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, July 25, 2022.

1. **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 Anguiano, Garner, Karney, Vice Chair Walker, Chair Kepley

Commissioner McGuire entered at 3:12pm

Commissioner Smith joined via phone after Chair Kepley conducted a vote

ABSENT:

OFFICER PRESENT: Mr. David Bustamante, Secretary-Treasurer

ALSO PRESENT: Zach Agee, Legal Counsel; Joel Shank, VP of Operations; Jackie Austin, VP of Finance/CFO; Rachel Tobin, VP of Human Resources; Greg Goodman, Director of Community Support Services; Kaelyn Spickler, PR/Social Media/Marketing Manager; Stephanie Wanza, Section 3 Coordinator; Crystal Colston, Site Manager; Frederick Gusler, Director of Redevelopment and Revitalization; Evangeline Richie, VP of Housing; Suzzette McCoy, Compliance and Quality Assurance Specialist; Leanna Pagnas, receptionist; Cody Owens, DG3; Ben Plunkett, DG3; Wilbert Thomas, WDBJ7 reporter; Henri Gendreau, Editor of The Rambler

Chair Kepley welcomed everyone to today’s meeting and stated that Commissioner Smith had asked if he could listen in by phone. I believe we have to take a vote to allow that to happen. I don't believe he can vote, but it would be nice, he said, if he could listen in. So I'm going to ask for a motion to vote on his ability to dial into the meeting.

Commissioner Anguiano introduced the motion to allow Commissioner Smith to dial in.

The motion was seconded by Commissioner Garner.

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

NAYS: None

Chair Kepley declared the motion passed which allowed Commissioner Smith to listen in by phone. And with that I am going to call him now and tell him to listen in. thank you to everyone for your patience.

Chair Kepley said hey Duane we got you on speaker phone and meeting is underway.

Commissioner Smith said that was good.

Chair Kepley moved the meeting into reports and asked if there were any questions or discussion for Ms. Austin and asked her if she had anything for the meeting.

Ms. Austin said she was happy to answer any questions.

Commissioner Garner said he had one question he’d like to ask which was when the next report would be. When will we go back to the monthly schedule and if that is anticipated to be soon.

Ms. Austin said she didn’t know. Until I get my positions filed.

Commissioner Garner then asked that the positions had not been filed yet.

Ms. Austin said that she still had two open.

Chair Kepley asked how things were going overall.

Ms. Austin responded that things had been pretty busy. They were able to keep up with what they needed to and hadn’t missed any deadlines and are keeping on schedule. Hopefully we are gearing up for the year end and we hope to have the positions filed as soon as possible. I have met with HR multiple times in the last couple of weeks, so we are anxious to get these positions filed.

Chair Kepley acknowledged that.

Commissioner Garner noted that auditing is a continuous cycle and wanted to know where we are at now with that and asked if we were about to go in another period of auditing with auditors on site. He said he knew we just finished but wanted to know if it would be before the year end or starting in say, November.

Ms. Austin replied the auditors would be here in December.

Commissioner Garner recognized we have a period of time then.

Commissioner Garner said hopefully we would have people in place to help you.

Ms. Austin said she certainly hopes so.

Chair Kepley thanked Ms. Austin and said if there were no other questions we would move into the Executive Director’s report.

1. **REPORTS**
   1. Executive Report.

Mr. Bustamante addressed the Board stating that in addition to his written report he had a few items to bring to the Board. Last month, I spoke about the VHDA grant that we had applied for. It was roughly $3.8 million. We received that grant. We're very happy, that grant will allow us to do some capital projects at various sites Melrose Towers, Hunt Manor and Bluestone Park. This will also help us do our work on items that we had slated for year two and year one in our Capital Fund Plan. In addition to that, we also received $112,000 from the Roanoke Valley Alleghany Regional Commission. This money is going to be used to build two homeownership units, one on Centre Ave and one on Rorer Avenue. We will be using home ownership funds, plus this grant award to be able to build them. These are for first time homebuyers who are low or moderate income. I also wanted to mention that the State of the City address is August 25th, from 7:30 to 9 a.m. at the Roanoke Hotel, their meeting room. I need to know how many commissioners would like to attend. So if you could please send Kaelyn or myself an email, we'll make sure to get you on the list.

Chair Kepley asked for clarification on the date.

Mr. Bustamante said August 25 from 7:30 to 9:00am and mentioned that 7:30 to 8:00 is breakfast and then 8 to 9 is the actual presentation.

Mr. Bustamante continued that lastly, today is Rachel Tobin's last board meeting. She has found other employment, and her last day is Friday July 29th. I believe that with her is Jason Michaels, who was hired recently to take over the H.R. responsibilities. So we're happy to have Jason join us. He brings a lot of experience with him and we're looking forward to getting him in as soon as possible. Thank you for coming today, by the way. And I also wanted to say that Kaelyn has also found other employment. So her last day will be August 19th and we are posting her position as well. If anybody has any questions, I’d be more than happy to answer them.

Chair Kepley thanked Mr. Bustamante and said it was a bit of good news and bad news. He thanked Ms. Tobin for all her work over the years. And sorry to see you go. And I really appreciate your efforts and I really welcome to Jason. We look forward to working with you, and welcome to the Housing Authority. And for Kaelyn, this was the first I'd heard of that and sorry to hear it. But certainly good luck to you in your new endeavors.

Ms. Spickler thanked Chair Kepley.

Chair Kepley moved to staff reports, acknowledging that later we would hear from Due Diligence Group.

* 1. Staff Reports

Chair Kepley asked for staff reports. There were none.

* 1. Committee Reports

Chair Kepley asked for committee reports. There were none

* 1. Commissioner Comments

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

* 1. City Council Liaison Comments or Discussion

Council Member Moon Reynolds was absent, so there was no discussion. Chair Kepley said we would look forward to hearing from her next month.

* 1. Residents or other community members to address the Board

Chair Kepley asked if there were any residents or community members who would like to address the board. There were none.

Chair Kepley moved the meeting into the consent agenda.

**CONSENT AGENDA**

* 1. Minutes of the Regular Meeting of the Board of Commissioners held Monday, June 25, 2022.

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

* 1. Monthly Operations Report for the month of June 2022.

RECOMMENDED ACTION: File as submitted.

Commissioner Garner introduced a motion to approve the Consent Agenda. The motion was seconded by Commissioner Smith and upon roll call the following vote was recorded:

AYES: Commissioners, Anguiano, Garner, Karney, Smith, Vice Chair Walker, Chair Kepley

NAYS: None

**REGULAR AGENDA**

1. Chair Kepley moved to the first item which is the presentation of the repositioning study by the Due Diligence Group represented by Cody Owens, Ben Plunkett and Amber Skoby by Video Link. So welcome to you all and thank you for all your hard work and looking forward to this. This is a really exciting, exciting time for us. And we appreciate you being here. Take it over, thank you!

Mr. Plunkett began the presentation. Good afternoon, everyone. Thank you for having us as part of your meeting. We represent Dominion Due Diligence Group, or DG3. We are one of the premier real estate utility firms in the nation. We've been around for about 28 years now as a small environmental firm, and we have become a full service provider of all of the real estate services, capital needs assessments, environmental reporting, as well as repositioning consulting. My name is Ben Plunkett. I am the account manager for DG3 Housing Preservation Services team or HPS.

Joining us virtually is our consulting team leader, Amber Skoby.

