



# City of Greensboro

**Date:** January 7, 2010  
**To:** Dan Curry, Acting Director of Housing & Community Development  
**From:** Internal Audit Division  
**Subject:** Autumn Drive and Camel Street Apartments 2007-2008

The Internal Audit Division has performed our compliance review of the year ended June 30, 2009 of Autumn Drive and Camel Street Apartments. These apartments are owned by the City of Greensboro.

These apartments are located at 1601, 1603 and 1605 Autumn Drive; and 315 West Camel Street which have 12 and 20 units respectively available for low-income families and individuals. These units are managed by Affordable Housing Management, Incorporated (AHMI). One of the units at Camel Street is used as a Property Manager's office for AHMI and the office at Southwood's Apartments manage the Autumn Drive apartment units.

We accompanied Mr. Jim Teele, Rehabilitation Specialist of the Department of Housing & Community Development (HCD) as he inspected approximately 15 percent of the units and some repairs were noted for the property. These issues have been provided to the Property Director to address before they escalate into costly problems.

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

We would like to thank Mr. Justin Brooks, Regional Property Manager; Ms. April Pritchett, Property Site Manager for Camel Street; Ms. Donna Dungee, Property Site Manager for Autumn Drive; Ms. Debora Osborne, Finance Director; 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 373-2821.

Mickey Kerans  
Internal Auditor

Len Lucas  
Internal Audit Director

Cc: Bob Morgan, Deputy City Manager  
Andy Scott, Interim Assistant City Manager for Economic Development  
David Levy, President of Affordable Housing Management, Incorporated



**Date:** January 5, 2010  
**To:** David Levy, Affordable Housing Management Inc.  
**From:** Michael Blair, City of Greensboro HCD  
**RE:** *2009 Autumn Camel Apartments Programmatic Evaluation*

City of Greensboro staff conducted an on-site monitoring visit of Autumn Camel Apartments on October 28, 2009. The properties are located at 315 West Camel Street and 1601, 1603 and 1605 Autumn Drive in Greensboro, NC. They were acquired and rehabilitated in the late 1980's with \$1,708,568 in local bond funds. No HOME Program funds were expended on this property however they are serving as HOME replacement units for another project from July 1, 2007 through June 30, 2010.

The two properties are owned by the City of Greensboro. Affordable Housing Management Inc. (AHM) manages the property (since 2000) and in this capacity is responsible to the City of Greensboro Department of Housing and Community Development for HOME Program and contractual compliance.

This letter summarizes the results of the City's monitoring on the above date.

The specific areas monitored were:

1. Certification of tenant income and Residential Lease
2. HOME (or other fund source) Rents
3. Affirmative Marketing
4. Property Standards
5. Lead-based Paint (if applicable)
6. Compliance with the Agreement and any other applicable requirements
7. Asset Management

During the monitoring, information is documented on checklists based on HOME Program requirements and modified to accommodate other funding sources and agreements. The information gathered serves as a basis for this monitoring report. Findings, concerns and observations, are identified in the report.

For clarification purposes 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 a comment about the property or a suggestion that may improve a service or element of operations.

## Certification of Tenant Incomes

The individual files reviewed were: 1601-A; 1603-C; 1605-D; 315-J; 315-U and 315-B.

- The recertifications were completed within the annual required timelines. Certifications were complete and signed by both parties.
- All income appeared to be included in the eligibility determination
- Assets were evaluated & calculated for determining annual income and backup third party documentation was present in all files.

No Findings or Concerns noted.

## Rents

Thirty-two (32) affordable 2/BR units were made available through this rehabilitation. The current 2009 Low HOME rent for a 2/BR unit is \$658/m.

<b>Reported Rents:</b>	<b>Rent</b>	<b>Utility</b>	<b>Total Rent + UA</b>
Autumn (12 units)	\$325	\$59	\$414
Camel (20 units)	\$325	\$97	\$430

The utility allowances should be updated as soon as possible to reflect any changes in utility costs

- Occupancy Requirement (20% rule): Requirement met.
- Rent Requirements: Requirement met.
- Over-Income Tenants: None exceeded 80% of AMFI. Requirement met.
- Rent Increase: All sampled files contained a written 30 day notice of rent increase. Requirement met.

