



**DATE:** July 2, 2020  
**TO:** Stan Wilson, Director of Neighborhood Development  
**FROM:** Internal Audit Division  
**SUBJECT:** The Havens at Willow Oaks, LLC 2017-2018  
(No Response Required)

The Internal Audit Division has performed an annual compliance review for the year ended December 31, 2018 of The Havens at Willow Oaks, LLC (“Project”) which consists of 6 tracts of land (2.2134 acres) and encompasses 60 units for low-income individuals and one office located at Everitt Street, Morning View Drive and Jennifer Street. The City of Greensboro does not have a loan or legal interest in this property. It only has a right to review the financial and compliance information on an annual basis.

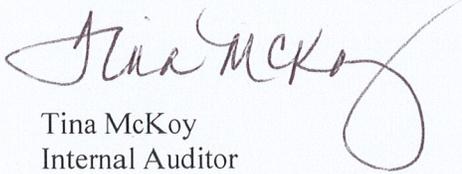
As a result of the Redevelopment Commission of Greensboro conveying land to the Greensboro Housing Authority (“Authority”), the Project was developed. HUD and the Authority entered into a certain Mixed Finance Amendment. The Project has a Ground Lease with the Authority for a term that shall be eighty (80) years at \$1.00 per year. Also, the Project has a first mortgage promissory note and loan agreement with the Authority at \$650,000 and accrues at the highest of either 8% per annum or the blended weighted average of the long-term applicable federal rate. As of December 31, 2018, the outstanding loan balance was \$1,607,382, which includes interest of \$957,382. There is a second mortgage with the North Carolina Housing Finance Agency in the original amount of \$865,199 at no interest and matures on October 1, 2036.

The Project is a part of a larger development known as the Willow Oaks/Hope VI (the Development). The Authority and the Project entered into a Regulatory and Operating Agreement to pay a portion of the development costs of the Project and with Operating Fund assistance to help in operating and maintaining the low income character of the public housing units in the Project. The Project agreed to develop, operate and maintain the Project in accordance with all requirements applicable to public housing and all HUD regulations, the Annual Contribution Contract (“ACC”), the Mixed Finance ACC Amendment, the Hope VI Grant Agreement and all other Federal statutory and regulatory requirements. The property is managed by WRH Realty Services, Incorporated.

On February 24, 2020, Ms. Von Patrick, Neighborhood Outreach Specialist of the Planning Department, inspected approximately 15 percent of the Project’s units. There were no repairs suggested during the inspection of the units. A copy of her report was forwarded to the Property Manager.

We examined selected documentation maintained by the entity for compliance. Based on our review, documentation requested was received without exception.

We would like to thank Ms. Ally Hackney, Regional Director; and the staff of WRH Realty Services, 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 373-4528.



Tina McKoy  
Internal Auditor



Len Lucas  
Internal Audit Director

Cc: Larry Davis, Assistant City Manager  
Chris Wilson, Assistant City Manager  
Cyndi Blue, Manager of Housing Services, Neighborhood Development  
Lamont Taylor, Administrative Services Manager, Neighborhood Development  
Caitlin Bowers, Community Development Analyst, Neighborhood Development  
Charla Gaskins, Federal Compliance Coordinator, Neighborhood Development  
Ally Hackney, Regional Director, WRH Realty Services, Incorporated



NEIGHBORHOOD DEVELOPMENT

June 25, 2020

WRH Realty Services, Incorporated  
Ally Hackney  
3030 Hartley Road Suite #320  
Jacksonville, FL 32257

Dear Ms. Hackney:

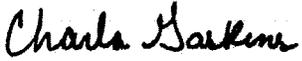
The City of Greensboro's Neighborhood Development Department is issuing this report based upon the monitoring function for the Memorandum of Understanding between the City of Greensboro, Greensboro Housing Authority, and the Redevelopment Commission of Greensboro for the neighborhood revitalization of what is now The Havens at Willow Oaks. The project includes 60-unit multifamily rental housing at 1700 Morning View Drive, 1701 Morning View Drive, 2002 Everitt Street, 2004 Everitt Street, 2100 Everitt Street, 501 Jennifer Street and 503 Jennifer Street. The scope of the compliance monitoring addresses two areas:

1. Desk review of administrative files for rent, occupancy, and tenant eligibility requirements;
2. On-site inspection of property standards for buildings, grounds, and 15% of the units.

