

MINUTES OF A REGULAR MEETING OF THE  
 COMMISSIONERS OF THE  
 CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

The Commissioners of the City of Roanoke Redevelopment and Housing Authority met on Monday, April 25, 2022.

**I. CALL TO ORDER – ROLL CALL**

Chair Kepley called the meeting to order at 3:00 p.m. and declared that a quorum was present.

PRESENT: Commissioners Garner, Karney, McGuire, Vice Chair Walker, Chair Kepley

ABSENT: Commissioners Anguiano and Smith

OFFICER PRESENT: Mr. David Bustamante, Secretary-Treasurer

ALSO PRESENT: Mark Loftis, Legal Counsel; Evangeline Richie, VP of Housing; Joel Shank, VP of Operations; Jackie Austin, VP of Finance/CFO; Frederick Gusler, Director of Redevelopment and Revitalization; Greg Goodman, Director of Community Support Services; Gillie Henriksen, Administrative Manager/Executive Assistant; Kaelyn Spickler, PR/Social Media/Marketing Manager; Suzzette McCoy; Stephanie Wanza, Section 3 Coordinator; Don Jump, CPA; Kathy Perry, CPA

Chair Kepley welcomed everyone to today's meeting.

**REPORTS**

1. Financial Report.

Ms. Austin addressed the Board stating that she did not have anything to add to her written report, but that she would be happy to answer any questions for the Board.

Commissioner Garner asked if she preferred that he save any questions pertaining to the audit for the presentation later in the meeting and she asked that he did. Chair Kepley inquired about the staffing concerns within the Finance department. Ms. Austin replied that the Accountant I position had been filled in January and that a temporary employee had started helping with the Accountant II vacancy. Chair Kepley asked for further questions. There were none.

2. Executive Director's Report.

Mr. Bustamante addressed the Board stating that in addition to his written report he had a few items to bring to the Board. As of May 15, 2022 the Department of Housing and Community Development would no longer be accepting applications for Rent Relief Program. This change would mean that as of June 2022 those individuals that are behind on their rent would either need to enter into a repayment agreement or the eviction process would begin. He added that RRHA is informing its tenants of this change and advising them to apply in order to avoid the consequence of eviction.

Mr. Bustamante stated that he spoke with Ms. Relf, the manager for the Housing Choice Voucher program, and she advised that RRHA can expect to open the HCV waitlist sometime in late July or early August. There are approximately 500 participants left on the current waitlist and the department continues to issue vouchers on a monthly basis. He added that he would keep the Board updated as the time to open the waitlist approaches.

Mr. Bustamante informed the Board that he compensation study with BakerTilly should be completed and received by RRHA in the coming week. Once he meets with the senior leadership team, he will meet with the personnel committee before bringing

the study to the Board at the May Board meeting. He stated that he wanted to have time to meet with the personnel committee prior in case there were to be any changes made.

Lastly, Mr. Bustamante updated the Board on the repositioning study with hopes that this study would be received by RRHA by the end of April. If received in a timely manner, this would be presented to the Board at the May Board meeting, if not, then at the June meeting. Mr. Bustamante opened up the floor for questions.

Chair Kepley asked if the Lawson Companies would be making a presentation to the Board. Mr. Bustamante stated that they would be asked to present to the Board.

Commissioner Garner stated that a portion of the audit covered rent relief as a significant contributor to the overall financial health and income that RRHA received within the last fiscal year. He asked if RRHA anticipated a similar impact going forward. Mr. Bustamante replied that he did not due to the Rent Relief Program ending in May of this year and that no one would receive rent relief unless there was an extension, which is not expected at this time. Commissioner Garner asked for clarification on the overall impact this would have. Mr. Bustamante stated that Ms. Richie and the Public Housing staff made a significant effort to ensure that every resident that owed the authority rent knew how to access the program and received assistance if needed filling out the applications. He added that RRHA was fortunate to obtain about \$400,000 in rent relief, but that there are some other organizations and housing authorities that have not been as successful in their efforts and due to this are having financial struggles.