And before, joining DG3, Amber was actually the executive director of the Bloomington housing authority in Indiana. During her tenure there, she completed a portfolio wide RAD conversion, as well as creating a developer part of that housing authority. So Amber is very uniquely positioned as the consultant because she both has the in-depth knowledge of helping other housing authorities and has been there herself, so we really value her contribution to the team.

I am joined by Cody Owens, who is our housing preservation specialist. Cody is extremely knowledgeable in all of HUD’s repositioning programs and tools, as well as tax credits and development. Before joining DG3, Cody was with Virginia Housing’s multifamily development arm, specifically in construction of permanent loans or tax credits together as a big picture, we’re pretty fortunate to have the breadth of knowledge that we do.

Just quickly, a high level explanation of what a repositioning study is. The purpose of the study is to assist the housing authority with high level, long term planning tool to ultimately stabilize housing and to suggest recapitalization options. So that's what we're going to be going through today. On that note, the sort of 10,000 foot bird's eye view of the report that we’ll be going over- we’re going to start with a repositioning 101 primer to explain the process. We’re going to be discussing our environmental and physical needs analysis that we completed for all the properties. We’re going to be sharing a high level discussion of our ramifications for each property. And these in the full report are actually detailed in a 5 to 10 year plan, depending on the housing authority’s desires. We're talk a little bit about fair cloth authority in terms of what development the housing authority potentially do to build the units. I'm going to talk about relocation. We know, it's always a scary topic for residents, so we're definitely like to get ahead of that. And then finally, we'll be talking about some final recommendations for next steps. I'm going to pass it over to Amber here in a second, but I'd like to say that we'd love to answer any questions you may have at the presentation if there’s time for that. So thank you again. And I'm hoping that Amber’s sound level is good. We may have a quick adjustment, but I will pass it off to Amber.

Ms. Skoby continued that she could see four of you, so I’ll rely on you guys. And I also see that you have your binder with our presentation in front of you. So I'll be first starting on page one, talking about repositioning what it is and why has it been considered. First of all, quite simply, repositioning is the removal of property from the public housing program and converting it to the Section 8 funding platform. This process also releases the declaration of trust with the D.O.T. That's the restriction that HUD has on the property, which doesn't allow your agency to access certain types of financing like construction loans and the low income housing tax credits.

Why should you consider repositioning? Well, there's a huge backlog of physical improvement need out there across the country. And I'm sure, you know, your housing authority is feeling the pinch of that. Repositioning does offer predictable and stable funding. The Section 8 program doesn't see some of the rollercoaster in funding operating funds and capital funds that public housing program does. Also, through repositioning, you can leverage the long term Section 8 funding contract in order to access financing and debt on the private market. But you also have more control over the process. So you're able to renovate your units and have management practices that greater reflect your local market. And there's some administrative relief. I'm sure as a Board, you’ve all become familiar with laws of the public housing assessment system, and that goes away as everything is repositioned.

So we go on to the next page, page two, where we further describe the main tools that HUD provides, and you'll see that we recommend each of these tools as part of Roanoke’s overall strategy. So we start with RAD, or the Rental Assistance Demonstration program, probably the one that you're most familiar with. It’s on page two. This is a one for one conversion of public housing units to the Section 8 program. And those are Project Based section 8 units. There is a minimum affordability period of 15 to 20 years with a mandatory renewal, so that ensures that the properties stay affordable for the long term, while residents still continue to pay either a minimum rent or 30% of their adjusted income for rent. Congress, similar to improve RAD back in 2012 or 2013, I believe, said that the program must be cost neutral. So the RAD rents are based on your current public housing financing, which includes your tenant rents, your operating subsidy and your capital funds. You can see how this funding is translated to your RAD funding. They are on page two, that really colorful chart on the top right hand side of that page.

Since the beginning of this program, HUD has learned some lessons and added some ample guardrail protections that have to do with housing and boarding control systems that the Housing authority has to be involved in the long term ownership, etc. and also resident rights protections, including that all public housing residents at time of conversion have the right to return to a RAD property if there is renovations involved and the need for relocation.

A really high level overview of these are much more complicated, but this is the basics. Okay, so next is Section 18. That's on page three. Section 18 is Demolition Disposition. And it describes what HUD approves the sale or the demolition of units because they need a certain justification. Those justifications could be physical obsolescence, so the units are in really bad shape. Health and safety concerns, scattered sites or improved efficiency. As you can imagine, scattered sites, it's a lot of distance to cover maintenance wise. And also they have different components. So different systems, different parts. It's a lot to track and very expensive maintenance wise.

After a Section 18 approval of HUD, then issues of tenant protection, voucher or TPV to replace the lost public housing unit. And one of the upsides, this is really important for tenant protection voucher is that rents can be set as high as 110% of the fair market rents. Those are often much higher than the reference and often higher than what your housing authority’s Section 8 payment standards are. Sometimes not overall, but usually tenant protection vouchers bring higher rent levels. Again, the residents are still going to pay 30% of their income towards rent. It's just the TPVs have the capacity to bring in extra income to the project.

Next on the bottom of page three and four, we talk about the RAD Section 18 Blend. So within RAD, HUD authorizes a certain percentage of the units to receive tenant protection vouchers. This is a new application to the RAD program just within the last few years. So a percentage of the units can receive TPVS. And that is a huge benefit because as I mentioned earlier, those bring higher rent levels. And if there's significant costs for renovations, you know, the higher the income means more borrowing power, more borrowing power is funding for those repairs and improvements. It also could help stabilize operating costs. So there are two blend options.

There is a construction blend and the small PHA blend. Construction blends incrementally increase as the cost of renovation needs increases. That just makes sense. You get more money for the more need that property might have. So it ranges anywhere from 20% TPVs, 40%, all the way up to 60% TPVs. For the small Section 18 blend, that is for housing authorities that have 250 or less units. You won’t get there for a really long time, but they're automatically eligible for up to 80% of tenant protection vouchers. And that is from HUD just to help housing authorities close out the rest of their portfolio.

The last one in the repositioning toolbox that we’re going to talk about is Faircloth to RAD, at the bottom of page four. This is named for Senator Faircloth, who sponsored some legislation in the 1990s. The term Faircloth within our industry describes this legislation that put a cap on the number of public housing units a housing authority could support. So as you can imagine, over the years, some of those units got torn down or we have some agencies that had a natural disaster and the units were lost. But now, in hopes of building back those lost units HUD started Faircloth to RAD. It allows housing authorities to develop and receive long term Section 8 assistance for any of those undeveloped units. So for Roanoke, you'll have 186 units of Faircloth authority, maybe a little bit less. I've heard about some of those new homes that you might be building, and those could be new affordable units initially developed as public housing and then really quickly on paper converted to RAD, Section 8 contract. So those are the high level overviews of all the options. And so now I'll turn it over to Cody to discuss our recommendations by property and also first, an overall timeline for repositioning.

Mr. Owens thanked Ms. Skoby. Like you said, my name is Cody Owens. Thank you for having us today. You can see on page five, these are all our recommendations. The details are a two-point plan for the repositioning or preservation of your public housing. You can see in this chart the names of the developments and the programs that we will recommend. We will detail all of this. The pages seven and eight detailed two timelines that we prepared.

The first is the 10 year timeline going 2023 to 2033, the projects with the application and the funding to the rehab. We also prepared on the next page a five year timeline. We believe either of these could be feasible, depending on your preferences.