The purpose of this monitoring is to determine compliance with agreement, and the regulations and requirements for HOME and Section 42 of the Internal Revenue Code of 1986, as amended, during fiscal year 2017-2018. On June 25, the desk review of The Havens at Willow Oaks was completed. Enclosed you will find the City of Greensboro's Fiscal Year 2017-2018 compliance monitoring review which documents the details of the review. There were no findings or concerns resulting from this monitoring review, therefore an official response is not required. If WRH Realty Services, Incorporated would like to submit a response, the response should be submitted in writing to Charla Gaskins within 14 days of this letter.

Neighborhood Development staff appreciates the assistance and documentation that Ally Hackney, Regional Director; Jacqueline Clyburn, Property Manager; and staff of WRH Realty Services, Incorporated provided during this desk review. As a reminder, all project files are to be maintained for a period of seven years from the final payment under this agreement.

Sincerely,



Charla Gaskins  
Federal Compliance Coordinator  
Attachments



Lamont Taylor  
Fiscal Planning and Administration Manager

cc: Larry Davis, Assistant City Manager  
Chris Wilson, Assistant City Manager  
Cyndi Blue, Manager of Housing Services, Neighborhood Development  
Caitlin Bowers, Grant Administrator, Neighborhood Development  
Tina McKoy, Internal Auditor, Executive

**City of Greensboro  
Neighborhood Development**



**COMPLIANCE DESK MONITORING REVIEW**

Project Name: The Havens at Willow Oaks  
Reviewer: Charla Gaskins

Compliance for FY: 17-18  
Desk Monitoring Completion Date: 6/25/20

QUESTIONS	YES	NO	N/A	NOTES
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<b>A. RENT REQUIREMENTS</b>					
1.	Did the project use proper utility allowances to calculate maximum rent levels? 24 CFR 92.252(d)(2)	X			Management of WRH Realty Services provided the utility allowances for the property. The RCRS report shows that ten units used an allowance that differed from the allowances for the property. The subsequent RCRS report shows that the allowances for those 10 units have been corrected. No finding or concern has been issued.
2.	Was the total tenant rent charged for units below the lower of applicable Low HOME maximum rent or Low Income Housing Tax Credit (LIHTC) maximum rent?	X			
3.	Is the total tenant rent charged for units at or below the rent listed in the MOU? 24 CFR 92.252(b)	X			
4.	If any in-place tenants had incomes above 80 percent of the area median income, were they charged 30 percent of their adjusted monthly income for rent and utilities? 24 CFR 92.252(i)(2)			X	All HOME-assisted units met the requirements for being under 80% AMI.
5.	Do the rents listed for HOME assisted units in the RCRS Project Compliance Report demonstrate that the maximum gross rent for 23 two-bedroom units and 7 three-bedroom units did not exceed the lower of applicable Low HOME rents or Low Income Housing Tax Credit (LIHTC) rents at 50% AMI?	X			HOME rents were found to be the lower applicable rent.
6.	Did the property meet the unit restrictions within each building?	X			Forty percent of units in each building were occupied by households at or below 50% of the area median income.

QUESTIONS	YES	NO	N/A	NOTES
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**B. OCCUPANCY REQUIREMENTS**

1.	Did existing tenants have incomes below 50 percent AMI?	X			All HOME-assisted units met the requirements for being under 50% AMI.
2.	In projects where the HOME-assisted units float: a. When a tenant vacated a HOME unit, was the next available unit made available to a HOME-eligible tenant? 24 CFR 92.252(j)	X			
	b. When a tenant's income rose above 80 percent of AMI, was the next available comparable unit rented to a HOME-eligible tenant? 24 CFR 92.252 (j)			X	Tenant incomes for HOME-assisted units did not rise above 80%.
3.	Did the property maintain a physical occupancy of 85% or greater?	X			The occupancy during FY 17-18 was 98.8%. Note that this indicator is now aligned with the time period being monitored--July 1, 2017 - June 30, 2018.
4.	Was the average vacant unit offline time for the property less than 45 days?	X			The average vacant unit offline time was 42.7 days during FY 17-18. Note that this indicator is now aligned with the time period being monitored-- July 1, 2017 - June 30, 2018.

**C. TENANT ELIGIBILITY**

1.	Did incoming tenants have incomes below 50 percent AMI?	X			
2.	Was a waitlist maintained?	X			
3.	Were incoming tenants listed on the waitlist?	X			Two incoming tenants were identified on the waitlist.

**D. TENANT FILES**

1.	Did the RCRS Report support that project documentation submitted to the City was accurate?	X			
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**E. PROPERTY STANDARDS**

1.	Did the property pass the City's physical inspection for decent, safe, and sanitary housing?	X			Inspection occurred on 2/24/20.
2.	Did the property adhere to the affirmative marketing policy? 24 CFR 92.351(a)	X			