ACQUISITION, RENOVATION AND DEVELOPMENT
COMMITTEE MEETING
OF THE HOUSING AUTHORITY OF THE CITY
OF WILMINGTON, NORTH CAROLNIA
November 14, 2012

The regular monthly meeting of the Acquisition, Renovation and Development Committee was held on Wednesday, November 14, 2012 at 4:00 p.m. at the Wilmington Housing Authority, 1524 South 16th Street, Wilmington, North Carolina.

Committee Members Present: Arcelia Wicker, Sr., Commissioner and Chair
Greg Neel, Commissioner
Jeff Hovis, Commissioner
L.S. "Bo" Dean Jr., Commissioner
Stuart Franck, Commissioner
Debra H. Hays, Commissioner
Glenn Floyd, Director of HEO
Michelle Kerwin, Director of Finance
Helayne Levy, Commissioner

Committee Members Absent:

Others Present: Michael Krause, Chief Executive Officer
Sara Davis, Executive Assistant
Rhonda Mack, Director of HCV Program

Karen Schraml, HEO Coordinator

1. Call to Order

The meeting of the Acquisition, Renovation, and Development Committee, "ARD" was called to order by the Chair at 4:10 p.m. on November 14, 2012, pursuant to the Notice sent to the Commissioners and Staff of Wilmington Housing Authority.

2. Approval of Minutes

Minutes of the August 15, 2012 ARD Committee meeting were reviewed, Commissioner Neel made the motion to approve and Commissioner Hovis seconded. Minutes were unanimously approved.

Minutes of the October 22, 2012 ARD Committee meeting were reviewed, Commissioner Hovis made the motion to approve and Commissioner Neel seconded. Minutes were unanimously approved.

3. Choice Neighborhoods

Mr. Krause informed the Committee that our representative from HUD would be arriving for a visit on Monday. He said the transformation plan is 80 % complete and Paul D'Angelo is contacting home owners in the area to find anyone interested in selling their properties. Mr. Krause reported the residents of Hillcrest are still very much on board. He reminded the Committee that part of the RAD application was to get a head start with Choice Neighborhoods. He talked about the Co-Developer solicitation explaining the requirement is to have experience

doing 3 previous neighborhood revitalization initiatives. Since WHA does not have that experience a Co-Developer is needed. He explained that there has been no interest and feels it is due to the way the solicitation was written ensuring WHA holds the management rights to the property. He told the Committee that staff will work with the lawyer and review other ways to word the solicitation in order to gain interest. Mr. Krause asked the Committee for their input and how far they would like to yield. He explained one way is to just go with a developer and forfeit all the developer fee income and management rights.

Commissioner Wicker asked what the time line was to get the Co-Developer on board. Mr. Krause said he learned that the Co-Developer was to be on board within one year of receipt of the planning grant award. He told the Committee it was already beyond that time when he learned of that requirement. Mr. Krause stated the consultants feel this is not a concern and will not be an issue as long as one is procured at the time of submitting the application. He did say it needs to be soon and no later than January. He stated that part of the process is in person interviews and presentations. He told the Committee that there is one developer he has been in communication with that seems to be showing interest.

Mr. Krause said he did not suggest just giving up all fees and management rights to a developer. Commissioner Neel stated he would rather see us retain management fee income as that is long term. Mr. Krause agreed saying the management fee income is predicable over a longer period of time. He went on to say many development deals he has seen the management deal is for 5 years and then management goes back to the housing authority.

Commissioner Wicker asked what the income difference was between the development fees and the management fees. Mr. Krause said it really depends how long the management is structured. If it is for the full 15 year time it would far outweigh the 12% developer fee.

Commissioner Wicker expressed his concern that we may be stuck if it comes down to not finding a Co-Developer because we are trying to retain the developer and management fees. Mr. Krause stated he would email the Committee, after his call with the lawyer, and give them an update.

Commissioner Hovis asked what companies there are that do both development and management. Mr. Krause said that they all have management arms that give the ability to do both.

Mr. Krause stated the he will be talking to the lawyer and getting the solicitation reworded.

4. Winfield Smith Property

Mr. Krause reported that in the last few weeks he met with Jack Kilbourne and the Department of Transportation regarding the Winfield Smith Property. He learned that the DOT was under the impression that the WHA was owned by the city and that was why in the past they were not interested in acquiring property; assuming the city would eventually own it. He reported that in learning that is not true they are now beginning to show interest and getting appraisals. Mr. Krause said that he will have more to report after their next meeting; scheduled in February.

Commissioner Hovis asked if it was all state money involved or if there would there be federal funding behind it. The Committee discussed this and came to the decision it would be all state involvement.

Mr. Krause expressed his encouragement and feels it is best to wait to list the property until after the DOT makes their decision. Commissioner Franck pointed out the only problem with that is it doesn't allow time to build a track record of anticipated asking price. Commissioner Hays said the way around that is pay for an appraisal. Mr. Krause stated the upside to listing the property is the DOT would see WHA's seriousness of needing to sell and not sit on a decision to long.

Commissioner Wicker questioned the compensation for Jack Kilbourne if the property doesn't sell for full price. Mr. Krause said without knowing the exact percentage, he believes it is written so he receives a percentage of the selling price.