Starting out, I wanted to first discuss our selection process. Back in early February, our inspectors spent about four days over two visits to all your public housing projects. These inspectors saw a sampling of units. They walked the sites, really looking for physical needs and potential concerns, apartments of concern. The full details are in a larger existing study but this high level some of the common needs and conditions that we saw, we suspect asbestos and lead and other materials at many of the sites just due to the age and date of construction. It's pretty common. Additionally we suspect radon might be on some of the sites. If you were to pursue a RAD conversion in your properties, radon testing will be required. Additionally, for a lot of these programs contain different accessibility standards, so for RAD for example, at least 5% of units on any site must be handicapped accessible and at least 2% of units must be for visual or hearing impaired accessible. So we detail the number that is required at each property. And then finally, in the future, if you were to undergo any sort of conversion or repositioning, we are required to do more third party reports. So on the physical side, it would be likely capital needs assessment. And then on the environmental side, first to phase one environmental site assessments and in HUD an environmental site assessment for which we can discuss more cautiously.

For now, I'll start the property specific recommendations. So our first and second recommendations are the scattered sites, single family homes, AMP 210 and 215. So our inspectors noted that these exteriors looked quite good. They've been well maintained. You all have done a good job maintaining them. We did note that some of the oldest homes would likely need siding replacements. On the interiors we looked at all the building systems at these properties and looked at the best made useful life as well as records we received of when they've been replaced. The interiors of these scattered sites, we noted that in the next five years they would likely need to have the gas water heaters replaced and then some kitchen appliances- refrigerators, gas furnaces.

We know that RRHA is already pursuing Section 32 homeownership and purchase programs for some of these single family homes. So we recommend that you continue doing that for those first time homebuyers.

For those that are not being pursued under those programs, we recommend a Section 18 disposition under the scattered site justification, which simply states that any unit that is separated due to distance between units for nonconformity, building systems, HVAC systems, that these units would be unsustainable to continue to operate and maintain. So what does that mean? Under Section 18 disposition, you could transfer one of these single family homes to your control affiliate for a nominal fee, say, one half, and you still control units be out of public housing. You no longer would need to do those inspections. You essentially function as a project based voucher. You would need to do HQS, Housing Quality Standards inspections, and that would be done by a third party other than RRHA. The real benefit here, though, is these units in Section 18 would receive as tenant protection vouchers. Which can receive up to grants of up to 110% of fair market rents. You still control them, but we calculated that for 8 to 10 alone, those eligible units would generate an additional 122,000 dollars in rental revenue, just by doing this.

The next recommendation in order is AMP 202, Villages at Lincoln. Our inspector noted in detail that very well-maintained exteriors look great. Interiors, you know, so the next five years there are some systems that are reaching the end of their useful life, namely water heaters in the kitchens, VCT flooring tiles, cabinets, countertops and bridges and electric range are reaching the end of their useful life in the next five years. Again, we suspect this property might have some aspectos and lead in it and if this were to pursue RAD, we would have to do radon testing.

So speaking of RAD, the recommendation for this development would be the RAD Section 18 construction model, which is what Amber stated, would award a percentage of these units as higher rent tenant protection vouchers with a particular percentage being determined by the level of rehab done on the site. Higher the rehab, larger percentage tenants receiving those vouchers.

For this first large scale conversion in rehab, we are recommending that you consider procuring a co-developer, and that's just because of the benefit you might get from the co-developer's tax credit development experience as well as the equity they can bring in to the investor guarantees. You would still be able to maintain control of the site through a number of actions such as a long term ground lease on the land for 99 years. We recommend this after this first site, for future ones.

The third would be one of the senior towers AMP 208. Our inspector gave this one is a pretty good report. It's been well maintained. We noticed some investment in common areas in recent years. So these building systems, together with all their systems put in the last few years, some new building systems put in in the last few years. We did notice some systems that are a need for repair, namely middle balcony railings need to be replaced in the near term. And we noticed that in the next four years, the fire sprinkler system and single home windows. Again, we suspect lead and asbestos on this site just due to age and we also recommend radon testing.

For this senior tower we're recommending just a RAD conversion and no Section 18. Strangely, this site has lower section 18 TPV rents than RAD rents so for that reason for this point in time, the best financial decision would be just RAD. We suspect that RAD conversion will take about 12 months from start to finish until HUD approval and your rehab might take 8 to 12 months depending on the resident.

So next on page 15, you've now reached about midway through your submission process. At this point, we're recommending that you do Faircloth to RAD reconstruction development. So like we said earlier, Faircloth to RAD allows the PHA to develop new affordable housing in your market where it didn't exist. And a benefit here is you can do a new construction project with the safety and security of a section eight, half contract, half construction. So when you hit that C of O you already have a half contract that’s providing funding to the property. Tit exists as public housing for a brief moment in time and then it’s automatically converted to RAD.

So at this point, RRHA has 186 units of Faircloth authority. That might increase depending on how much Section 18 disposition you do. We recommend doing Faircloth to RAD midway through your conversions and then potentially doing a second phase in your repositioning.

We were noting and hearing a November 2021 board meeting notes that Virginia Housing reached out to you regarding the Spanish Trace apartment sites. The 12 acre site located at Peters Creek Road and Shenandoah Avenue NW. I think they were inquiring about potential development opportunities there. And we've looked into this and it looks like favorable site. On page 16, there's two aerials, the one from the November 2019 showing the model site and one from September 2010 before the demolition, showing 18 apartment buildings plus roads and infrastructure. So this could be favorable to the existing infrastructure as well as the location being adjacent to a Food Lion and near the Salem VA Medical Center. We recommend reaching out to Virginia Housing. I think Chris Thompson of Strategic Housing would be the person to speak to about any sort of assistance they could do. So with that I will pass it off to Amber to give the rest of our observations.

Ms. Skoby begins by thanking Mr. Owens. So we're at this point, with Roanoke Redevelopment and Housing Authority’s experience in the RAD conversions and some new development that they're getting some significant experience. One thing David and his leadership team talked to us about when we were starting this study is that they wanted to build their capacity in order to do more development work and to take a larger role in it. Well, hopefully at this point as your agency gets a few deals under their belts, they're building up some of the financial reserves and getting that experience in order to take more control, larger goals, or perhaps even self-developing some of the remaining AMPs within the portfolio. So this is maybe a time when some of that starts to shift and the capacity to build in order to take on a more significant role.

Okay. So next, we recommend converting the Hunt Manor and Bluestone Park amp to 59. This is on page 17. Environmentally, it's the same as much of what could be said with other properties because of the age. We do suspect there could be some aspectos, and lead and the need for radon testing. For hunt Manor and Bluestone Park, there are some adjacent facilities that are either state or federally regulated that would require some investigation for environmental reasons. We do always recommend a phase one environmental site assessment. The inspector made a few notes. It said the exterior elements have been adequately maintained. Some exterior work needed for the asphalt parking areas, resurfacing of the ceiling, about 9000 square feet of sidewalk would need to be replaced in the near term. The interiors are functional, but we do recommend an update as that really helps promote marketability and also note to replace the air conditioning units soon as well. So again, this is standard, but the accessibility requirements of course apply to this conversion as well. So with all that said, we recommend a RAD Section 18 construction blend strategy for this property. This AMP is two properties. It will be funded with probably 4% low income housing tax credits, tax exempt bonds, some conventional debt financing, and any operating reserves. That would be about 12 months to get all HUD approvals and about 18 to 24 months for the rehab.

