

**MINUTES OF THE REGULAR BOARD MEETING
HOUSING AUTHORITY OF THE CITY OF DURHAM
Durham Housing Authority
T A Grady Community Center, 531 Lakeland Street,
Durham, North Carolina 27701
September 26, 2018**

AGENDA ITEM I

Call to Order

The regular meeting was called to order by the Chair, Daniel C. Hudgins

Present:

Daniel C. Hudgins
Thomas M. Niemann
Robert "Bo" Glenn
Gloria Nottingham
Larry Yon, II
Patrice Y. Nelson
Jillian Johnson, City Council Liaison

Absent:

George K. Quick

Conference:

None

Staff Present:

Anthony Scott, CEO
Barbara Newman
Sabrina Sinegal
Meredith Daye
Matthew Scaparro
Ashanti Brown
Olive Joyner
Lorraine Erhunmwunsee
Charles Lyon
Ed Barberio,
Doris Jackson

Also Present:

Eric Pristell, Attorney, The Banks Law Firm

The meeting was called to order by the Chair, Daniel C. Hudgins at 5:42 p.m.

A quorum was present, and the *Regular Meeting* was called into session.

AGENDA ITEM II – GENERAL COMMENTS FROM THE PUBLIC

◆ **PUBLIC HEARING (s)**

AGENDA ITEM III -- CHANGES TO THE AGENDA

Added Resolution #7: Approving the Selection of Gilbrater Construction Company, Inc., as the General Contractor for Laurel Oaks Renovation Project

AGENDA ITEM IV – BOARD ACTION

- Approval of the Minutes of the Board of Commissioners' Regular Meeting held on July 25, 2 018.

**Motion: Commissioner Nottingham; Seconded: Commissioner Glenn;
Approved: Unanimously**

- Approval of the Minutes of the Board of Commissioners' Special Meeting held on August 30, 2018.

**Motion: Commissioner Nottingham; Seconded: Commissioner Niemann;
Approved: Unanimously**

AGENDA ITEM V -- PRESENTATIONS

A presentation was provided by Rich Larsen of Novogradac regarding the 2017 Audit.

Barbara Newman, Chief Financial Officer, introduced Rich Larsen. Mr. Larsen distributed a copy of the audit. Three (3) reports were signed. They were as follows:

Novogradac audited DHA and its affiliates for year ended December 2017. The audit report includes financial statements, an opinion on the financial statements and an opinion on internal controls. There were no findings in 2017 and the findings from the previous years were cleared.

The opinion was an unqualified opinion which is the highest level of attestation the independent auditor can give.

Mr. Larsen explained the following three (3) reports.

#1: *Independent Auditors' Report on Internal Control* – this gives the opinion of the financial principles. The opinion presented a fairly high level – “unmodified opinion.”

#2: *Compliance and Other Matter -- Government Auditing Standards –two part internal control*. The *first part* involved the auditors documenting and testing the internal controls by reviewing the cash disbursements, procurement processes, minutes of the board meetings, etc. They did not identify any deficiencies in internal controls. In the *second part*, they reviewed DHA's compliances, rules, laws, contracts and grants. This report determined if DHA paid its taxes on time, followed their mission as an Authority, follow Davis Bacon Act – dealings with contract services, North Carolina law, etc. Their tests disclosed no instances of noncompliance or any matters that are required to be reported under the Government Auditing Standards.

#3: *Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance:*

Mr. Larsen stated that they looked for areas to determine if DHA comply with their major federal programs. The main program audited was the Housing Choice Voucher Program

("HCVP"). To determine the program to be audited, the auditors follow guidelines that examine the total amount of federal funds expended within the year. The main program(s) are subject to testing and the other programs can be tested as well. Mr. Larsen advised that last year DHA's HCV Program had 4 findings; however, this year there were no findings. It is possible that next year, more than one program will be tested.