Vice Chair Walker asked if the 500 people on the HCV waitlist were from the 2019 waitlist or the new waitlist. Mr. Bustamante replied that there were 500 people

remaining from the 2019 waitlist. Commissioner Garner asked if there has been an expansion of available housing to adequately utilize the voucher program. Mr. Bustamante stated that RRHA is facing a similar problem that most communities are facing. There is a significant shortage in affordable housing. He further explained that another effect on the housing availability is the inability to evict those that have not paid their rent. Starting in June, more units will become available due to the Rent Relief Program ending. Commissioner Garner asked how RRHA interfaces with Blue Ridge Behavioral Healthcare and their voucher program. Mr. Bustamante replied that Blue Ridge has people come to RRHA through the Mainstream program. Blue Ridge refers them and they come directly to RRHA to be placed under the Mainstream Voucher program.

Chair Kepley asked if there were any questions for Mr. Bustamante. There were none.

3. Staff Reports

Chair Kepley asked for staff reports. There were none.

4. Committee Reports

Chair Kepley asked for committee reports. There were none.

5. Commissioner Comments

Chair Kepley asked for comments or questions. There were none.

6. City Council Liaison Comments or Discussion

Chair Kepley asked for comments or questions. There were none.

7. Residents or other community members to address the Board

Chair Kepley asked for comments or questions. There were none.

**CONSENT AGENDA**

C-1 Minutes of the Regular Meeting of the Board of Commissioners held Monday, March 28, 2022.

RECOMMENDED ACTION: Dispense with the reading thereof and approve as recorded.

C-2 Monthly Operations Report for the month of March 2022.

RECOMMENDED ACTION: File as submitted.

Commissioner Garner introduced a motion to approve the Consent Agenda.

The motion was seconded by Commissioner McGuire and upon roll call the following vote was recorded:

AYES: Commissioners Garner, Karney, McGuire, Vice Chair Walker, Chair Kepley

NAYS: None

**REGULAR AGENDA**

1. Presentation of the Audit Draft

Mr. Jump addressed the Board presenting the audit draft for the fiscal year ending September 30, 2021. He stated that he met with the Finance Committee via Zoom last Thursday and reviews the overall results of the audit. He prepared a summary of the results that he shared with the Board. This

summary covered an overview, financials, disclosures, various reports, required communications, and more. He asked the Board to turn to page three where the main reports were outlined. He stated that the three main reports, the Financial Statement Audit Report, the GAGAS Audit Report, and the Uniform Guidance Report are all unmodified opinion, which he stated is desired. There is also a report on the Financial Data Schedule in relation to the financial statements as a whole and there are agreed upon procedures as required by HUD on the REAC system.

Moving to page four, there is an overview of the 64 page package that the commissioners had on their desks, starting with a primary auditors report and then a management discussion and analysis. This compares this fiscal year to the year prior such as what is happening at the Authority, what changes are being made, and why. This section is prepared by management. Following that are the financial statements which include footnotes and the statement financial position and activity statements with two additional reports.

Mr. Jump asked the Board to move to page five where it states who is responsible for which tasks. Management responsibilities include financial statements, preparing the statements with disclosures included, and maintaining the financial statements to be free from material misstatements whether due to error or fraud. Other things management is responsible for in regards to the audit include providing access to all persons for anything needed to look at compliance with the law and then providing written representations.

Moving to page six, there are responsibilities for both management and

the Board of maintaining and developing a culture of honesty and ethical standards, making sure authority operations are compliant with laws and regulations, and that the financial reporting complies with laws and regulations. Lastly the Board is responsible for providing the oversight of financial reporting process and the internal control and oversight of all the various programs and controls designed to prevent, deter, and detect fraud.

Mr. Jump stated that now the report looks to what the auditor's responsibility is. He added that Jump Perry truly does two audits here. There is an audit of the financial statements and then another audit with compliance of the HUD programs that RRHA has, which is required by HUD. Jump Perry's responsibilities are first to express opinion on the financial statements and opinions on internal control over financial reporting and compliance with provision of laws, next to look at compliance with regulations according to government auditing standards, and then internal control over compliance and actual compliance for major programs according to uniform guidance. In addition to expressing opinions, they must perform procedures to obtain the evidence as well as testing compliance for the programs while communicating matters to the Board and committees.

Moving to page eight, in terms of the way Jump Perry audits, they need to determine what is the significant audit risk. One of the things always considered is risk of management override. Management has the ability to override effective operating controls at the top level, so they must make themselves aware of that. In terms of a financial statements, audit area of

focus are HUD grants, Capital Assets, other post-employment benefit liabilities, and other liabilities in general.

On page nine the next general area covers financial statements and disclosures. There are many pages of footnotes, but some more important ones cover the organization and policies, which are covered in footnotes one and two, the pension plan note, the capital asset notes, notes payable, other long-term liabilities, and other post-employment benefits.