Next, we're recommending what's happening at Jamestown Place and Indian Rock Village AMPs, these are both AMP 207 and 210. And if you'll note, we're doing many to one recommendation and that is, HUD RAD term for combining two AMPs into one transaction. The biggest issue here is environmentally, noting that for each of these sites, there are parts that are in floodways. So I counted at least seven buildings in Indian Rock in the special hazard flood areas per these FEMA flood zone maps. And potentially it's a little hard to see the detail, but a few buildings at Jamestown that would be in these special flood areas. So that's important to note because in accordance with HUD regulations, federal funding or any federal approvals for repositioning are not approved for properties located in the floodway. So we recommend doing a survey of site plans to determine the specifics of which if any structure for improvements might be in a floodway. It is possible once that's determined to carve out those pieces of the site and remove those pieces of the property through the Section 18 demolition disposition. We talked about those classifications. Of course, being in a floodway, there's a justification for a Section 18 approval.

Physical inspections for Jamestown, it was noted that the exterior elements are adequately maintained. Some exterior stair treads would need some repair, windows doors also be replaced in the near term. Interior components are little more aged and require some updating for small kitchens, bedrooms and bathrooms noted. Of course, installing the air conditioning, replacing flooring was noted for Indian Rock Village. There's some concrete retaining walls on the site that have some damage needing some repair. Also noted, sites who remain may reach the end of their useful lives soon. Installing air conditioning and then gas fired heaters, hydraulic baseboard heaters, gas furnaces reaching the end of their useful life. Also for Indian Rock Village there are some marketability concerns long term. For instance, the units were fairly small, given their size for things like four bedroom units to only have one bathroom. We're seeing other clients rethink this, maybe do a half bath downstairs or add another bathroom so that the floor bed has one and a half or two baths.

So our recommendation is to first handle the issues with the floodway concerns and doing the disposition of those pieces of the property be a section 18 and then for the remaining we recommended a RAD or section 18 construction blend strategy with the many to one application, combining both of these AMPs. We also think there's some economy of scale combining these, given that some units might be lost. Combining two you know, it brings the unit count up and the potential operating income up to help pay for some of the debt and the financial stability needed. We are not so sure that on their own each property would be financially viable long term. So about 12 months for the HUD approvals and then 18 to 24 months for the work. Could take a little bit longer depending on how the flood zones are approached.

So next up is Melrose Towers, page 23, if you're following along. This is AMP 206 and this is one of those senior, disabled high rise buildings. Again, hazardous material materials are possible, asbestos, lead, and radon testing is needed. There was a diesel underground storage tank on this site that the inspector noted would need further environmental investigation. Also some potential moisture intrusion, potential mold. We're not sure, but that should be investigated as well.

The exteriors are in decent physical condition. There are these Federal Pacific Stab-lok electrical panels on the buildings. They contain defective circuit breakers that do create a risk of fire. We recommend replacing those near term. Also installing modern air conditioning. And then there are some high cost items like the fire sprinklers, generators, elevators, boilers that would need to be replaced over the next 20 years. So making some long term investments if a repositioning strategy is pursued, would help make those things right so that they're good to go in the long term. For this site, much like the other senior site we just recommended RAD conversion. The RAD rents were higher than the section 18 rents, so to your benefit at this point in time. As the rents stand, do a RAD conversion- bring all units and the common areas up to date. I'll also note that this is on a great site. It's over six acres and there could be an opportunity to do some new construction on the site to help add some density to that area of the city. So about 12 months for HUD approvals and then 8 to 12 months for the work, could take a little bit longer depending on how these residents do relocation.

Almost there. You guys have a big portfolio. Next is Lansdowne Park, AMP 201 on page 25. In terms of the public housing portfolio, this is last property we recommend converting. So your current budget projects, Lansdowne Park has a positive cash flow of over $400,000, which is really good. In addition, it brings a lot of eligibility for your capital fund. It has over 300 units, so it funds a lot of financial stability and opportunities through capital funds to your overall portfolio. So therefore, we're recommending to really take advantage of this financial powerhouse that this AMP is and it does give a little bit of breathing room maybe to other parts of your program. So doing it last, makes sure that that stability is around for the long term and through the whole conversion cycle.

Same as others because of the age of the property, could be hazardous building materials, asbestos, lead, radon testing needed. There were also some adjacent facilities to the site, one state and one federally regulated that would need some further evaluation. So recommending phase one PSA. Exteriors were noted to be well maintained. There are some concrete retaining walls that might need some repair in the near term and some roof shingles needing replacement on about a third of the buildings in the next few years. Also, some sidewalk replacement. For the interiors we’re recommended installing modern heating and cooling systems, gas ranges which needs to be installed soon or replaced soon, excuse me. And then also consider the size and the overall profitability of the unit if there could be bigger living spaces, additional baths, and those types of things. For the Lansdowne Park, we're recommending a RAD Section 18 Blend construction plan strategy to take advantage of those tenant protection vouchers. Again, this could be financed with 4% low income housing tax credits, tax exempt bonds, some conventional debt, any operating reserves. Given that the cash flow is so high, you probably have a lot of operating reserves built up for this AMP. That could be put into the financing sources of the deal.

Last but not least, is another fair cloth to RAD development so there could be some additional Faircloth authority and also note that many of the properties we recommend the RAD Section 18 blend on. Those Section 18 units will not count against your fair cloth authorities. So you might be building up some of those potential units to be developed through a fair cloth to RAD strategy towards the end here.

That concludes our property by property repositioning recommendations. We're going to switch gears. I'll turn it over to Cody to talk a little bit about causes a lot of stress sometimes and relocation.

Mr. Owens thanked Ms. Skoby and stated he was going to speak briefly on the relocation. In your packets we have a longer memo from one of our partners responsible for relocating, detailing the relocation requirements for housing. You can find that on pages 29 to 34. I’ll speak briefly now about for many people, many PHAs, the most difficult part is the relocation of residents. How do you do rehab work on units where residents are currently living. It’s very difficult. Some PHAs will do in unit’s rehab, where residents are offered a common area to spend a few hours while crews come through and do some work. Many PHAs require some support for relocation, either short terms or longer term. Some PHAs we work with will do a checkerboard strategy where at the start of the repositioning they will hold vacant units vacant. This requires approval. Then they’ll move residents to vacant units while they do the work in their units. It takes a little longer, but it saves you a lot of money from paying for moving expenses, hotel rooms, and any other sort of relocation.

It’s important to note that any repositioning program you pursue carries certain relocation requirements. Common to all programs, is the need to inform residents through resident meetings and through written notice to residents during the application process, as well as typically 90 days before any relocation begins. RAD specifically has a robust suite of resident rights pertaining to relocation. Something very important to note in RAD is that every resident has the right to return to their property. I think it really behooves you all to note this to residents, and members of your community. Relocation is the probably the fastest we hear PHAs being criticized the most around the country. So I think noting that residents have the right to return to the property can help stand off some of the misconceptions about RAD repositioning. Again, relocation is very difficult for many PHAs, and because of that, some PHAs choose to hire a relocation consultant to help them make sure they are being compliant and to strategize their actual relocation plans. So that's something for you to consider. With that, I’ll hand it back to Amber to go over some other considerations.

Ms. Skoby said they wanted to leave RRHA with some next steps and considerations for leadership with your executive director and his leadership team, as well as the Board of Commissioners. A strong repositioning plan is really only as strong as the leadership buy in and commitment. So pages 27 and 28, we provide some next steps for the leadership team to discuss and reach a common understanding of values, goals and strategies to pursue bettering your public housing stock. Those are questions around your vision, goals, financial capacity, organizational capacity, and control. We also did a couple scenarios on what the beginning of your repositioning strategy looks like as a development team. So you're starting to gain experience and then where the endpoint could be, where you're taking more control, doing self-development, earning more developer fees and on your way to, you know, meeting Roanoke’s need for an affordable housing developer. So with that, I'm going to turn it back over to Ben with just a few closing comments

Mr. Plunkett thanked Ms. Skoby and the board of commissioners for their time and for allowing them to work with us. He said it was a pleasure to work with the entire group and they very mush so appreciate the opportunity to continue to work with the organization as the long term repositioning journey continues. To be candid, we know that it’s a lot and it’s a daunting task. They recognize that and that’s where they can come in and be a guiding hand and somebody to rely on to really assist you with making the whole process more manageable. Mr Plunkett said we really hope that this is a good first step in that process. So again, thank you for your time and just wanted to open up the floor for questions and Ms. Skoby, Mr. Owens, or himself would field them appropriately.