In addition, Mr. Larsen highlighted some important details in the report as follows:

- This years' reports were not comparative since this is the first year Novogradac is auditing DHA's books
- The Management Discussion and Analysis provides comparative summaries and is provided my management as a supplement to the report
- It is important that DHA pays' attention to reserve balances for all programs. HUD advises' PHA's to have at least 4-months of reserves for operations.

Also, Mr. Larsen advised that since this was the first year – the audit took longer than usual.

Commissioner Glenn commented that he had been on the board since 2015 and that *"we've never had an audit this good."*

Commissioner Hudgins congratulated the Director of Finance, Barbara Newman and the Director of the HCV Program, Denita Johnson on the great report.

Commissioner Niemann asked Mr. Larsen about the unmodified opinion again. Mr. Larsen reiterated that DHA received an unmodified opinion on the Financial Statements and an unmodified opinion on Compliance. This is the highest opinion that can be received.

AGENDA ITEM VI -- CHIEF EXECUIVE OFFICER'S BUSINESS REPORTS

Anthony Scott provided comments on the following topics:

- The visit from HUD Regional Office and Headquarters was postponed. Mr. Scott did have an opportunity to meet with the new Field Office Director, Ms. Jody Moses and Regional Administrator, Denise Cleveland Leggett. She replaced Michael Williams. They are very interested in working with us on the major issues – trying to resolve our 2004 Audit and the Habitat for Humanity issue. DHA will work with them to get HUD Headquarters on board.
- Mr. Scott requested that presentations be made on the Annual Plan, the Public Housing Admissions and Continued Occupancy Policy (ACOP), the Housing Choice Voucher Program Administrative Plan (HCVP Administrative Plan) and the Capital Fund Program Five Year Action Plan. The presentations were as follows:

- ***The Annual Plan*** was presented by Ashanti Brown, Director of Strategic Management.

Mrs. Brown advised that the Annual Plan for 2018 included updates in ACOP, the HCVP Administrative Plan and the Capital Fund Action Program Five Year Action Plan. There were resident meetings with the Resident Advisory Board (RAB) and two additional meetings with residents. The major changes were as follows:

- Proposed Policy changes for both programs were incorporated into the Annual Plan
- A chart was inserted to explain each DHA program and the internal policy documents that govern them
- The Safety and Crime Prevention section was updated to describe specific activities the Resident Safety Operations team are involved in
- The Asset Management section was updated to discuss DHA's plans to ensure long-term viability of our current PH units by converting to Rental Assistance Demonstration (RAD)
- New activities was updated to mention DHA's intentions to apply for a Choice Neighborhoods Award, our plans to convert all DHA communities under RAD (Demo/Dispo), the Miracle League Ground Lease, accurately reporting the number of units we have designated as housing for elderly and/or disabled; anticipated year end RAD conversions for Laurel Oaks, 1010 Worth Street, and Goley Pointe, and all remaining PH communities; updating Occupancy by over-income family's policy based on HOTMA (exceeding 120% AMI), proposing Project Based Vouchers (PBV) vouchers for Carroll Street (16 PBV for permanent supportive housing) and Willard Street developments.
- ***The Capital Fund Program Five Year Plan for Years 2018-2022*** was presented by Edward Barberio, Capital Fund Program Administrator.

Mr. Barberio stated that the Capital Funds are for major replacement and big ticket items that do not come out of operations or routine maintenance. Examples would be roof replacements, major system and major component replacements. Every 5 years DHA engage professional engineering companies that do assessments of our properties. They provide life expectancies on all of the work items and estimated cost which is adjusted according to inflation. We factor these items into our five year planning period. This is how we project our capital needs based on professional estimates that are done. We match those needs and try to determine the anticipated life frame to a funding year.

Mr. Scott reminded everyone that the RAD Program was created to address a lack of capital dollars available. PHAs undergoing RAD is a way to bring in outside dollars to make up for the capital deficiencies that have accumulated over the years.