No Findings or Concerns noted.

## Affirmative Marketing

Affirmative Marketing requirements appear to be in compliance as required in the agreement. HCD recommends the collecting and keeping of federal data on race and ethnicity for applicants however it is not required. No Findings or Concerns noted.

## Property Standards

Quarterly unit inspections are conducted by management. Copies of the inspection and maintenance forms are kept in the tenant's file. The buildings and units inspected by City staff on October 28, 2009 were: 1601-A; 1603-C; 1605-D; 315-J; 315-U and 315-B.

**Observation # 1:**

The individual units were in average condition (with the exception of 1603-C which was roach infested) with minor items noted for repair. The overall exterior condition was found to be good for both properties. Only some minor exterior building items, like peeling paint on window sills and inoperable exterior emergency hall lights, were found at Autumn; Camel was in overall good condition (especially the grounds) with the exception of a few missing storm doors and other minor concerns. Please refer to the inspection report for details.

**Required Corrective Action:**

Please make all necessary repairs (this may have already been done – this report is several weeks late) and send copies of the work orders to HCD for confirmation within 30 days of the date of this report.

**Lead-based Paint**

The property is subject to lead-based paint disclosure. Lead disclosure documents were in every file examined. No findings or concerns noted.

**Residential Lease**

All leases are for one year as required in the agreement. No findings or concerns noted.

**Contractual Agreement Compliance**

Autumn Camel Apartments is in compliance with the management agreement including the insurance requirement. No Findings or Concerns noted.

**Asset Management**

No Findings or Concerns noted.

**Rental Property Scoring Report – 80.0**

**Observation # 2:**

A score of 80.0 (out of 100 possible points) places Autumn & Camel Apartments in the green rental scoring category.

**Required Corrective Action:**

None. The properties are well managed and there are no serious concerns. The score was primarily lowered by negative Cash Flow and vacant unit turnover time.

**Observation #3 – Vacant Unit Turnover Time**

Two units that were vacant between July 1, 2008 and June 30, 2009 remained vacant for over 100 days and the average time off-line was 67.8 days.

**Requested Action**

To shorten the time a unit remains off-line. This could have been caused by several possible conditions such as unit damage. Regardless of the reasons an average of 67.8 days is high by almost any standard.

**Rental Property Scoring Report: Maximum 100 – 80.0 retained after reductions**

Indicator	Result	Deducted or added
Physical Occupancy FY08/09 (combined)	95.1%	0
Difference between Physical Occupancy and Econ. Occupancy (CY2008)	<2	0
Average Vacant Unit Off-line Time (combined)	67.8 days	-8
Maintenance Response Time (combined)	around 1 day	0
Overall Physical Condition (combined)	"Satisfactory"	0
Per Unit Cash Flow (combined)	(\$185.69)	-5
Hard Debt Service Coverage Ratio	N/A	-
Timely Delivery of External Audit (combined)	On-time	0
Adhering to HOME, PJ, Agreement and/or Note and Deed (combined)	Yes	0
Adhering to Reporting Standards (combined)	Yes	0
Cash Flow (combined)	negative	-5
Resident Turnover Rate	9%	0
Property Taxes Paid Ontime	N/A	-
Reserve requirements met (combined)	Yes	0
Replacement reserve Minimum of \$1,000/unit (combined)	No	-2

Overall the two properties are well maintained and provide decent housing to qualified households. Please respond as requested to Observation #1 identified in this letter. The Internal Audit report did not request a reply.

HCD staff appreciates the assistance and documentation that Affordable Housing Management staff provided during the monitoring visit.

  
Michael Blair  
Analyst Grants Compliance

  
Dan Curry  
Acting Director HCD