Chair Kepley said thank you very much. That's a very thorough report. He feels like they’ll need a drink from a fire hose on that. A lot of great information, but let’s open it up to the commissioners for any questions they may have. Anyone like to start off?

Commissioner Anguiano started off with the high level overview. They have a breakdown of the number of units that have been developed. One of the numbers to site is that 90% of residents have been able to remain in place. So essentially 10% of resident weren’t able to secure housing after the end of the process, right? Or are they choosing not to?

DG3 responded that they think they chose not to. RAD required that residents have the right to return, but in any given conversation, some residents may choose to take a voucher and move elsewhere, move in with family, or some just don’t want to be part of the rehab work, which I don’t blame people for not wanting to do while under construction, and will voluntarily relocate.

Commissioner Anguiano followed up by asking if they knew the long term vacancy rates and how they are affected.

DG3 responded that they believe they are still quite low and turned it over to Ms. Skoby to see if she knew the long term vacancy rates in RAD properties.

Ms. Skoby said she did not know off the top of her head but said she thinks historically being given the rent levels in the amount of subsidy, there are usually hitting those 95-97%.

Commissioner Anguiano said there wasn’t a big variability. Because for him the ultimate question is we don’t want residents to be lacking a resource. For a lot of folks we are the last resort, and at the end of this process, we have to make sure we are taking care of the people we have made a commitment to.

Mr. Bustamante chimed in that any repositioning we do we want the resident to have a place to call home. Our job is not to build homes for other people, but to build homes for the people that are there plus maybe add some for the community.

Commissioner Anguiano agreed.

Commissioner Garner said he had a couple questions and wanted to get one out of the way. When you say Lansdowne is the last development on this list, was that you suggesting it would be the last one working with or just suggesting, in order, Lansdowne was last just in what you’ve done here by not suggested we convert it last.

DG3 said they think both. It would be last in order of events, but also at this point, to our knowledge, it would be the last RRHA has in its portfolio. So at this point, all other public housing will have been converted and as Amber said, we are recommending Lansdowne last because of its financial strength. It is generating so much funds that could subsidize other parts of your portfolio, so yes we are recommending that as the last public housing conversion you do.

Commissioner Anguiano asked if this is something they had already sort of determined.

Mr. Bustamante said that after speaking with Ms. Austin and Mr. Shank, he thinks we all become aware that Lansdowne received the most capital fund and the most subsidy. It has the central office attached to it, so yes it would be in our best interest to reposition this last.

Commissioner Garner noted DG3 mentioned Melrose Towers, about the additional amount of acreage they have that’s undeveloped that was potentially developable. Would HUD not put some restraints on us developing that property due to the concentration rule they have. We’ve run into that before, concentration of property- you can’t build on certain areas. We’ve found property that was affordable and buildable and HUD would not allow us to build on it because of the concentration rule they have. Would that not apply to these existing units we have in this development.

DG3 said it was a good question and said it was something they’ve run into a number of times. He asked if Ms. Skoby wanted to comment.

Ms. Skoby said she thinks that it's worth considering if there is a concentration of poverty within this area. But once you do get that release of the Declaration of Trust after closing on your repositioning option, that land has a lot more flexibility in what it can be used for. So, you know, you might decide to do a mixed income development there or something that is not complicated with voucher families or tax credit families, but it’s maybe a mix of rental and homeownership. I think you have a lot of options there. And perhaps a co-development partner can help dive into that a little bit more, but not knowing, you know, your city and the neighborhood or community all that well, it's six acres, that you need land to build on and provide more units. Your recommendation is, yes, it fits part of the goals of your community and the concentration of poverty or there are some other housing options for this site. It's worth considering all of that. But again, when HUD releases their Declaration of Trust, you get a lot more control over how to develop this site or not develop it.

You also mentioned Jamestown Place and Indian Rock and their floodway. I think you mentioned 70 units. Is there no one to grandfather or does that definitely have to be carved out? There’s no other option? We can’t have that be part of RAD or TPV or any other option we pursue?

DG3 said that unfortunately there is no other option to get federal funding in a recognized floodway. HUD sees it as too high of a risk for resident’s long term. As you know, its 100 year flood plane, but the chance of me telling them that in 100 years, there hasn’t been any major flooding, so HUD unfortunately won’t touch it. We recommend carving that specific area and first, commissioning a survey to determine where is that floodway specifically on the property. Unfortunately HUD is going to tie their hands on what to do.

Commissioner Garner asked for clarification on talking about TPV, Tenant Protection Vouchers, and talk about the amount of money we can receive and getting higher amounts of money. We are not talking about higher amounts of money from the tenants or are we talking about higher amounts of money from the money that would be paid as a subsidy? We are not talking about raising the rent on the tenants per se.

DG3 said that is correct.

Commissioner Garner wanted that clarified because he could see someone say we are raising rent or that we are doing this to raise rent on the tenants.

DG3 said that was a good clarification.

Chair Kepley asked that in some developments the ground level has been raised or there have some creative things done in the floodways. He is not sure we could do that in our projects but he notes there are some ways that has been done but doesn’t know how we could get around that.

Mr. Shank said he knows that at Jamestown they have done an elevation certificate on some of the lower levels of the buildings to see how the react to the flood plane. That’s something we could do is get a surveyor to come in and look at the floor levels regarding the levels of the flood plane.

Chair Kepley said if it’s not too great of a difference it could be feasible to get into that certificate or above the level. You also have to get two feet above the level he thinks, so it’s pretty tricky from his understanding. He asked if there were any other questions.

Commissioner Garner said he did. He wants to get a good understanding of Fair Cloth. He thinks they said we have 186 units now that are still eligible for Fair cloth and as we do the various RAD conversion, he didn’t understand if they were saying that under Fair Cloth, if we actually increase the number of units that could be considered under Fair Cloth or whether the units that were being decoupled from the projects were not subject to Fair Cloth. Could they explain that?

DG3 said that Ms. Skoby looked like she was ready to take this one.

Ms. Skoby said yes as it stands now, or the latest information that we received, Roanoke has 186 units of Fair Cloth authority. So I'm not sure what happens if buildings were torn down for a natural disaster. I'm not sure. But something happened where you used to have 186 more units and now those aren't filled, they're not being fixed. So what I was saying at the end as it relates to Fair Cloth is that any units that are converted using one of the RAD Section 18 blends, the percentage of units that get those Section 18 tenant protection vouchers, those are not subtracted from your fair cloth authority. So those would become units that you could then develop to public housing and then almost overnight you're converting it to Section 8 through the Fair Cloth to RAD program. So that's another reason why we do this recommendation for Fair Cloth to RAD at the end, so that you can take advantage of some of those Section 18 blend units being developed, being added.