Commissioner Glenn mentioned that he was looking at some of the projections, specifically, JJ Henderson. He asked, "If DHA does proper rent conversion in 2, 3 or 4 years out, would we fold that money into the RAD conversion? Mr. Barberio responded, *"Yes. They would fold those elements into the RAD conversion."*

Anthony Scott added that if you think about Damar Court development, we took the appropriate portion of the capital funds and reserve funds for Damar and applied this to the development. When you look at DHA's contribution to the project, this is essentially what it is comprised of.

Commissioner Niemann asked if we knew specifically what deferred maintenance items are not being covered.

Mr. Scott responded, that it is not an item. *"It's a dollar amount that we receive and it is the discretion of the housing authority as to what those dollars are spent on."*

Also, Commissioner Niemann asked if we could look at each of our communities and know what the outstanding deferred maintenance is. Mr. Scott responded, "Yes."

Commissioner Niemann asked if this showed up on the balance sheet. Mr. Scott responded, "No."

Barbara Newman added that it would not show up on a balance sheet unless we had liability for it.

Commissioner Glenn asked about the Choice Neighborhood Grant. He asked if DHA had identified the Choice Neighborhood properties.

Meredith Daye, Director of Development, responded that we have identified specific sites in downtown in addition to McDougald Terrace.

Mr. Scott added that we have not made any decisions on our Choice Neighborhoods yet. The key is we would need to know which site offers the best chance at winning a grant. There are other factors other than just a

particular public housing community, i.e., *school component, transportation, amenities, etc.* DHA will look at all of our sites and determine which one will give us the best opportunity to receive an award.

Mr. Scott also provided clarity regarding whether DHA knew about the specific capital issues. Every 5 years DHA does a Physical Needs Assessment and that informs the short comings of each of the developments.

- ***Public Housing Admissions and Continued Occupancy Policy*** was presented by Matthew Scapparo, Director of Operations.

Mr. Scapparo mentioned the following significant revisions in the ACOP:

- Sex offenders involving children or adults and abuse involving children.
- Arrest or convictions – removed arrest of.
- Applying for assistance and waiting list. **New:** A site-based waiting list will be purged annually or more frequently as needed.
- Assets and income from assets. DHA will obtain third-party verification of all family assets when admitting a family to the public housing program. If Social Security benefits, DHA will recalculate the family income based on social security administration published cost of living adjustments.
- Clarifications was made on move-out inspections to include language that DHA would provide tenants a statement of any charges “within 30 days of move-out.”
- **New Policy:** The Violence Against Women Act (VAWA) Emergency Transfer Policy.
- The Housing Opportunity Through Modernization Act (HOTMA) of 2016 “places an income limitation on public housing tenancy for families.” Once a household income exceeds 120% of AMI (Area Medium Income) for two consecutive years, DHA must terminate the family tenancy within six (6) months of the second annual reexamination or charge the family rent equal to or greater than fair market rent. DHA must notify the household of potential changes to monthly rent or potential termination after one (1) year of the family’s income exceeding the over income limit. DHA will consider the number of families on the waiting lists for admissions when making a determination regarding whether to terminate a family whose income exceeds the over-income limit.

Mayor Pro Tem Johnson asked about the resident meetings and a question about the reentry program.

Ashanti Brown responded that at one of the meetings, there was mention of a potential pilot reentry program. The pilot program would allow a certain number of families to be admitted to DHA with the different types of recommended eligibility criteria or more relaxed standards vs. what we have now. The pilot will run for 2-3 years.

Commissioner Niemann asked a question about the portion of the plan with a maximum limit of 5 years to deny sex offenders relating to children. He asked if this was something HUD recommended or is this a trend.

Ashanti Brown responded that this criteria is to make the policy match what has already been passed by the Board. This is updating the chart to send with ACOP. There is a lifetime sex offender register band. If you are a registered sex offender you are banned for life vs. those that have sex offender in their background but not registered as a sex offender.

VII. GENERAL BUSINESS ACTION ITEMS (COMMITTEE REPORTS)

Chairman Hudgins stated that this is for the purpose of accepting reports from the three (3) standing committees. The information from these committees were also included in the previously distributed board package. The reports were as follows:

Development Committee Report (Chaired by Commissioner Thomas Niemann)

Chairman Niemann recommended acceptance of the July 11, 2018 minutes.