Moving to page ten, the auditor's report of internal control over financial reporting determines whether or not there are any internal control deficiencies. Deficiency is a control that may not prevent, detect, and control errors. If a control does not prevent, detect, and control errors, it is deemed to be a material weakness. There is something in between the two called a significant deficiency, which is less severe than a material weakness.

On page eleven, the third report covers major programs. The programs are rotated each year and this year the focus was on low rent public housing and public housing capital funds. Each program has different compliance factors.

On page twelve, low rent public housing has the following areas that are tested in detail: activities allowed or un-allowed, allowable costs, eligibility, procurement, and special tests.

Page thirteen shows that the capital fund has its own set of requirements. Some are the same as low rent public housing but these include activities allowed or un-allowed, allowable costs, cash management,

performance, procurement, and special tests.

On page fourteen, it shows that there are no problems in the uniform guidance report. There were no material weaknesses in internal control over compliance, no significant deficiency in internal control over compliance, and no compliance issues.

Moving to page fifteen, additional materials were required to complete the audit such as additional communication with the Board and if there were any qualitative aspects of accounting policies that there were issues with, Mr. Jump assured the Board that they would have been brought to the attention of the Board, but there were none. The only difficulties encountered were those associated with COVID, which mainly just creates logistical issues. That eliminated any serious problems. There were no issues with corrected and uncorrected misstatements nor disagreements with management. Management representation is covered in four pages, but the findings were standard and all the representations we made. If management did consult with other accountants, they would need to inform Jump Perry, who would then inform the Board.

On page sixteen there is a list of COVID concerns like remote auditing procedures and logistics. Mr. Jump touched on the GASB statements coming like leases, conduit debt obligations for this coming year, Omnibus statements, subscription based IT, component unit, and deferred compensation. He commended Ms. Austin and her staff for running a smooth audit and opened the floor up for questions.

Commissioner Garner thanked Mr. Jump and his team for the audit results and stated that he appreciated the overview packet. He asked about the audit report summary on page three that states a report on REAC information wondering how REAC and COVID come into play. Mr. Jump replied that there were some deferred time tables. Ms. Austin added that RRHA did not use any of the available waivers. Once the process was started her team was able to keep up the normal deadlines. Commissioner Garner asked if REAC would change and Mr. Jump replied that it was only done that way due to COVID. Ms. Austin added that they were provided extra time if needed since some housing authorities were not open. Chair Kepley asked what REAC stood for. Ms. Austin replied that it stood for Real Estate Assessment Center and that it is a HUD site where financial data is uploaded. Chair Kepley asked for a reminder of what GASB stood for, to which Mr. Jump replied that it stood for Government Accounting Standards Board.

Commissioner Garner inquired as to why they are auditing capital leases now when those started in the 1990s. Mr. Jump replied that previously there was not any uniformity in determining what an operating lease was and what a capital lease was. Both GASB and FASB came out with criteria. Now there will no longer be operating leases and everything will be under capital leases.

Commissioner Garner asked if the audit risk was standard to all housing authorities. Mr. Jump replied that all audits require a risk assessment and that there is not a unique risk to RRHA, but instead to housing authorities as a whole based on where they get funding and how money is spent, but the risk is

consistent with housing authorities. Commissioner Garner further inquired about how RRHA falls in comparison to other audits with housing authorities. Mr. Jump replied that he felt RRHA does extremely well. He stated that it is normal to have findings when auditing, particularly with different programs where a staff member may have not done an excellent job getting required paperwork, get all required documentation, or may not have obligated funds in a timely manner, but for how long he has been auditing at RRHA, he has never had a finding. He added that was significant and that RRHA ranks very highly in comparison with other authorities and that the financial health of RRHA is decent.

Commissioner Garner asked about the two million dollar surplus and if it was cause for concern. Mr. Jump replied that surplus included the capital fund grants, so most of that money would be plowed back into infrastructure costs. He added that these costs were earmarked and the operating income for the authority stand alone was only \$35,000. Commissioner Garner added that on page eight it is stated that there was a 25% decrease under tenant services. Ms. Austin replied that it was due to the Jobs Plus grant ending, so there was a turnover in staff. Now that there is a new grant, RRHA is in the process of hiring for that program and that likely next year, the audit will state the opposite.

Chair Kepley asked for further questions. There were none.

