Passed

In finalization of this meeting Chairman Ford requested a motion to adjourn this meeting and enter into the CORE Programs, Inc. Board of Directors meeting.

ACTION:

Motion was made by:	Commissioner Hill
Motion was seconded by:	Commissioner Puckett
Outcome:	Passed unanimously

Minutes were respectfully prepared by:	Barbara G. Porter Executive Assistant to the CEO
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**Horizon Acquisition Corporation
Board of Directors
AGENDA**

*Central Office
1301 South Boulevard
Charlotte, NC 28203*

April 20, 2010

Directly After Horizon Development Meeting – Meeting Convenes:

Regular Meeting Agenda:

1. Additions to the Agenda
2. Consideration to Approve the Minutes for:
- *Meeting held on December 15, 2009*
3. **Business Agenda Item:**
 - A. Enter Into Ownership Entity for Steele Creek Seniors Apartments (p.?)

Business Agenda:

Business Agenda item for the April 20, 2010 Regular Board Meeting of the Horizon Acquisition Corporation.

3. A Horizon Acquisition Corporation – Enter Into Ownership Entity for Steele Creek Seniors Apartment

Action:	Approve a Resolution to Authorize Horizon Staff to Take All Needed Actions and Execute All Documentation Necessary to Enter into the Ownership Entity for the Development Effort Which is Steel Creek Senior Apartments.
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Staff Resource: Jeff Meadows

Strategic Business: Real Estate

Strategic Goal: Maximize Economic, Physical, and Social Value of our Real Estate Portfolio, Attain Long-Term Financial Viability

Explanation:

Project Status: Project Variance

Horizon Acquisition Corporation (Horizon), an instrumentality of the Charlotte Housing Authority (CHA), is designed to advance the activities of CHA through Horizon toward the creation of affordable housing activities. CHA has adopted the MTW Plan and its strategies to create affordable housing opportunities. CHA through its adoption of project resolutions supporting the development of the Steele Creek Seniors Apartments has indicated the site is appropriate for the proposed development and a desire to partner with Wood Partners. Furthermore, CHA supports the addition of Horizon to the ownership structure of the project. Horizon entering the ownership entity will provide the most favorable tax treatment to project over time. Staff recommends the requested action.

Committee Discussion:

This item was pulled and not discussed at the Development or Finance & Audit committee meeting on April 7, 2010 and rescheduled as a Business Item at the April 20, 2010 Horizon Acquisition Board meeting.

Funding:

None

Attachment:

Resolution

RECORDING OFFICER'S CERTIFICATION

I, Barbara Porter, the duly appointed Secretary of the Horizon Acquisition Corporation, do hereby certify that the above item was properly adopted at a regular meeting held April 20, 2010.

(SEAL)

BY: _____
Barbara Porter, Secretary

**MINUTES OF HORIZON ACQUISITION CORPORATION
BOARD MEETING HELD ON TUESDAY, DECEMBER 15, 2009**

Regular Meeting:

Additions to the Agenda:

Chairman Jones requested any additions to the agenda; hearing none he asked for a motion to approve as submitted.

ACTION:

Motion was made for approval:	Unable to hear who approved
Motion was seconded by:	Commissioner Ford
Outcome:	Passed unanimously

Consideration to approve the minutes for:

- Meeting held on *March 24, 2009*

ACTION:

Motion was made for approval:	Vice-Chairman Moore
Motion was seconded by:	Commissioner Ford
Outcome:	Passed unanimously

Business Agenda Items:

3.A Budget Amendment: Calendar Year Ending December 31, 2009:

Approve an amendment of the Horizon Acquisition Corporation budget for the calendar year ending December 31, 2009.

ACTION:

Motion was made for approval:	Commissioner Ford
Motion was seconded by:	Vice-Chairman Moore
Outcome:	Passed unanimously

3.B Budget Adoption: 2010 Horizon Acquisition Corporation:

Adopt the Horizon Acquisition Corporation budget for the calendar year ending December 31, 2010.

ACTION:

Motion was made for approval:

Commissioner Ford

Motion was seconded by:

Vice-Chairman Moore

Outcome:

Passed unanimously

Chairman Jones then asked for a motion to adjourn this meeting and go back into the CHA regular board meeting. The motion carried unanimously.

Minutes respectfully prepared by:

Barbara G. Porter

Executive Assistant to the CEO