**Motion: Commissioner Niemann; Seconded: Commissioner Nottingham
Approved: Unanimously**

Also, Commissioner Niemann said the DRAFT September 13, 2018 minutes spoke for themselves.

Finance Committee Report (Chaired by Commissioner George Quick who was absent)

Commissioner Hudgins recommended acceptance of the minutes of the July 18, 2018 meeting.

**Motion: Commissioner Niemann; Seconded: Commissioner Nottingham;
Approved: Unanimously**

Operations Committee Report (Chaired by Commissioner Bo Glenn)

Commissioner Glenn recommended acceptance of the July 18, 2018 meeting.

**Motion: Commissioner Glenn; Seconded: Commissioner Nottingham;
Approved: Unanimously**

Chairman Glenn commended on the excellent additions of the Administration Report and Strategic Management Report to the Operations Committee.

AGENDA ITEM VIII -- RESOLUTIONS FOR APPROVAL

The Chair, Daniel Hudgins, introduced the following resolutions which were rolled into one consent vote:

RESOLUTION NO. 3548

RESOLUTION AMENDING THE ADMISSIONS AND CONTINUED OCCUPANCY POLICY

WHEREAS, the Housing Authority of the City of Durham developed its existing Admissions and Continued Occupancy Policy to comply with the U.S. Department of Housing and Urban Development regulations; and

WHEREAS, the Housing Authority of the City of Durham proposes changes to the existing Admissions and Continued Occupancy Policy that are considered significant amendments; and

WHEREAS, the Housing Authority of the City of Durham published legal notice of the availability of the draft changes for a 45-day review and comment period; and

WHEREAS, the Housing Authority of the City of Durham received comments and responded to questions and comments from the community and the Resident Advisory Board (RAB) regarding the proposed changes; and

WHEREAS, the Housing Authority of the City of Durham held a Public Hearing to receive and consider feedback from the community on the proposed changes; and

WHEREAS, the Housing Authority of the City of Durham revised its Admissions and Continued Occupancy Policy and the amendments are attached.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the City of Durham approve the changes to the Admissions and Continued Occupancy Policy.

Done this 26th day of September 2018.

**Motion: Commissioner Nottingham; Seconded: Commissioner Yon;
Approved: Unanimously**

RESOLUTION NO. 3549

Resolution Authorizing the Submission of an application to the Special Applications Center (SAC) for the Disposition/Demolition of Two Building – 7 Washash Avenue and 26 Ridgeway Avenue – at the McDougald Terrace Development

I. STATEMENT OF ISSUE(S)

The Board of Commissioners is asked to grant approval authorizing the submission of an application to the Special Applications Center (SAC) for the Demolition/Disposition of two buildings, 7 Wabash Avenue and 26 Ridgeway Avenue, totally fourteen (14) structurally offline units, at the McDougald Terrace development – AMP13-01.

II. BACKGROUND

The Housing Authority of the City of Durham (DHA) seeks approval to submit a Demolition/Disposition application to the U.S. Department of Housing and Urban Development's SAC to dispose/demolish fourteen (14) structurally offline units at the McDougald Terrace development.

In 2008 buildings 7 Wabash Avenue and 26 Ridgeway Avenue at McDougald Terrace showed significant signs of structural deterioration with sagging, cracked, and crumbling foundations, water intrusion, and cracked brick veneer walls. These issues lead to an inspection by the City of Durham, and from this inspection, the buildings were deemed unsafe and condemned.

The buildings were vacated and boarded up, and were taken offline in HUD's Public and Indian Housing Information Center (PIC). However, the units were not repaired timely (within 2 years according to HUD's requirement) nor was the PIC designation updated in to the system to reflect DHA's intent to keep the units permanently offline/unleased.