2. Resolution No. 4114

Mr. Shank presented Resolution No. 4114 stating that this resolution had a

very simple explanation. When Mr. Shank and the contractors were completing the scope of work, there were certain elevations on the building that were chosen for replacement due to their visibility from the street. In doing this, Mr. Shank and G&H Contractors overlooked the fact that the two-bedroom units wrap around the corner, so there were a series of windows that were left out of the original scope of work. This resolution is seeking the Board's approval to add the sixteen windows back into the scope of work. Mr. Shank asked for questions.

Chair Kepley asked what the amount of increase was. Mr. Shank replied that the resolution was seeking to increase the amount by \$71,792. Commissioner Garner asked if that was a typical cost for that number of windows. Mr. Shank replied that it included the cost of the vinyl windows, which makes up about half of the cost, the abatement on the old windows, the cost of the lifts, and putting the siding back on the building. He compared that to the initial cost of the work and deemed that it was a reasonable price.

Chair Kepley asked for further questions. There were none.

Commissioner Garner introduced Resolution No. 4114 and moved its adoption as introduced.

The motion was seconded by Vice Chair Walker and upon roll call the following vote was recorded:

AYES: Commissioners Garner, Karney, McGuire, Vice Chair Walker, Chair Kepley

NAYS: None

Chair Kepley thereupon declared said motion carried and Resolution No. 4114 was adopted as introduced.

RESOLUTION OF THE CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY MODIFYING CONTRACT 569-2201-1-7 UNDER CAPITAL FUND PROGRAM (CFP) GRANT NUMBER VA36P01150119 AND CAPITAL FUND PROGRAM (CFP) GRANT NUMBER VA36P01150120 AND OPERATING SUBSIDY FUNDS UNDER HOTMA

WHEREAS, RRHA Board of Commissioners by Resolution 4110 authorized the execution of a contract for Window Replacement for Melrose Towers, AMP 206 for a fixed amount of \$1,130,425.00; and

WHEREAS, it was determined after contract award that 16 additional windows will be needed to be replaced under this contract to prevent window replacement work in eight (8) apartment units having to be performed under two (2) different contracts; and

WHEREAS, G & H Contracting, Inc. was requested to provide a proposal for replacing the 16 additional windows and associated work; and

WHEREAS, the amount of the change proposal submitted by G & H Contracting, Inc. is \$71,792.00 with an extension to the contract work completion period for an additional 21 calendar days; and

WHEREAS, the amount and requested extension of the contract work completion period of the change proposal submitted by G & H Contracting, Inc. was determined to be fair and reasonable for the 16 additional windows and associated work when compared to the unit cost for replacement of windows included in the contract; and

WHEREAS, review, evaluation, and confirmation of change proposal documentation has been completed, and has been found to be in all respects acceptable to RRHA; and

WHEREAS, the Vice President of Operations recommends the acceptance of the change proposal submitted by G & H Contracting, Inc.; and

WHEREAS, the Executive Director has determined that this contract modification complies with RRHA's Procurement Policy and that it is in the best interests of RRHA to accept such change proposal and execute an appropriate contract modification; and

WHEREAS, RRHA's Procurement Policy states, "For all contracts of \$100,000 or more, any and all change orders, contract modifications, and/or amendments having a dollar value of \$25,000 or more must be submitted to the Board of Commissioners for review and approval prior to executing the contract modification."

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the City of

Roanoke Redevelopment and Housing Authority that:

- (1) The change proposal submitted by G & H Contracting, Inc. in the amount of \$71,792.00 with an extension to the contract work completion period for an additional 21 calendar days be and hereby is accepted;
- (2) The Executive Director be and hereby is authorized and directed to execute a contract modification, which by reference, is inclusive of all G & H Contracting, Inc.'s change proposal for replacement of 16 windows and associated work for Window Replacement for Melrose Towers, AMP 206.
- (3) The Executive Director be and hereby is authorized to take such other actions as may be necessary to fulfill the intent of this Resolution.

3. Resolution No. 4115

Mr. Gusler presented Resolution No. 4115 stating that he had a correction to the agenda item. This resolution would be the third amendment to the purchase and redevelopment agreement. The mistake was made because it is the second extension that is coming before the Board for approval for the Virginia Tech Foundation. It is the third amendment because prior to these extensions, there was a change on the agreement allowing them to lease to the tenant and stay in the property longer. The tenant has since moved out and the moving costs have been paid.

