



DATE: September 10, 2020
TO: Stan Wilson, Director of Neighborhood Development
FROM: Internal Audit Division
SUBJECT: Everitt Square Apartments - FY 2017-2018
(No Response Required)

The Internal Audit Division has performed our compliance review on October 22, 2019 of Partnership Homes, Incorporated (“Agency” or “Borrower”) for the year ended December 31, 2018 which received a loan from the City of Greensboro (“City” or “Lender”) in the amount of \$507,504. The loan was made to help finance the rehabilitation of Everitt Square Apartments (“Project”), which consists of 16 apartment units for use as permanent supportive housing for homeless families and others with special needs, according to plans and specifications on file with the Lender. Twelve (12) units have been designated as floating HOME assisted units. Until December 31, 2018, the Project located at 2130 Everitt Street in Greensboro was managed by Wrenn Zealy Properties. Effective January 1, 2019, Landura Management Associates became the property managers.

The loan of \$507,504 consists of federally funded HOME Investment Partnership Program (“HOME”) funds and bears interest at zero (0.0%) percent per annum. There are no annual loan payments required; and the loan is payable in full by January 31, 2031.

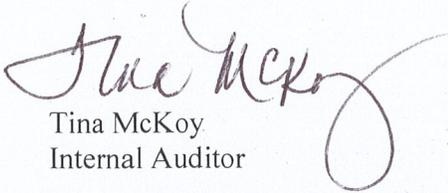
The Agency also received a HOME grant from the City in the amount of \$29,215 to provide additional site safety enhancements and improved flooring material at Everitt Square.

Total City-provided HOME funding towards the Project was \$536,719.

A physical inspection of the property has been delayed due to COVID-19 precautions. Our last physical inspection was performed on February 12, 2019. Ms. Von Patrick, Neighborhood Outreach Specialist of the Planning Development inspected approximately 15 percent of the units; and there were some minor repairs suggested for two (2) of the three (3) units inspected. The exterior buildings and grounds were noted to be in excellent condition; however, it was suggested that a fence located on the property be pressure washed.

We examined selected program documentation maintained by the Borrower for compliance with the loan agreement. Based on our review, it appears that the terms of the loan agreement have been met.

We would like to thank Ms. Jackie Miller, Regional Property Manager; and the staff of Landura Management Associates 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
Mike Cooke, Executive Director, Partnership Homes, Incorporated
Marty Holbrook, Chief Operating Officer, Landura Management Associates



NEIGHBORHOOD DEVELOPMENT

August 28, 2020

Jackie Miller, Landura Management Associates
Everitt Square Apartments
4623 Country Club Rd.
Winston Salem, NC 27104

Dear Ms. Miller:

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 Partnership Homes, Inc. for a loan to help finance the rehabilitation of 16 apartment units located at 2130 Everitt Square. 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 and agreement requirements, rules, and regulations during fiscal year 2017-2018. On August 28, the desk review of Everitt Square Apartments 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 Landura Management Associates 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. Jackie Miller, Regional Asset Manager; and the staff of Landura Management Associates 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
Mike Cooke, Executive Director, Partnership Homes, Incorporated

City of Greensboro
Neighborhood Development
COMPLIANCE DESK MONITORING REVIEW



Project Name: Everitt Square
 Reviewer: Charla Gaskins

Compliance for FY: 17-18
 Desk Monitoring Completion Date: 8/28/20

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? 24 CFR 92.252(d)(2)	X		Allowances shown on the RCRS report differ from utility allowance provided by the Greensboro Housing Authority (GHA). While the allowances are incorrect, total rent remained within the maximum HOME limits. This utility allowance was in effect when the property transferred management to Landura Management Associates. Neighborhood Development staff has given Landura Management Associates GHA's current Allowances for Tenant Furnished Utilities and other Services. This form should be used to determine current utility allowances. No findings or concerns.
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)	-	-	-
				The RCRS report only showed incomes for four households. Incomes shown on the RCRS report did not exceed 80% AMI. Prior to the onset of this review, Landura Management Associates has completed income certifications for the following fiscal year. No findings or concerns.

QUESTIONS	YES	NO	N/A	NOTES
5. Do the rents listed for HOME assisted units in the RCRS Project Compliance Report demonstrate that the maximum gross rent for 9 two-bedroom units did not exceed the applicable definition of High HOME rents which are the lesser of: *Section 8 Fair Market Rents (FMRs) for existing housing; or *30% of the adjusted income of a family whose annual income equals 65% AMI?	X			
6. Do the rents listed for HOME assisted units in the RCRS Project Compliance Report demonstrate that the maximum gross rent for 3 two-bedroom units did not exceed the applicable definition of Low HOME rents: *30% of the tenant's monthly adjusted income; or *30% of the annual income of a family whose income equals 50% AMI; or *If the project has a Federal or state project-based rental subsidy and the tenant pays no more than 30% of the tenant's monthly adjusted income toward rent, the maximum rent may be rent allowable under the project-based rental subsidy program?	X			

B. OCCUPANCY REQUIREMENTS				
1.	Did existing tenants have incomes below 60 percent AMI?	-	-	The RCRS report only showed incomes for four households. Incomes shown on the RCRS report did not exceed 60% AMI. Prior to the onset of this review, Landura Management Associates has completed income certifications for the following fiscal year.

QUESTIONS		YES	NO	N/A	NOTES
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)	-	-	-	The RCRS report only showed incomes for four households. Incomes shown on the RCRS report did not exceed 80% AMI. However, all incoming tenants were eligible for a HOME-assisted unit. No findings or concerns.
3.	Did the property maintain a physical occupancy of 85% or greater?		X		A review of the RCRS Report and the Affordable Vacancy Report showed that the physical property from July 1, 2017 to June 30, 2018 was 73.2%. This property had changed management since this reporting period.
4.	Was the average vacant unit offline time for the property less than 45 days?		X		The average vacant unit offline time for FY 17-18 was 223.3 days. This property had changed management since this reporting period.

C. TENANT ELIGIBILITY					
1.	Did incoming tenants have incomes below 60 percent AMI?	X			
2.	Was a waitlist maintained?	-	-	-	Undetermined; waitlist was not transferred new management company.
3.	Were incoming tenants listed on the waitlist?			X	

D. TENANT FILES					
1.	Did the RCRS Report support that project documentation submitted to the City was accurate?	X			The RCRS report did not present tenant data for each household. Income certification is required every twelve months. Landura Management Associates was proactive in achieving compliance with income certifications since the change in management. No findings or concerns have been issued.

QUESTIONS		YES	NO	N/A	NOTES
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. The City was granted a HUD waiver for ongoing periodic inspections due to the COVID-19 pandemic. This waiver extends the timeframe to perform these inspections needed to determine a HOME rental project's compliance with property standards. The most recent inspection occurred on 2/12/19. Property inspections are in compliance with 24 CFR 92.504(d) and waiver requirements.
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			

Summary of Results and Conclusions

The limited amount of income data on the RCRS report restricted the ability to evaluate items on this checklist. This property has been under new management since 1/1/19. During FY 18-19, Landura Management Associates was proactive in achieving compliance with income certifications and began maintaining a waitlist. Income data deficiencies in this review were mitigated during FY 18-19; therefore, no findings or concerns have been issue for the FY 17-18 review by Neighborhood Development.

Neighborhood Development has provided Landura Management Associates GHA's form for utility allowances calculations. In future monitoring reviews, Neighborhood Development will continue to review RCRS reports to ensure that income certifications are current for all tenants and that current utility allowances are being utilized.