



DATE: August 21, 2020
TO: Stan Wilson, Director of Neighborhood Development
FROM: Internal Audit Division
SUBJECT: Rankin Associates II Limited Partnership 2018-2019
(No Response Required)

The Internal Audit Division has performed our annual compliance review for the year ended December 31, 2019 of Rankin Associates II Limited Partnership (“Partnership”), which consists of 44 units for low-income elderly individuals located at 1600 Rankin King Drive. These units are called Rankin King Farm Apartments and are managed by Beacon Management Corporation.

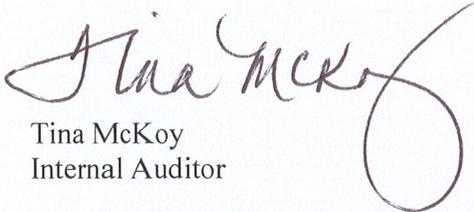
The Partnership received a loan September 8, 2008 for \$635,000 from the City of Greensboro (“City”) to help in the initial building of the apartment units. This is a ½ of 1% (0.5%) interest bearing loan with final payment due October 1, 2038. Mortgage payments to the City shall be made of the first day of September, 2010 and continuing on each September 1st thereafter in the amount of \$5,000. The principal loan balance at December 31, 2019 per Neighborhood Development and the audited financial statements was \$616,910. A principal loan payment of \$5,000 is due on September 1, 2020.

At fiscal year ended December 31, 2019, the Partnership had **negative** working capital of (\$248,280), an increase in the deficit of (\$21,559) from the **negative** (\$226,681) calculated for the previous year. Current assets were \$5,751; and current liabilities were \$254,031 (which included \$213,034 in construction/development costs plus accrued interest).

A physical inspection of the property has been delayed due to COVID-19 precautions. Our last physical inspection was performed on July 16, 2019 by Ms. Von Patrick, Neighborhood Outreach Specialist of the Planning Department. Approximately 15% of the total units (7 units) were selected for inspection; and there were no repairs suggested at the time. Also, the exterior buildings and grounds were noted to be in excellent condition.

We examined selected financial transactions maintained by the entity for compliance with the loan agreement. Based on our review, it appears that the terms of the loan agreement were met with no exceptions.

We would like to thank Ms. Hattie Gerringer, On-Site Property Manager; Ms. Barbara Springs, Regional Asset Manager; and the staff at Beacon Management Corporation for providing us the documentation to complete our review. 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
George Carr, President of Beacon Management Corporation



NEIGHBORHOOD DEVELOPMENT

August 4, 2020

Rankin King Farm Apartments
George Carr, Beacon Management Corporation
408 Battleground Avenue
Greensboro, NC 27401

Dear Mr. Carr:

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 Rankin Associates II Limited Partnership for a loan to help finance the construction of 44 apartment units located at 3216 Summit Avenue. The scope of the compliance monitoring addresses a desk review of administrative files for rent, occupancy, and tenant eligibility requirements.

The purpose of this monitoring is to determine compliance with HOME Investment Partnership Program (HOME) and agreement requirements, rules, and regulations during fiscal year 2018-2019. On August 3, the desk review of Rankin King Farm was completed. Enclosed you will find the City of Greensboro's Fiscal Year 2018-2019 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 Beacon Management Corporation 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 Ms. Barbara Springs, Regional Asset Manager, and the staff of Beacon Management Corporation provided during the 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: Rankin King Farm
 Reviewer: Charla Gaskins

Compliance for FY: 18-19
 Desk Monitoring Completion Date: 8/3/20

QUESTIONS	YES	NO	N/A	NOTES
-----------	-----	----	-----	-------

A. RENT REQUIREMENTS					
1.	Did the project use proper utility allowances to calculate maximum rent levels? 24 CFR 92.252(d)(2)	X			
2.	Was the total tenant rent charged for units below the HOME maximum rent? 24 CFR 92.252(a)	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? 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	Exempt pursuant to Section 42 of the Internal Revenue Code.
5.	Do the rents listed for HOME assisted units in the RCRS Project Compliance Report demonstrate that the lower of applicable Low HOME rents or LIHTC rents at the 50% median income level for 4 one-bedroom units and 1 two-bedroom unit did not exceed 50% AMI?	X			HOME rents and LIHTC rents were the same through the fiscal year.
6.	Do the rents listed for HOME assisted units in the RCRS Project Compliance Report demonstrate that the lower of applicable High HOME rents or LIHTC rents at the 60% median income level for 13 one-bedroom units and 4 two-bedroom unit did not exceed 60% AMI?	X			HOME rents and LIHTC rents were the same through the fiscal year.
7.	Did the property meet the unit restrictions within each building?	X			Property met agreement restrictions for floating HOME-assisted units in each building.

QUESTIONS		YES	NO	N/A	NOTES
B. OCCUPANCY REQUIREMENTS					
1.	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	No tenant incomes rose above 80% AMI.
2.	Were 40% of units in each building occupied by tenants at or below 50% of the area median income?	X			
3.	Did the property maintain a physical occupancy of 85% or greater?	X			The physical occupancy from July 1, 2018 - June 30, 2019 was 99.3%.
4.	Was the average vacant unit offline time for the property less than 45 days?	X			The average vacant unit offline time was 27.3 days during FY 18-19. Management successfully improved this time since the prior fiscal year.
C. TENANT ELIGIBILITY					
1.	Did incoming tenants have incomes below 50 percent AMI?	X			HOME-assisted units met this criteria.
2.	Was a waitlist maintained?	X			
3.	Were incoming tenants listed on the waitlist?			X	Management has implemented a process with multiple checks and balances to ensure that incoming tenants are selected from the wait list and in accordance with the tenant selection plan. No findings or concerns.
D. TENANT FILES					
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			This desk review did not entail a review of the physical property. However, it is noted that an inspection occurred on 3/5/20. There were no findings or concerns and results were reported in the FY 17-18 report.

QUESTIONS		YES	NO	N/A	NOTES
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? 24 CFR 92.351(a)	X			