Commissioner Garner asked which specific property the resolution was in regards to and that he thought it was initially purchased in 2018.

Chair Kepley asked for further questions. There were none.

Commissioner McGuire introduced Resolution No. 4115 and moved its adoption as introduced. Mr. Gusler replied that this is in regards to the old Quality Tire building by the Walnut Avenue Bridge. In 2018 the VA Tech foundation made a proposal which RRHA then brought to the Board and accepted because it is in the redevelopment area. RRHA has a purchase and redevelopment agreement and they

are obligated to follow the redevelopment plan. They had, at the time, a twelve year plan and the numbers were valued at 233 million dollars, which will likely be much larger when they get back to doing the redevelopment. This would be for the four buildings that would further the VA Tech Carilion Medical School. RRHA is caught with them in a bit of a bind. There were proposed changes to the FEMA floodplain and floodway maps. Part of this property is now in the floodway, which is near impossible to develop in. There is a group of stakeholders that are working with a group with the city to try to make sure the maps are correct and, from a regulatory standpoint with the city's zoning ordinance, how they can allow the whole complex to plan for the future and to continue to build there. This resolution would extend their deadline to submit a development plan to June of 2025. They are asking for three more years. Mr. Loftis is very familiar with the code in this area. They are still within their timeframe and by law they have that time and they will be in compliance if we approve that extension.

Commissioner Garner asked what the limit was and if there is another agreement with them that had been fulfilled. Mr. Loftis answered stating that there is a separate property which was sold to Carilion under an agreement and the deadline for that property has been extended at least twice, perhaps three times, incident to some land use studies at Carilion and Virginia Tech about the best use of the properties down there. For both properties, the code requires that when a property is acquired by eminent domain or under the threat of eminent domain, the purchaser or the entity to whom it is sold has to commence the redevelopment within twenty years of the date it was acquired. Both of these properties were acquired in 2010 so this

extension will take them almost to year fifteen. They will have five years left to commence construction. Chair Kepley asked if this included the parcel behind the lot as well as the old tire building and the small one story building beside it. Mr. Gusler replied that that was all included.

Chair asked for clarification that the maps have been redrawn to show worse flooding despite the benching and river improvements. Mr. Gusler replied that he was unsure where FEMA was in the process, but every so often they update their maps and that the updates become the basis for the city's zoning ordinance for development in those areas. For the whole area all of the properties that RRHA has acquired are within a floodplain, but a floodway is very restrictive and eliminate almost all development entirely. He added that the maps shift all the time and it forces the property owner to get their own engineers to try to raise the property and prove FEMA wrong, but the new map is significant. Chair Kepley stated that it seems like this resolution is necessary given the map change. Mr. Gusler agreed adding that it is unfortunate that they are in this position and that RRHA is in the position of holding the redevelopment agreement. RRHA's role from this point forward is minor in the redevelopment area. RRHA is not managing much other than the two properties and will work with developers to give them comments to adjust their plans accordingly to submit to the city.

The motion was seconded by Commissioner Garner and upon roll call the following vote was recorded:

AYES: Commissioners Garner, Karney, McGuire, Vice Chair Walker, Chair Kepley

NAYS: None

Chair Kepley thereupon declared said motion carried and Resolution No. 4115 was adopted as introduced.

RESOLUTION OF THE CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY AUTHORIZING SECOND AMENDMENT TO PURCHASE AND REDEVELOPMENT AGREEMENT WITH VIRGINIA TECH FOUNDATION, INC. RELATING TO PROPERTY IN THE SOUTH JEFFERSON REDEVELOPMENT AREA

WHEREAS, the City Of Roanoke Redevelopment and Housing Authority ("RRHA") and Virginia Tech Foundation, Inc. ("VTF"), entered into a Purchase and Redevelopment Agreement South Jefferson Redevelopment Area dated November 27, 2018, with respect to One (1) parcel in the South Jefferson Redevelopment Area, bearing City of Roanoke Official Tax Map Number 4030212, and known as 1255 Williamson Road, SE in the City of Roanoke, Virginia (the "Property"), as more particularly described in Exhibit A to that agreement.

