



# City of Greensboro

Date: November 3, 2008  
To: Andy Scott, Director of Housing & Community Development  
From: Internal Audit Division  
Subject: Greenbriar Housing , LLC (Partnership Village I) 2006-2007

The Internal Audit Division has performed our compliance review of the year ended December 31, 2007 of Greenbriar Housing , LLC, which consists of 32 units for low-income homeless individuals located at 131 to 133 Greenbriar Road. The tenants can only stay a maximum of two years and then move finding permanent housing.

This Limited Liability Corporation received a loan in February 19, 1999 for \$289,000 from the City of Greensboro to help in the initial building of the apartment units. This is a non-interest bearing loan with final payment due March 1, 2030. The balance at December 31, 2007 per the department of Housing & Community Development and the audited financial statements is \$288,145. Principal payments were to begin March 1, 2001 at 50% of gross receipts after deducting all normal and reasonable operating and capital expenses actually incurred and payments into the Replacement Reserve Account. There was no payment due for year ended December 31, 2007. These studio units are called the Partnership Village I and are managed by Partnership Property Management.

We were accompanied by Mr. Dough Booth, Supervisor of Rehabilitation and Abby Feinstein, Specialist Community Services of the Department of Housing & Community Development (HCD) inspected 15 percent of the residences and some repairs were noted for the property. A copy of these issues were given to Mr. Harry Lee, Site Manager of Partnership Village to address before the issues escalate into costly problems.

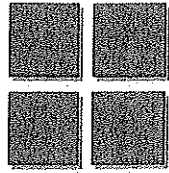
We examined selected financial transactions maintained by the entity for compliance with the loan agreement. Based on our review, it appears that the funds have been spent according to the terms of the loan agreement.

We would like to thank Ms. Pat Somers, Associate Property Manager; Mr. Harry Lee, Site Manager; Ms. Sandy Lucas, Director – Asset Management; Ms. Dawna Bynum, Corporate Management and the staff of Partnership Property Management 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 373-2821.

Mickey Kerans  
Internal Auditor

Len Lucas  
Internal Audit Director

Cc: Bob Morgan, Deputy City Manager  
Jim Westmoreland, Acting Assistant City Manager for Economic Development  
Bob Kelly, President of Partnership Homes, Incorporated



# HCD

Department of Housing & Community Development

**Date:** October 29, 2008  
**To:** Greenbriar Housing, LLC  
**From:** Michael Blair, City of Greensboro HCD  
**RE:** *FY08/09 Partnership Village I Programmatic Evaluation*

On September 24, 2008 HCD and Internal Audit (IA) staff conducted an on-site monitoring visit of the Partnership Village I Apartments. Partnership Property Management, Inc. (Formally Harris-Brown Management) manages the property and in this capacity is responsible to the City of Greensboro Department of Housing and Community Development for contractual compliance.

The purpose of the monitoring visit is to determine whether the property is meeting applicable and contractual requirements. In this monitoring review attention was paid to contract compliance along with financial management systems, a review of tenant files, and occupancy.

The period under review, along with current conditions, was from July 1, 2007 to June 30, 2008. In addition to examining various program materials, a physical inspection and financial files, in the course of the review HCD and IA staff met with Ms. Pat Somers, Associate Property Manager, Mr. Harry Lee, Site Manager, Ms. Sandy Lucas, Director – Asset Management, Ms. Dawna Bynum, Corporate Management and other property staff.

The property is located at 131 – 133 Greenbriar Road in Greensboro, NC. The February 1999 project created 32 studio units for low-income residents. It is a two year Transitional Housing property for the homeless. No Greensboro Consortium HOME Program funds were expended on these properties therefore the NCHFA/LIHTC guidelines regarding occupancy and tenancy requirements are used for this review along with city loan agreement requirements. Affordability was to be for 18 years.

City of Greensboro financing for Partnership Village I consisted of \$289,000 in local funds combined with \$1,211,000 in private funding as well as North Carolina Affordable Housing Tax Credits.

The thirty-two (32) studio units at Partnership Village I are required to be made affordable to, and occupied by, families (individuals) with income (adjusted) at or less than 45% of Median income adjusted for family size (studio units).

One (1) person 100% median income is \$39,270; adjusted to 45% it is \$17,775 (rounded to the nearest \$50) or \$17,750. Only two tenants have exceeded 45% of median income, none have exceeded 140% per the RCRS.