5. Review of Board Resolutions

Mr. Krause explained the only resolution going before the Board is for extending the contract with Axiom who is doing the work at Solomon Towers. He told the Committee that more resolutions for architects will be coming before the Board soon. Three separate requests for qualifications have been issued for architect contracts.

Mr. Krause talked to the Committee about the tax credit application and what the Committee wants to do regarding the tax credit application. He passed out a sheet with the breakdown of the scoring criteria for the QAP stating now there is an understanding of what the QAP looks like for new construction applications. He explained the two major changes were the no right turn rule along with increasing the ½ mile to amenities to 1 mile. Mr. Krause deferred to Ms. Schraml to explain the changes in more detail. Ms. Schraml told the committee that one of the reasons the ½ mile rule was changed is because so many complained it was too difficult to find property that met that requirement. The right turn requirement was reworded to state a blind curve instead of right turn. Ms. Schraml stated that the need for tiebreakers, in the scoring of applications, is what spurred some of the changes that were made.

Mr. Krause told the committee that he recently had lunch with the management team from the Housing Finance Agency along with their Board of Directors. Mr. Krause said that he gave them a tour of Taylor and the Northside and feels they are interested in committing more resources to Wilmington. He feels it was a unique opportunity to spend time with their Board of Directors. After meeting with them, Mr. Krause said, he feels strongly we go through with the new construction application.

Commissioner Franck asked if staff knew of any property that met the new requirements. Mr. Krause said they were looking at a property on Independence Blvd. and Carolina Beach Rd. In the past it exceeded the ½ mile requirement but now with the changes it is being looked at more closely. He also said that Jon Vincent has an ownership interest in that property, and enough time has passed since his time on the WHA Board, it is something that could be helpful.

Commissioner Franck also asked for examples of what needed to be in that ½ mile. Mr. Krause said the requirements are very specific, and mentioned grocery stores as an example, starting that while a Whole Foods is acceptable a Piggly Wiggly is not.

Commissioner Franck also asked if the right turn rule means right turn in and right turn out. Mr. Krause said that is exactly what it meant.

Commissioner Wicker suggested if property has to be rezoned, surrounded by residential, then it might not be a good piece of property. He made reference to Pine Ridge and all the effort that went into that property.

Mr. Krause told the committee that there have been a couple things recently learned regarding Elderhaus. One new development is there is a chance the land can be used for the match, which could mean the out of pocket $200,000 commitment from WHA, would not be required. He also talked about the first Jervay House and the coordination of case management services that doesn't seem to be adequate for the residents and is also causing some problems for the property manager. Mr. Krause told the committee he learned that we have the ability to change providers. He said that it would be nice to have someone there round the clock, 24hrs, to help manage the residents more closely.

Mr. Krause told the committee that while Ms. Schraml was at the support housing application meeting, she learned that WHA is being looked, by many, as a good developer of supportive housing across the state. He said that there

has been interest shown, by others, to have WHA serve as the developer in their supportive housing projects. Mr. Krause stated with this happening it is important to position ourselves in a way that we could be developing deals beyond New Hanover County.

Mr. Krause clarified for new Board members the application fee for the Rankin Terrace Rehab Application is $5,000.

Commissioner Hovis asked if the new tax credit property would be senior focused. Mr. Krause said that would really depend where the property is located.

6. Other Business

Mr. Krause deferred to Glenn Floyd to go over the Project Matrix, Eastbrook, and Elderhaus.

Mr. Floyd said the RAD construction, of 38 units on Dawson Street at Jervay, is tied into the new construction for the architect RFQ and once it is done work will move forward.

Mr. Floyd stated the SHDP1 staff is working with the architect on a redesign which will be a small difference in appearance on the outside.

He reported that next month resolutions will be the 4 burn units at Glover, carpentry sand electrical services, gutter repair services, HVAC contract, and the architectural RFQ.

Mr. Floyd also updated the committee on the following,

Creekwood; 12 units were just turned over to be leased up and 22 more will be ready on Friday which leaves only 22 units remaining. He stated that the goal date is to have all units ready by December 14th. NCHFA will not be on site until the 28th of December.

Eastbrook; he met with the architect and some revisions were made to the Scope of Work. Mr. Floyd expects the Scope of Work returned within the week and then work can begin in gutting the interior of the units. He assured the committee everything would be treated and certified mold free.

Mr. Krause said the architect is a national rehab architect that focuses on affordable housing and comes with impressive qualifications. He went on to say that they have found the structural issues are not as bad as what was first thought. Mr. Krause also said the mold issue is not near as bad as we were originally told. Overall, the property has been found to not be in that bad of shape. Commissioner Hays asked if the shell of the build would be left and Mr. Floyd confirmed that the shell would be left but that it would be taken down to stick. Commissioner Hays said that the Board was told years ago that Eastbrook was a modular structure that was askew. Both Mr. Krause and Mr. Floyd said while it is modular it is not askew.

Mr. Floyd reported the fire alarms at Houston Moore are nearly complete, drainage project at Glover Plaza is complete, and screen doors at Houston Moore are almost complete. The upgrades at Solomon Towers will be beginning soon.

10. Adjournment

A motion made by Commissioner Hays and seconded by Commissioner Franck to adjourn the meeting carried unanimously.