Around 2016/2017, HUD notified DHA that these units were activated in the PIC system, and until they were properly taken offline via disposition/demolition process, the fourteen (14) units would count towards the Agency's vacancy loss.

DHA's agency wide Architectural/Engineering firm, Neighboring Concepts, was engaged to assess the condition of the units. This assessment produced a report that details the condition of the units and states it would not be cost-effective to repair.

**Motion: Commissioner Nottingham; Seconded: Commissioner Yon;
Approved: Unanimously**

RESOLUTION NO. 3550

RESOLUTION APPROVING THE SUBMISSION OF THE ANNUAL PHA PLAN FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2019

WHEREAS, the Housing Authority of the City of Durham receives federal funds to operate the Low Income Public Housing and to administer the Housing Choice Voucher programs; and

WHEREAS, the Housing Authority of the City of Durham must submit a Public Housing Agency (PHA) Annual Plan as required by Section 511 of Quality Housing and Work Responsibility Act of 1998 (QWHRA) and;

WHEREAS, the Housing Authority of the City of Durham developed its Annual PHA Plan and published legal notification of the availability of the draft plan for a 45-day review and comment period; and

WHEREAS, the Housing Authority of the City of Durham held a Public Hearing to receive and consider feedback from the community ; and

WHEREAS, the Housing Authority of the City of Durham received comments and responded to questions and comments from the community and the Resident Advisory Board (RAB).

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the City of Durham finds as follows:

1. That the Board of Commissioners approve the Annual PHA Plan effective for the fiscal year beginning January 1, 2019.
2. That the Chief Executive Officer is hereby directed to formally submit the PHA Annual Plan to United States Department of Housing and Urban Development.

Done this 26th day of September 2018.

**Motion: Commissioner Nottingham; Seconded: Commissioner Yon;
Approved: Unanimously**

RESOLUTION NO. 3551

RESOLUTION AMENDING THE ADMISSIONS AND CONTINUED OCCUPANCY POLICY

WHEREAS, the Housing Authority of the City of Durham developed its existing Admissions and Continued Occupancy Policy to comply with the U.S. Department of Housing and Urban Development regulations; and

WHEREAS, the Housing Authority of the City of Durham proposes changes to the existing Admissions and Continued Occupancy Policy that are considered significant amendments; and

WHEREAS, the Housing Authority of the City of Durham published legal notice of the availability of the draft changes for a 45-day review and comment period; and

WHEREAS, the Housing Authority of the City of Durham received comments and responded to questions and comments from the community and the Resident Advisory Board (RAB) regarding the proposed changes; and

WHEREAS, the Housing Authority of the City of Durham held a Public Hearing to receive and consider feedback from the community on the proposed changes; and

WHEREAS, the Housing Authority of the City of Durham revised its Admissions and Continued Occupancy Policy and the amendments are attached.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the City of Durham approve the changes to the Admissions and Continued Occupancy Policy.

Done this 26th day of September 2018.

**Motion: Commissioner Nottingham; Seconded: Commissioner Yon;
Approved: Unanimously**

RESOLUTION NO. 3552

RESOLUTION TO CONSIDER AND APPROVE CHANGES TO THE HOUSING CHOICE VOUCHER PROGRAM ADMINISTRATIVE PLAN

WHEREAS, the Housing Authority of the City of Durham developed its existing Housing Choice Voucher Program Administrative Plan to comply with the United States Department of Housing and Urban Development regulations; and

WHEREAS, the Housing Authority of the City of Durham proposes changes to the existing to the Housing Choice Voucher Program Administrative Plan that are considered significant amendments; and

WHEREAS, the Housing Authority of the City of Durham published legal notice of the availability of the draft changes for a 45-day review and comment period; and

WHEREAS, the Housing Authority of the City of Durham received comments and responded to questions and comments from the community and the Resident Advisory Board (RAB) regarding the proposed changes; and

WHEREAS, the Housing Authority of the City of Durham held a Public Hearing to receive and consider feedback from the community on the proposed changes; and

WHEREAS, the Housing Authority of the City of Durham revised its Housing Choice Voucher Administrative Plan and the amendments are attached.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the City of Durham approve the changes to the Housing Choice Voucher Program Administrative Plan.