WHEREAS, in May 2019 the parties executed Amendment No. 1 to the Purchase and Redevelopment Agreement South Jefferson Redevelopment Area dated November 27, 2018, which amendment dealt with matters relating to the tenant then occupying a portion of the Property (the Purchase and Redevelopment Agreement South Jefferson Redevelopment Area dated November 27, 2018, along with Amendments, being hereinafter referred to the "Purchase Agreement"); and

WHEREAS, in June 2020 VTF requested an extension of the Purchase Agreement and the RRHA Board of Commissioners passed Resolution Number 4048 on June 22, 2020; and

WHEREAS, the parties executed Amendment No. 2 to the Purchase Agreement to extend the date for submission of a proposed development plan for the Property for an additional two (2) years, to not later than June 7, 2022; and

WHEREAS, VTF has requested an amendment to the Purchase Agreement to extend the date for submission of a proposed development plan for the Property for an additional three (3) years, to not later than June 7, 2025; and

WHEREAS, the Property that is the subject of the Purchase Agreement is located in the South Jefferson Redevelopment Area; and

WHEREAS, Virginia Code § 36-53 permits RRHA to establish such period of time for the building of improvements on property purchased in a redevelopment area as RRHA "fixes as reasonable"; and

WHEREAS, VTF has presented substantial justification for its desire to extend

the time period described in the foregoing recitals including but not limited to financial challenges stemming from the COVID-19 pandemic as well as the need to adapt the proposed development plan to changes to the existing FEMA floodplain designations (which changes may impact a portion of the Property); and

WHEREAS, based on the information provided to it, RRHA is satisfied that extending the date for submission of a proposed development plan for the Property to not later than June 7, 2025 is reasonable under the circumstances; and

WHEREAS, RRHA and the City of Roanoke will be required to approve any proposed development plan;

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the City of Roanoke Redevelopment and Housing Authority that:

1. The Executive Director (or his designee) is authorized to execute a Second Amendment to the Purchase Agreement in substantially the form attached to this Resolution; and
2. The Executive Director (or his designee) is further authorized to execute such documents as may be necessary to effectuate the Second Amendment to the Purchase Agreement as described in this resolution.

4. Resolution No. 4116

Mr. Gusler presented Resolution No. 4116 stating that it was similar to the resolution presented to the Board last month. RRHA purchased a property for the homeownership program. This would be the second. The Board had previously authorized a resolution to allow the purchase of two properties and allow RRHA to resell them to qualified first time home buyers through the program. RRHA has a buyer who is a current public housing resident at Villages at Lincoln. RRHA will be purchasing this property with the remaining budget under the first resolution and would do improvements to the property and then sell to a first time homebuyer. Mr. Gusler asked for questions.

Commissioner Garner stated that he knows the idea on these programs is not for RRHA to make a profit, but asked if the Authority would be close to breaking even on

the purchase. He added that he knew the funds were coming from a program, but wanted to make sure it was funded. Mr. Gusler replied that the proceeds came from the lifetime of the homeownership program. The proceeds were from the early 2000s, some of which was through the Hope VI program at Lincoln. These funds are remaining, so there is a bit more flexibility with them. Breaking even is about as good as can be expected in these instances. RRHA is subsidizing more on this sale because the buyer does not qualify for much. There are very few applicants on the program that can qualify for a mortgage. All of the programs require them to be able to get a mortgage. The funds had been sitting there for years and have been inactive. There were a couple of units sold on the Section 32 program. The property bought last month and this property presented before the Board will help people get into good houses. These properties RRHA is planning to buy have gotten tough. On one property there was a contract on it on the first day. The market is tough to navigate.

Chair Kepley asked if the resident has a mortgage on the home or if RRHA carries the note on the house. Mr. Gusler replied that in terms of this initial purchase, RRHA will be the owner and will do renovations to the property. RRHA has a deposit from the eventual buyer and their letter of intent where they have made a deposit of \$1,000 and committed to RRHA buying them a property, which RRHA then sells back to them. The program operates with RRHA as the owner of the property and in most cases the Authority is often looking at FHA financing for the buyers. FHA requires that the seller must have owned the property at least 90 days and it will take RRHA longer than 90 days to renovate it. RRHA does a number of things to modernize the unit and the goal is that the buyer have no significant expenses for seven years. All of the

