



Date: September 13, 2002
 To: Ed Kitchen, City Manager
 From: Internal Audit
 Subject: Greenbriar Housing, L.L.C. (Partnership Village Phases I & II) 2001-2002

The Internal Audit Division has performed a program and compliance audit of Greenbriar Housing, L.L.C., which received two loans, in February 1999 and May 2001, from the City of Greensboro to help construct transitional housing for low-income individuals and families in the Greensboro area. These units are called Partnership Village Phase I (32 units completed October 1999) & Phase II (24 units completed November 2001) are located at 201 Greenbriar Road and are managed by Harris Brown Management, Incorporated. Funding for these units are as follows:

PHASE I		PHASE II	
City of Greensboro	\$289,000	City of Greensboro	\$ 150,000
Greensboro Urban Ministry	\$125,000	Partnership Homes, Inc. Equity	\$ 400,000
Habitat for Humanity, Inc. Loan	\$150,000	Community Affordable Housing Equity Corporation (Capital Contribution Tax Credits)	\$1,387,411
Partnership Homes, Inc. Equity	\$128,500		
Low-Income Housing Tax Credits	\$832,500		

We accompanied Mr. Bill Black, Rehabilitation Supervisor in Housing & Community Development as he inspected 15 percent of these units, and found these to be in good condition.

Repayment terms of the City of Greensboro Loans are based upon the following:

Phase I: Starting in March 2001 the borrower shall make principal payments equal to fifty percent of gross receipts less all normal and reasonable operating and capital expenses actually incurred. The borrower made a principal payment of \$855 for the year ended December 2000. In 2001 there was no payment due because the revenues did not exceed the expenses. The balance of the principal is due March 2018.

Phase II: Starting in March 2003, the borrower shall make principal payments equal to fifty percent of gross receipts less all normal and reasonable operating and capital expenses actually incurred. The balance of the principal is due December 2032.

On Phase II there were revenues for approximately two months for the year ended December 2001, but the revenues were not included in the December 31, 2001 financial statements. Also the City's loan of \$150,000 was not included in the financial statements. The agency indicated that Phase II was not included in the audit because there were only a couple of months of operations. In next year's audit, we will verify that the City's loan is included in the agency's financial statements.

We examined selected program documentation and financial transactions maintained by the agency for compliance with the loan agreements. Based on our review, it appears that the funds have been spent according to the terms of the agreements with no exceptions noted. During the year ended 2001 approximately 16 tenants moved from transitional to permanent housing.

We would like to thank Mr. Tim Millisor, Property Manager / Systems Coordinator; Ms. Sandy Lucas, Financial Analyst; and Mr. Harry Lee, Site Manager of Harris Brown Management; Ms. Ann Morelli, Director of Project Independence; Mr. Larry King, Case Manager and Ms. Michelle Wilson, Activity Coordinator of Greensboro Urban Ministry, for their courtesy and cooperation shown us during this audit. If there are any questions or comments concerning the details of this audit, please contact us at 373-2821.



Len Lucas
Internal Auditor



Jacky Dowd
Internal Audit Director

Cc: Mitchell Johnson, Assistant City Manager
Andy Scott, Director of Housing & Community Development
Bob Kelly, President of Partnership Homes, Inc.
Tim Millisor, Property Manager / Systems Coordinator of Harris Brown Management
Harry Lee, Site Manager of Partnership Village Apartments