Commissioner Garner said he knows that Lansdowne again, you said that Lansdowne will be the last development that we look at or redevelop because of the financial strength of Lansdowne. What you talked about, the blend of the small PHA blend versus the regular or normal PHA. What is it? What is the word that you said if we were to reduce the number of units through section 18 by 50 units to bring down Lansdowne 250 units that we could then take advantage of the blend, the small blend formula? Well, what is the difference? What would be the advantage there? Can you specify for us?

DG3 said they recommended the RAD Section 18 construction blend versus the small PHA blend because Lansdowne Park has 300 units. For a small PHA you have 250 or fewer, so out thinking here was you certainly could reduce the number of units at Lansdowne Park by 50 or more through a separate initial RAD conversion and get that total of public housing unit count of Lansdowne beneath 250. That certainly is an option. We recommend just the construction blend plan for easier transactions, rather than doing two different transactions and increasing your timeline and increasing some of your transactional cost, we recommended just a tradeoff there of putting one final conversion with the construction blend. You might be able to get a lower percentage of Section 18 units; however, with the age of Lansdowne, we were thinking you might qualify for one of those higher level construction blends and still get pretty high percentage of tenant protection vouchers.

Commissioner Garner said that under TPV, they mentioned which he wants to clarify, the tenant that is dislocated for temporarily for the rehabilitation, will be able to come back to their unit. Is he guaranteed to get that unit and get back in the development or get something equal to what he was required to leave. If you rehab my unit, so now I’ve been gone for three months during the rehab, and now I go back to my unit. Is that guaranteed? Or is he going back to equal or better, the same type unit?

DG3 said it’s not necessarily the same exact unit, but a unit. And asked if Ms. Skoby wanted to add anything.

Ms. Skoby said she agrees and that the HUD rule is that the resident has the right to return to the property. She doesn’t advise promising they return to the same unit. There are lots of things in play when renovations happen and the first is that you might be adding accessible units that some residents previously weren’t living in that need to be. And you're also maybe right sizing some families. You know, people's family dynamics change all the time. They could add a household member. They could get divorced. I mean, there's lots of things that are always changing that could impact how those completed units are released. Also, you're going to be also tied to construction timelines, and I think that's how you're moving people back into units and how that is phased is something that your contractor and your property management team or relocation specialist all need to be really comfortable with and also need to be in really good communication because stuff will change. You have to give those units released when they're ready and get the tax credits delivered, all of that. So it's a lot it's very stressful sometimes to communicate to the residents, but they do have a right to return to the property.

Commissioner Garner said he sees that he has a lot to read.

Ms. Skoby said he was really creative about how to take advantage of the small PHA blend, so she knows his brain is thinking.

Chair Kepley thanked them.

Commissioner McGuire said she has a question about the timeline. I know that your documentation here says that HUD will probably reject a ten year timeline. So we're looking at five years, right? Page seven, HUD responds to the timeline, so we're looking at a five year thing. I'm looking at in just based on the reading of the world right now, we're looking at high inflation numbers. You know, we have no resources coming into the country, meaning our supply chain is healing, but it's been broken. And we have two presidential elections and two midterm elections happening in that timeframe. What's going to happen if budgets get cut? I mean, is there a way that we can frontload all of this so that we've not over promising our residents? Because once this hits the news, they're going to think great getting a new range or my heating and cooling systems are going to be modern and all of a sudden the budget gets cut. And then we've got to turn around and by we I mean, poor David over here, has to explain to the residents that this was based on 2022 numbers and the world has changed since then, so how do we get around that? How do we make certain that our residents have what they need to live full lives in these units without having budget cuts undermine them?

DG3 said of course.

Commissioner McGuire said she’s sorry because they’re looking at her going I don't know and that she should talk to Washington, is what your eyes are telling me right now. But I mean, that's what I'm concerned about here, is because all of this sounds fantastic, but I'm looking at the political landscape here. Some of the stuff could be cut.

Commissioner Anguiano says the converse of that is tent we're more dependent on federal funding for the projects, and we already know that we have a pretty steep hill to climb with capital improvements that are coming down the road one way or another. So, I think basically, I don’t want to put words in your mouth, but I mean, I think that was one of the rationales for this was just looking at the mountain of capital improvements we're going to have.

Mr. Bustamante added that not only that, but I think it's time to do to do something to increase the amount of affordable units that we have. And, I work with Jackie, who takes care of every penny. So I'm pretty sure that we're not going to do anything that we're not ready to do. I mean, this is all information that we're going to use in order to make our decision. But we will not make any decisions if we're not sure that we're going to be able to do the right job. Because, as you said, I don't want to have any tenants, not even one, not have a place to live, because that would be contrary to anything that we're trying to do.

Commissioner McGuire said she agrees because I remember we were back when Washington was being Washington and budget hadn’t been approved and we were all thinking, what happens if we go dark, you know, like if the budget isn’t approved then we don’t get any funding. That's my fear is that the funding will be cut. So, okay. Thank you.

Commissioner Anguiano asked if he could ask a question. So, I mean, this relatively short history for RAD, right?

DG3 responded about ten years.

Commissioner Anguiano asked if we have a sense of the long term viability. I mean, the numbers seem pretty good, but do we have a sense historically looking at places that did this early on, how viable they are in terms of the capital improvements further down the line, are they building up enough reserves to be able to do that?

DG3 responded with they think yes. A big part of the RAD program is the requirement to build in replacement reserves as well as operating reserves from other property reserves. The replacement reserve account is a big factor in the long term success of these properties. So that conversion you will have to put into your property in initial deposit replacement reserves. That’s going to be factored in to the repairs and replacements you'll be doing at that moment, that rehab. And then in the operation into your budgets, you have to build in an annual deposit to your replacement reserves. It might be, you often see $500 per unit. It's a pretty typical, annual deposit to replacement reserves. So you're putting that every year into a fund to pay for the capital needs over the next 20 plus years. So at conversion, you're going higher. Give you a capital needs assessment so the inspector comes out, inspects the property and says, here are your capital needs for your building systems for years one through 20. And here is the fund you'll need to build in order to fund, say, the replacement of gas for year four. So a couple of things that will give me assurance is you're building up reserves over 20 years’ payments, and these applications are being looked at. Several different eyes of reviewers have eyed the critical eye and whether or not this property is going to be successful.

As to your question of what we’ve seen historically. I think RAD properties have had a lot of success in the last ten years. It is a short history. I know Amber at her previous PHA converted her entire portfolio to RAD and that PHA found success.

Ms. Skoby chimed in. So just add something on to that and then address the previous question a little bit more too. I did go to a conference about a month ago for state housing finance agencies and there was a panel with a syndicator. So someone who on behalf of tax credit investors is looking for affordable housing deals to provide tax credits to. And they said that, you know, this housing market is changing. You know, as an industry, we will figure it out and things will be financed and be developed, etc., etc.. But for right now, they're really looking for some safe investments. And from their perspective, low income housing tax credit deals and specifically RAD deals are one of the safest, least risky investments from an equity investor’s standpoint. And I just personally would add that, you know, working with Mr. Bustamante and his team, reviewing your financials, your board reports, this is a very well run housing authority. And I think if you are trying to attract investors and finance folks, they're going to be looking at those things and seeing that the units are kept they’re leased, you're collecting rents. You have a really, really confident staff. And I, I just feel like you would be a very attractive agency for investors and equity providers to consider. So I think a lot of those public housing operational successes will translate to the repositioning world.