systems are put in new like the roof, heating and air, appliance, floors, etc. This property is in good shape. Mr. Gusler added that he looks at a lot of properties that are too far gone that even with a \$200,000 budget to purchase and rehab RRHA cannot actually do it because things are so expensive. Chair Kepley asked for clarification, stating that RRHA owns the building until the new owners pays off the mortgage. Mr. Gusler clarified saying that RRHA sells the property for fee simple. The new owner becomes the owner once the property is sold to them. RRHA takes out a second mortgage that is 20% after the sale price that is forgivable after ten years. RRHA is in the second lien position on the property and if they sell within that ten year period, it is forgivable at 10% a year, so they would be obligated to pay RRHA back for that portion of the loan. Chair Kepley asked if they would have to go to the bank to get a mortgage after the renovations. Mr. Gusler replied that yes, RRHA does not provide those loans anymore. Commissioner Garner asked if the new owner would be required to stay in the house a certain number of years. Mr. Gusler replied that the 20% second mortgage that RRHA takes out is forgivable after ten years, provided that they are in the house as the tenant. The tenant is free to sell the house, but that would come up in the transaction that RRHA would be owed that percentage.

Chair Kepley asked for questions. There were none.

Commissioner Karney introduced Resolution No. 4116 and moved its adoption as introduced.

The motion was seconded by Vice Chair Walker and upon roll call the following vote was recorded:

AYES: Commissioner Garner, Karney, McGuire, Vice Chair Walker, Chair Kepley

NAYS: None

Chair Kepley thereupon declared said motion carried and Resolution No. 4116 was adopted as introduced.

RESOLUTION OF THE CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY AUTHORIZING THE EXECUTION OF DOCUMENTS NECESSARY TO CONSUMMATE THE PURCHASE OF PROPERTY LOCATED AT 1606 GRAYSON AVENUE, NW, BEARING CITY OF ROANOKE TAX MAP NUMBER 2330604.

WHEREAS, the City of Roanoke Redevelopment and Housing Authority (RRHA) operates a homeownership program (HOP) and has funding available in the form of homeownership proceeds to further RRHA's goals of providing opportunities for low to moderate income residents to achieve homeownership; and

WHEREAS, the RRHA Board of Commissioners passed Resolution Number 3972 on August 27, 2018, which authorized the Executive Director or a designee to negotiate and execute acquisition option agreements with owners or agents of two properties; and

WHEREAS, the RRHA Board of Commissioners passed Resolution Number 4064 on November 23, 2020, which increased the budget for each of the purchases and improvements from \$125,000 to \$200,000; and

WHEREAS, RRHA signed a contract to purchase property at 1606 Grayson Avenue, NW, on April 17, 2022 for \$123,000; and

WHEREAS, RRHA has inspected the property at 1606 Grayson Avenue, NW, and determined that it can reasonably renovate the property within the budget set by Resolution Number 4064 to the standards of the HOP; and

WHEREAS, the HOP allows RRHA to sell properties to qualified low to moderate income first-time homebuyers per HUD definitions and regulations; and

WHEREAS, Tara Tinsley has complied with all requirements of the HOP to date and has provided evidence of pre-qualifications for financing with Truist Bank (formerly BB&T and Sun Trust) and made the required down payment on the mortgage in an escrow account; and

WHEREAS, Tara Tinsley has signed a letter of intent dated January 14, 2022 with RRHA to purchase a property in the City of Roanoke subsequent to RRHA purchasing and completing numerous improvements to said property, with the final sales price to be based on an appraisal of the property and other considerations; and

WHEREAS, prior to closing, RRHA will account for 20% of the purchase price in the form of seller financing through a forgivable second mortgage; and

WHEREAS, RRHA desires to purchase the property so that it may make needed improvements to comply with its homeownership program requirements and in turn sell

the property to Tara Tinsley.

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the City of Roanoke Redevelopment and Housing Authority that the Executive Director is hereby authorized and directed to execute documents necessary to consummate the purchase of property at 1606 Grayson Avenue, NW, bearing City of Roanoke Tax Map Number 2330604.

**3. ADJOURNMENT**

There being no further business to come before the Board, Commissioner Garner moved that the meeting be adjourned.

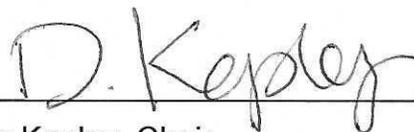
The motion was seconded by Vice Chair Walker and upon roll call the following vote was recorded:

- AYES: Commissioners Garner, Kepley, McGuire, Vice Chair Walker, Chair Kepley
- NAYS: None

Chair Kepley declared the meeting adjourned at 4:00 p.m.



David Bustamante, Secretary-Treasurer



Drew Kepley, Chair

Exhibits from April 25, 2022 Minutes previously circulated