

City of Greensboro

Date: December 17, 2008
To: Andy Scott, Director of Housing & Community Development
From: Internal Audit Division
Subject: Everitt Square Multi-Family Properties 2006-2007

The Internal Audit Division has performed our compliance review of the year ended June 30, 2008 of Everitt Square Multi-Family Properties. This property was rehabilitated with a loan provided by the City of Greensboro and is designed for the benefit of low-income individuals or families in the Greensboro area. Affordable Housing Management, Incorporated manages this property. Additional information on the property is as follows:

Everitt Square is located at 2130 Everitt Street (16 Units). It received a loan from the City in the amount of \$90,000 in September 1994. This loan is due to be repaid to the City annually on June 30th beginning in 1998, based on a percentage of cash flow. Based on a positive cash flow at year ended June 30, 2008, there was no payment due to the City. This loan is non-interest bearing, and the balance as of June 30, 2008 \$66,359 is due in full September 1, 2024.

At the time of our visit on October 30, 2008, Mr. Jim Teele, Housing Rehabilitation Specialist and Ms. Abby Feinstein, Specialist Community Services of the Department of Housing & Community Development, accompanied us and did an inspection of approximately 15 percent of the units (3 out of 16). A copy of Mr. Teele's and Ms. Feinstein's report was given to the Agency's management. Some repairs were noted for both locations.

We examined selected financial transactions maintained by the entity for compliance with the loan agreements. Based on our review, it appears that the funds have been spent according to the terms of the loan agreement.

We would like to thank Mr. Justin Brooks Manager of Tax Credit Properties; Ms. Debora Osborne, Finance Director; Ms. Joliene West, Property Manager and the staff of Affordable Housing Management, Incorporated for their courtesy and cooperation shown to us during this visit. If there are any questions or comments concerning the details of this visit, we can be reached at 373-2821.

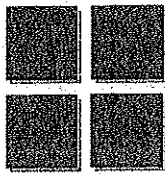


Mickey Kerans
Internal Auditor



Len Lucas
Internal Audit Director

Cc: Bob Morgan, Deputy City Manager
David Levy, Executive Director of Affordable Housing Management, Incorporated



HCD

Department of Housing & Community Development

Date: December 12, 2008
To: David Levy, Affordable Housing Management Inc.
From: Michael Blair, City of Greensboro HCD
RE: *FY08/09 Everitt Square Apartments Programmatic Evaluation*

On October 30, 2008 HCD and Internal Audit (IA) staff conducted an on-site monitoring visit of the Everitt Square Apartments. Affordable Housing Management Inc. (AHM) manages the property and in this capacity is responsible to the City of Greensboro Department of Housing and Community Development for contractual compliance.

The purpose of the monitoring visit is to determine whether the property is meeting applicable contractual requirements. In this monitoring review attention was paid to financial management systems, physical condition, a review of tenant files, and occupancy.

The period under review, along with current conditions, was from July 1, 2007 to June 30, 2008. In the course of the review HCD and IA staff met with Mr. Justin Brooks, Regional Property Manager, Ms. Joliene West, Property Site Manager, Ms. Debora Osborne, Finance Director, and other on-site AHM staff.

The property is located at 2130 Everitt Street in Greensboro, NC and consists of 16 units. It was acquired and rehabilitated with \$90,000 in local housing partnership funds (1994) combined with \$606,335 in NCHFA funding. The current balance is \$66,359 (\$66,796 last year).

Greensboro Consortium HOME Program funds were not expended on this property therefore the lease agreement and NCHFA rules are the main guidance regarding occupancy and tenancy requirements for this review.

Rental Affordability

The units would be made affordable to, and occupied by, households whose gross incomes did not exceed 40% of the adjusted area median (at move-in). The maximum rent plus utility in 2008 at 40% of AMFI would not exceed \$508/m.

The following table is generated from on-site tenant file review documentation and a project compliance report:

Reported Rents:	Rent	Utility	Total Rent + UA
16 units	\$320	\$95	\$415

Rent plus utilities do not exceed 40% limits, \$508/m, on any of the 16 units according to file documentation and rent rolls.

Tenant Income Eligibility and File Review

None of the tenant incomes reviewed appears to have exceeded 80% of adjusted median income. Resident incomes appear to have been certified annually according to the HCD file review and project compliance report provided by AHM. The tenant files reviewed were in good condition and contained required back-up documentation. This is an improvement from the previous review.

Occupancy

The reported occupancy was 93.5% from January 2008 through October 2008. The occupancy at the time of the visit was 100% which is 17% higher than the April 2008 area occupancy rate of around 83%.

Affirmative Marketing and Section 8

Affordable Housing Management has a fair marketing plan that meets the City Affirmative Marketing Requirements. The Tenant Selection Policy is clear and understandable.

Section 8 housing vouchers are accepted and four (4) units, 25%, receive this assistance.

Physical Inspection

HCD staff inspected three (3) units on October 30, 2008 and reported certain deficiencies that need attention in two of the units. The exterior has several reported conditions that need attention. Please see the two concerns below. Forward all repairs made to conditions listed on the inspection report to Internal Audit.

As a result of this review HCD staff is making zero (0) findings, two (2) concerns and zero (0) observations. A *finding* is defined by HCD as a project element that does not comply with a local, federal, or contractual, rule or regulation whereas a *concern* is either a potential finding or management weakness that should be improved to avoid future problems. An *observation* can be either a positive comment about the agency, a clarification of policy interpretation, or a suggestion that may improve a service or element of operations.

Concern – Asphalt

Holes were reported in the asphalt around the property.

Requested Action

The holes in the parking and drive area should be repaired. Please forward any repairs to Internal Audit.

Concern 2 – Abandoned Vehicle

There was what appeared to be an abandoned Honda by the rear building of the property.


Requested Action

If the vehicle has in fact been abandoned please have it removed from the property as it could be considered a nuisance to the tenants.


The concerns in this review, in our view, do not reflect negatively on property management staff and their work ensuring continued affordability compliance. The intent of both concerns is only to make management aware of the conditions and seek their resolution.

It is HCD staff opinion that Everitt-Square Apartments are contractually compliant concerning affordability and contractual requirements. The property is well managed.

HCD staff appreciates the assistance provided during the monitoring visit by Affordable Housing Management staff.



Michael Blair
Specialist Grants Compliance



Andy Scott
Director HCD