Ms. Skoby continued then I could just switch to the previous question about, you know, what's this crystal ball and federal budgets and. I wish we knew, but I'm actually really excited for you all because there will be hopefully as a signal with the president's budget and what the House is proposing for HUD budgets, an increase and with operating and capital funding increases on top of what we saw increase wise last year, your RAD rents are going to go up and so those will be published early in 2023. You guys are doing the legwork right now to be ready to capitalize on those higher rent levels. So when they are published, you know, we're ready to go. We're crafting these deals and then hopefully locking them in for the long term. It's a little bit easier to see, you know, the next couple of years than it is ten years, because I'm sure many of us, if we would look back to 2012 and try to predict where we are today, we would all be flat wrong. But I do think there are some exciting things from the federal funding level. We're seeing a big increase in HUD program funding and also some of the American Rescue Plan Act money, the ARPA funds, Virginia Housing is doing a lot of really creative things. And I'm sure speaking with your city and county leadership on how they're doing with some of the arc of the funds there would be some opportunity there and that didn’t consistent couple of years ago.

Chair Kepley thanked her.

Ms. Richie asked what is the benefit of RAD versus PBV when it comes down to the question that Commissioner McGuire mentioned of if there's any changes within the political arena in going the RAD route versus going the project based voucher route because with the PBV that will minimize relocation expenses and also increase your financial stability. So why would we go an option of RAD versus PBV?

DG3 asked if she was referring to meaning existing vouchers within our voucher pool that are already owned.

Ms. Richie said yes and then converting the development. Currently, we have several low income housing developments that we have layered with project based vouchers which has given us the opportunity to be able to increase our financial stability without relocating families and increasing relocation expenses and trying to make sure that we have a place for this family to go to with RAD conversion. So would it be beneficial for the organization to simply look at layering some of those other public housing developments with project based vouchers in lieu of RAD?

DG3 said we certainly see PHAs across the country doing RAD transaction with layering project based vouchers and tax credits and often RAD units as well. I'll say a couple of things and then Amber might have something to add too. One benefit of RAD conversion is getting additional vouchers project based on your portfolio. You're not using, or aren’t forced, to use your existing vouchers. You're getting additional resources from HUD that you would not otherwise have and getting a long term contract 15-20 years for it. So I think what benefit is you can do RAD conversion and layer PBVs as well. It’s not preventing you from doing that. It’s giving you another resource you wouldn’t otherwise have and it’s helping your resident. In RAD there’s a portability requirement where after one or two years, depending on the type of RAD, that resident can get a tenant based voucher to relocate elsewhere, if they want to. Not a requirement but something that is available to you.

Ms. Riche asked if that’s comparable to the project based vouchers. They have, after they move into the unit with the project based voucher, 12 effective months of residency, they are eligible for a tenant based voucher depending on the vouchers available. So she just wanted to see if it’s going to minimize relocation and expenses for the family, what would be the benefit with RAD versus PBV.

DG3 responded that RAD is just additional resources. I think when we are talking about relocation that is not necessarily a requirement. Their recommendations are more, what is the rehab work that we can do to these properties to preserve it for 20 plus years. He doesn’t think RAD necessarily means that residents have to be displaced. It’s more of how can we bundle the benefits of RAD for new financing tax credits. I think Amber might be a better person to answer your specific question about PBV versus RAD. So I’ll hand off to her.

Ms. Skoby apologizes because she couldn’t quite hear the question because it was cutting in and out but was it around why not just put regular PBV on the property or a portion of the property rather than RAD PBV.

Ms. Richie said yes.

Ms. Skoby said she hasn’t really heard about anyone doing that but she is on team take every dollar that HUD will give your community. I'm on that team to take advantage of everything and try to stretch it. So I think purely using RAD and Section eight TPVs on a converted property. One HUD that that is locked in for 20 years and mandatory renewal so 40 years. And then as an agency you might say, well, we want this to be protected so that it's affordable for 99 years. And so that will continue. I think pulling from your regular PBV pool and making those kinds of long term commitments may or may not work with your agency's goals. But hopefully there are some other developments that maybe your agency needs that do get some of those PBVs from your regular voucher funding or you're partnering with a tax credit bill that's doing permanent supportive housing or housing for veterans or all these other things that are going on in your community. And I think your regular PBV pool helps support some of those alternative efforts outside of your conversion. So in my mind, it's about stretching the resources, being a good partner in the community with your PBVS and just HUD is giving you this PBVS for RAD and TBVs for long term commitments. And so using that and freeing up your PVBV to do other stuff is kind of what I see as the main benefit of not involving those regular voucher ones onto your RAD deals.

Chair Kepley asked to please excuse his lack of knowledge on this as it is the first one of these he’s ever been involved in and probably the same for everyone on the board. There's literally so much information here to take in and the acronyms and some of these questions. I mean, they're great. I know you all are like, that's a great question. But a lot of us are like, wow. So, for instance, why would we want to go from a project based voucher to RAD, which is basically if I understand, is RAD making us go to section eight? Is RAD making us go to section eight on that particular development? Is that how I'm reading that?

DG3 clarified that RAD would give you a Section 8 PBV. So it's also giving you a project based voucher. So it's similar to the PBV you have and through RAD, you're getting a Section eight contract for the property that say for Lansdowne Park, you go RAD on that. You get 300 PBVs for the property.

Chair Kepley asked what the benefit of that is.

DG3 asked if he’s meaning for Rad.

Chair Kepley said of us doing that and if that frees up another site.

DG3 said the benefit is that you get the contract from HUD for the first 20 years and the second 20 years, they’re committed, contractually obligated, to fund 300 PBVs on this site for this amount that increases every year based on the operating cost of just that factor and also increased every two years or so when the new RAD rents are released.

Chair Kepley clarified so that’s what we gain by going RAD?

DG3 said that’s correct. You’re getting that contractual obligation for HUD to fund that number of vouchers st the property.

Chair Kepley asked if that’s why for each one of these that we go to RAD. Essentially because we are locking in something earlier than the traditional public housing vouchers we have now.

Ms. Skoby said yes.

Chair Kepley said that helps him understand a bit better. He apologizes again for his lack of knowledge and that’s he’s trying to understand why we are going there because there is money involved for us to do that and a financial feasibility piece that’s done to see if we do this, then the 20 year plus 20 nets out a benefit for the organization.

Ms. Skoby adds that with RAD, the Section 8 program and that financing brings stability and predictability. So I'm sure when you're getting your public housing budget presentations, Mr. Bustamante and his staff, they're just kind of making their best guess of what the federal funding would be for that year. And that's kind of how it's always been under public housing, and some years it's good. There was like sequestration, the nightmare of all of that previous years, I believe you guys were a part of a lawsuit where you maybe didn't get your operating subsidy. So it's this constant rollercoaster. You're not sure, public housing wise, what the budget's going to look like. But under RAD, you lock in those Section 8 subsidy levels and then, there will be increase in operating cost adjustment each year. But you know what your funding is going to be. It's going to be predictable. It's going to be stable. And you can make plans accordingly instead of writing the HUD public housing funding rollercoaster over the next 20 to 40 years.

Chair Kepley says their recommendation is essentially do this as quickly as you can. If I’m reading that right because you’re locking that in and let’s make this happen.

Ms. Skoby says to remember how powerful private sector involvement is with the voucher program. I mean, think of all the landlords and private ownership companies that benefit from the Section 8 program. From a political standpoint, that's always going to be funded pretty well. I mean, think we all argue it's never enough. But as compared to public housing, it has a lot more political power than public housing.

Chair Kepley asks if that relates to the live tech projects, low income tax credit housing, I guess. Is that relates to those projects. Your recommendation there is to make use of those as well.

