



DATE: July 13, 2020

TO: Stan Wilson, Director of Neighborhood Development

FROM: Internal Audit Division

SUBJECT: Village Crossing Apartments – FY 2018-2019
(No Response Required)

The Internal Audit Division has performed our compliance review for the year ended June 30, 2019 (City fiscal year 2017-2018) of Affordable Housing Management, Incorporated (“Borrower”). They received a loan in the amount of \$800,000 and a loan in the amount of \$650,000 of Neighborhood Stabilization Program (“NSP”) funds from the City of Greensboro (“City”) to help finance the acquisition and rehabilitation of 20 apartments units for low-income individuals or families located at 109-117 Greenbriar Road, Greensboro, North Carolina. The 20 apartments consist of 10 one-bedroom units and 10 two-bedroom units; of which all 20 units were designated as NSP assisted units. Out of the 20 total NSP-assisted units, nine (9) floating units were further targeted as permanent supportive housing units for homeless and/or disabled households. These apartments are called Village Crossing Apartments, and are managed by the Borrower.

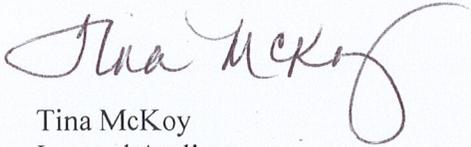
Both loans are on a non-recourse basis for a term commencing on the closing date and terminating on September 30, 2030; and shall bear interest at zero (0.0%) percent per annum. No annual payments are required for either loan. The \$800,000 loan is payable in full, if not sooner paid, upon maturity. The principal balance of the \$650,000 loan shall be forgiven at a rate of 1/20th of the original loan balance (\$32,500) on the annual anniversary date of the loan closing. The ending loan balance at June 30, 2019 per the audited financial statement for the \$650,000 loan was \$422,500; with the difference of \$227,500 representing the amount forgiven over seven years.

The ending loan balances (both loans) at June 30, 2019 totaled \$1,222,500.

On December 19, 2019, Ms. Von Patrick, Neighborhood Outreach Specialist of the Planning Department inspected approximately 15 percent of the units; and there were no repairs noted for the property at the time. Also, the grounds were noted to be in good condition.

We examined selected program documentation maintained by the Borrower for compliance with the loan agreements. Based on our review, it appears that the terms of the loan agreements have been met without exception.

We would like to thank Mr. Terry Nutt, Operations 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 373-4528.



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, Grant Administrator, Neighborhood Development
Charla Gaskins, Federal Compliance Coordinator, Neighborhood Development
David Levy, Executive Director, Affordable Housing Management, Incorporated



NEIGHBORHOOD DEVELOPMENT

June 29, 2020

David Levy, Affordable Housing Management, Inc.
Village Crossing
330 S. Greene St., Ste. B-11
Greensboro, NC 27401

Dear Mr. Levy:

The City of Greensboro's Neighborhood Development Department is issuing this report based upon the monitoring function for the loan agreement between the City of Greensboro and Affordable Housing Management, Inc. for a loan to help finance the acquisition and rehabilitation 20 apartment units located at 109-117 Greenbriar Road. 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 Neighborhood Stabilization Program (NSP) and agreement requirements, rules, and regulations during fiscal year 2017-2018. On June 29, the desk review of Village Crossing 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 Affordable Housing Management, Inc. 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 Debbie Osborne, Finance Director; Maria Ortiz-Pantoja, Compliance Specialist; and the staff of Affordable Housing Management, Incorporated provided during 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

Lamont Taylor
Fiscal Planning and Administration Manager

Attachments

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: Village Crossing
 Reviewer: Charla Gaskins

Compliance for FY: 17-18
 Desk Monitoring Completion Date: 6/29/20

QUESTIONS	YES	NO	N/A	NOTES
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A. RENT REQUIREMENTS					
1.	Did the project use proper utility allowances to calculate maximum rent levels?	X			
2.	Was the total tenant rent charged for units below the HOME maximum rent?	X			
3.	Is the total tenant rent charged for units at or below the rent listed in the loan agreement or below an approved rent increase?	X			Rent increase was effective 7/1/17.
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?			X	No incomes exceeded 80% AMI.
5.	Do the rents listed for NSP assisted units in the RCRS Project Compliance Report demonstrate that the maximum gross rent for 10 one-bedroom units and 10 two-bedroom units did not exceed 30% of the annual income of a family whose income equals 50% AMI?	X			

B. OCCUPANCY REQUIREMENTS					
1.	In projects where the NSP-assisted units float: a. When a tenant vacated a NSP unit, was the next available unit made available to a HOME-eligible tenant?	X			
	b. When a tenant's income rose above 80 percent of AMI, was the next available comparable unit rented to a NSP-eligible tenant?			X	No incomes rose above 80% AMI.
2.	Did the property maintain a physical occupancy of 85% or greater?	X			The occupancy during FY 17-18 was 93.5%. Note that this indicator is now aligned with the time period being monitored--July 1, 2017 - June 30, 2018.

QUESTIONS		YES	NO	N/A	NOTES
3.	Was the average vacant unit offline time for the property less than 45 days?		X		The average vacant unit offline time was 78.8 days during FY 17-18. Note that this indicator is now aligned with the time period being monitored-- July 1, 2017 - June 30, 2018. There are no concerns, as this indicator was previously reported in the FY 16-17 monitoring review.

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			

D. PROGRAM DOCUMENTATION					
1.	Did the RCRS Report support that project documentation submitted to the City was accurate?	X			

E. PROPERTY STANDARDS					
1.	Did the property pass the City's physical inspection for decent, safe, and sanitary housing?	X			Von Patrick conducted the inspection on 12/19/19.
2.	Was insurance maintained on the property?	X			
3.	Was the City of Greensboro named as the insured on the property?	X			
4.	Did the property adhere to the affirmative marketing policy?	X			