2008 rent at 45% of affordability for a studio unit:  $\$17,750 / 12 = \$1,479 \times .30 = \$444/\text{month}$

This has been met with tenant rents at \$295/month (plus utilities \$76/m).

Incomes of residents are certified annually according to the NCFHA report dated from 09.17.08. Five (5) tenant files were inspected by HCD staff. The files were well maintained and contained all required income and lease information.

The reported occupancy was 96.8% (one vacant unit) on the date of the visit. The occupancy has been 97.5% from January 1, 2008 through September 24, 2008. This is much better than the April 2008 area occupancy rate of around 87.3%. Average vacant unit turnaround time was 13.9 days which is exceptional.

Section 8 tenants are accepted and occupy only one (1) unit. This is likely due to the local rental subsidy given to all residents and the nature of a two year transitional property.

Partnership Property Management has a fair marketing plan that meets the City Affirmative Marketing Requirements. The Tenant Selection Policy is clear and understandable.

Management maintains an updated waiting list.

HCD staff inspected five (5) units on September 24, 2008 and reported certain minor deficiencies that need attention in only three (3) of those units. The overall curb appeal of the property is good. The exterior is well maintained and in good overall condition aside from the start of stairwell rust. Please refer to the inspection report for details.

As a result of this review HCD staff is making zero (0) findings and one (1) concern and one (1) observation. A *finding* is defined by HCD as a project element that does not comply with a local, federal, or contractual, rule or regulation whereas a *concern* is either a potential finding or management weakness that should be improved to avoid future problems. An *observation* can be either a positive comment about the agency, a clarification of policy interpretation, or a suggestion that may improve a service or element of operations.

#### Concern - Annual Tenant Income Recertification

Effective 7/30/2008: The Housing and Economic Recovery Act (H.R. 3221) allows that owners of tax credit properties are no longer required to obtain annual re-certifications beyond the re-certification at the first anniversary date of move-in.

#### Requested Action

This does not apply to HOME units, or any other HCD designated units regardless of fund source, at this time. Annual tenant income recertifications are still required for compliance. Please see the attached HCD memo.

Observation – Change in Status

During the site visit it was relayed to CD staff that management was contemplating the move to permanent housing from two-year transitional. The city approved special financing terms – 0% loan, no paybacks, based on the status as transitional housing. Another concern is fair housing; if Partnership Village I became permanent housing, then anyone should be able to live there, not just homeless.

Requested Action

For the time being HCD is not agreeable with a general switch to permanent housing at Partnership Village but ultimately City Council would have to make that decision. The NCHFA has previously suggested a hybrid model where some units might be permanent housing; this is something that may be feasible.

HCD needs to understand more about why management needs, or wishes, to do this and what management intends to do about other issues it will likely raise. If management intends to pursue this change HCD is requesting in writing replies to the above questions and concerns.

HCD staff requests that management review the Internal Audit report. It did not contain any findings.

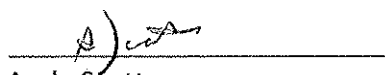
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The concern and observation in this review, in our view, do not reflect negatively on property management staff and their work ensuring continued affordability compliance. The intent of the concern is to make management aware of how HCD is responding to the new tax-credit recertification rules. The observation is intended to give management an early opinion on a potential change of tenancy status.

It is HCD staff opinion that Partnership Village I Apartments is contractually compliant concerning affordability requirements. The property itself appears to be in good condition and remains a good transitional housing option for qualified recently homeless households.

HCD staff appreciates the assistance provided during the monitoring visit by Partnership Property Management staff.

  
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Michael Blair  
Specialist Grant Compliance

  
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Andy Scott  
Director HCD

HCD staff requests that management review the Internal Audit report.

The observation, in our view, does not reflect negatively on property management staff and their work ensuring continued affordability compliance. The observation is intended to give management an early opinion on a potential change of tenancy status.

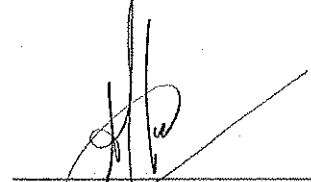
It is HCD staff opinion that Partnership Village III Apartments is contractually compliant concerning affordability requirements. The property itself appears to be in good condition and is a good transitional housing option for qualified recently homeless households.

HCD staff appreciates the assistance provided during the monitoring visit by Partnership Property Management staff.



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Michael Blair  
Specialist Grant Compliance



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Andy Scott  
Director HCD