Done this 26th day of September 2018.

**Motion: Commissioner Nottingham; Seconded: Commissioner Yon;
Approved: Unanimously**

RESOLUTION NO. 3553

RESOLUTION APPROVING THE SUBMISSION OF THE CAPITAL FUND PROGRAM FIVE YEAR ACTION PLAN FOR YEARS 2018-2022

WHEREAS, the Housing Authority of the City of Durham receives federal Capital Fund Program funds for its capital and management activities listed in Section 9(d)(1) of the United States Housing Act of 1937 associated with its Low Income Public Housing; and

WHEREAS, the Housing Authority of the City of Durham must submit a Capital Fund Program Five Year Action Plan as required by Section 9(d)(1) of the United States Housing Act of 1937; and

WHEREAS, the Housing Authority of the City of Durham revised its last approved Capital Fund Program Five Year Action Plan approved on July 12, 2018 to incorporate more accurate Capital Fund funding projections which are considered significant amendments to the last approved Capital Fund Five Year Action Plan; and

WHEREAS, the Housing Authority of the City of Durham published legal notification of the availability of the draft plan for a 45-day review and comment period; and

WHEREAS, the Housing Authority of the City of Durham held a Public Hearing to receive and consider feedback from the community ; and

WHEREAS, the Housing Authority of the City of Durham received no comments or questions from the community or the Resident Advisory Board (RAB) regarding the Capital Fund Five Year Action Plan for years of 2018-2022.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the City of Durham finds as follows:

2. That the Board of Commissioners approve the Capital Fund Five Year Action Plan for the fiscal years of 2018-2022.
2. That the Chief Executive Officer is hereby directed to formally submit the Capital Fund Five Year Action Plan for the fiscal years of 2018-2022 to the United States Department of Housing and Urban Development.

**Motion: Commissioner Nottingham; Seconded: Commissioner Yon;
Approved: Unanimously**

RESOLUTION NO. 3554

**RESOLUTION APPROVING THE SELECTION OF GILBRALTAR
CONSTRUCTION COMPANY, INC., AS THE GENERAL CONTRACTOR
FOR LAUREL OAKS RENOVATION PROJECT**

WHEREAS, the Housing Authority of the City of Durham determined that it required the services of a general contractor to perform construction activities at the Laurel Oaks development; and

WHEREAS, the Housing Authority of the City of Durham requested bids from interested general contractors using an Invitation for Bids (IFB) process; and

WHEREAS, the Gibraltar Construction Company provided the lowest bid of \$812,200.00; and

WHEREAS, the Gibraltar's bid was reviewed and determined to be both responsive and responsible; and

WHEREAS, the Gibraltar's has not been suspended or debarred from participating and contracting with the U. S. Department of Housing and Urban Development and its local agents; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the City of Durham finds as follows:

1. That the selection of Gibraltar Construction Company, Inc., for the provision of general contractor services be approved, contingent upon Gibraltar furnishing all satisfactory documents required to effectuate contract execution;
2. That, consistent with 24 CFR 85.36(b)(9) Procurement Standards, the Housing Authority of the City of Durham maintains records sufficient to detail the significant history of the procurement, including the basis for the selection;
3. That the Chief Executive Officer is hereby directed to execute all contract documents or other documents necessary to effectively negotiate/award this contract.
4. This Resolution shall take effect immediately.

**Motion: Commissioner Nottingham; Seconded: Commissioner Yon;
Approved: Unanimously**

AGENDA ITEM IX – INFORMATION ITEMS

- There were none

AGENDA ITEM X – CLOSED SESSION

- There was none


AGENDA ITEM XI -- ADJOURNMENT

The meeting was adjourned at 6:47 p.m.

**Motion: Commissioner Glenn; Seconded: Commissioner Nottingham;
Approved: Unanimously**


Chair

(SEAL)


Secretary