DG3 said yes and that for many of these properties we’re recommending that you pair that Rad conversion with financing from low income housing tax credits which are administered at the state level. Here it’s Virginia Housing and that gives you the opportunity for, in exchange for building affordable housing, you’re bringing in potentially significant private investor equity into this project. So for the live tech program, public housing conversions are often highly looked upon by state housing finance agencies so it’s a pretty natural pairing to get a bunch of equity that thereby reduces the amount of debt you could get for this conversion. So it’s financially prudent to get that resource if you can.

Chair Kepley said we basically team up with private developer essentially. They put the project together, submit it, and then those get funded depening on the state’s ability to find selection process, that kind of thing.

DG3 says potentially a private developer but they believe through talking with Mr. Bustamante and the staff here, you all have done a tax credit before.

Mr. Shank chimed in that everything we’ve done to date has been self-developed.

Chair Kepley asked if we could essentially pull that off our selves.

Mr. Shank said yes, it’s a matter of will we have the “financial capacity” to do that, to get it going. Is what it boils down to.

Chair Kepley says that’s a big savings fees wise.

Mr. Shank says we could work with tax credit syndicators and investors that get lined up through that if he understands correctly.

DG3 says we would apply for a tax credit or we are awarded it, then we are exchanging every one dollar of tax credits you get, an investor is buying that for say 90 cents or 95 cents depending on the market. They’re pouring in money here in exchange for these federal tax credits that you can then use yourselves and have a better private developer to do this rehab work and preserve the property.

Chair Kepley says you save the fee that would’ve been paid to the private developers.

DG3 said yes if you’re doing it self-developing then essentially yes.

Commissioner Anguiano asked if we have the bandwidth as an organization to in a five year timeline do all those projects.

Mr. Bustamante said it would be very tight for us to be able to do that on a five year plan.

Mr. Shank said there’s one other thing, a couple things at least in his mind. Currently we have a lot of difficulty even getting contractors. They want to bid on a bunch of stuff, but I can’t get enough contractors to take on the projects I need to get and so you have that issue. And they’re fighting some of the same battles we are and so you have to look at capacity not only with us but with the community and the contractors are here who might be bidding on the project. There’s a lot of things you have to look at to determine the capacity just to do things. You look broader, then just yourselves.

Chair Kepley said he guesses there’s some questions about negotiated contractors versus bid contractors and all those.

Mr. Shank says any type of HUD money you have to put up to bid.

Chair Kepley said he thinks it gets into law tech private developer. And you’re having then bid.

Mr. Shank says even with the law tech projects they publicly bid.

Chair Kepley asked if there were any other questions and said that was a lot to take in. He feels like he still has a lot of questions. He’d love to hear more from Mr. Bustamante and Mr. Shank, but given the time and suggests to have a follow up Zoom call with DG3.

DG3 and Mr. Bustamante agreed.

Chair Kepley said maybe they can do that in the next few weeks. He asks for any other questions.

There were none.

Mr. Bustamante thanked DG3 very much for coming.

Chair Kepley said it was great and eye opening and thanked them.

Char Kepley moved on to resolution 4127 and asked Mr. Gusler to present. Go ahead!

Mr. Gusler said good afternoon and said it shouldn’t take too long. It is a resolution for our lease purchase program. He notes that they brought the board some amendments on the program last year. This being the first unit we’ve had under contact in, he believes, seven years. 1720 Dupree Street Northwest. The property appraised for $127,000, standard procedure for us to take a 20% second mortgage out on that so the buyer will pay them 80% of that 127,000. The tenant has been in the unit the requirement of at least six months and has been there over six months and is under contract. And we will close net month if the board approves this resolution then says he can take any questions the board may have.

Chair Kepley asks if there’s any questions and then asks if there’s any reason why we wouldn’t want to do this.

Mr. Gusler replies not at all. It’s a great time. It’s a tough market for people we have to come in and qualify for a mortgage. The have very few options outside of us. This price range- there’s not much you can find in this condition. We’ve done a number of improvements to this already.

Chair Kepley responded, super.

Commissioner Anguiano said he loves putting people in houses.

Chair Kepley said it’s great and will entertain a motion.

Commissioner Garner moved the motion and Commissioner Kepley seconded.

1. Resolution No. 4125

Mr. Gusler presented Resolution No. 4125 asking for Board approval to award a contract for sign replacement and improvements for the various public housing sites using operating funds. It is a resolution for our lease purchase program. He notes that they brought the board some amendments on the program last year. This being the first unit we’ve had under contact in, he believes, seven years. 1720 Dupree Street Northwest. The property appraised for $127,000, standard procedure for us to take a 20% second mortgage out on that so the buyer will pay them 80% of that 127,000. The tenant has been in the unit the requirement of at least six months and has been there over six months and is under contract. And we will close next month if the board approves this resolution then says he can take any questions the board may have.

Chair Kepley asks if there’s any questions and then asks if there’s any reason why we wouldn’t want to do this.

Mr. Gusler replies not at all. It’s a great time. It’s a tough market for people we have to come in and qualify for a mortgage. The have very few options outside of us. This price range- there’s not much you can find in this condition. We’ve done a number of improvements to this already.

Chair Kepley responded, super.

Commissioner Anguiano said he loves putting people in houses.

Chair Kepley said it’s great and will entertain a motion.

Commissioner Garner introduced Resolution No. 4126 and moved its adoption as introduced.

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

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

NAYS: None

Chair Kepley thereupon declared said motion carried and Resolution No. 4126 was adopted as introduced.

RESOLUTION OF THE CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY AUTHORIZING THE EXECUTION OF A SALES AGREEMENT WITH A BUYER AND AUTHORIZING THE EXECUTION OF A DEED OF CONVEYANCE INSTRUMENT FOR THE SALE OF 1720 DUPREE STREET, NW TO MIRWAIS FAIZI.

WHEREAS, the City of Roanoke Redevelopment and Housing Authority (RRHA) operates a lease-purchase homeownership program 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 lease-purchase homeownership program was originally created in 2000 by RRHA upon approval of RRHA’s HOPE VI - Lincoln 2000 project by the Department of Housing and Urban Development (HUD); and

WHEREAS, the program has been amended several times including most recently by the RRHA Board of Commissioners’ passing of Resolution Number 4083 on May 24, 2021; and

WHEREAS, the existing tenants of these units at the time of the application’s approval were notified that they would have the first right of refusal to purchase the housing unit they were currently leasing; and

WHEREAS, the previous tenant of this property was not interested or able to purchase this property and has since been relocated by RRHA to another public housing unit; and

WHEREAS, Mirwais Faizi has complied with all requirements of the Lease-Purchase program to date and has provided evidence of financing with Freedom First Credit Union and made the required down payment on the mortgage in an escrow account; and

WHEREAS, Mirwais Faizi has entered into a contract with RRHA to purchase the single-family property at 1720 Dupree Street, NW, bearing Tax Map No. 2040118, under the program for $127,000; 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 sell the property to the Purchaser.

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 sale of property at 1720 Dupree Street, NW, bearing City of Roanoke Tax Map Number 2040118, to Mirwais Faizi for the purchase price of $127,000 under the terms of the Lease-Purchase Homeownership Program.

1. **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 Anguiano, Garner, Karney, McGuire, Smith, Vice Chair Walker, Chair Kepley

NAYS: None

Chair Kepley declared the meeting adjourned at 4:44 p.m.

The Board of Commissioners attended an Ethics Training conducted by Mark Loftis from Woods Rogers, PLC directly after the Board Meeting.

Drew Kepley, Chair

David Bustamante, Secretary-Treasurer

Exhibits from June 27, 2022 Minutes previously circulated