



City of Greensboro

Date: July 21, 2003
To: Ed Kitchen, City Manager
From: Internal Audit
Subject: Southwoods Limited Partnership 2002-2003

The Internal Audit Division has performed our annual program and compliance audit of the Southwoods Limited Partnership for the current period of operations. The agency received a loan from the City of Greensboro in November 1996 for \$550,000 to help in financing the construction of 59 studio apartments on Columbus and Kirkman Streets for low-income individuals. These units are called Southwoods Apartments and are managed by Affordable Housing Management, Incorporated.

The repayment on this loan to the City is based upon a percentage of cash flow after deducting all operating expenses actually incurred; payment of debt service and funding of the reserve accounts. No payments are due for the year ended December 2002 and the reserves are fully funded. This loan is non-interest bearing and the current balance is \$543,339. The North Carolina Housing Finance Agency also performed a review of the property on June 30, 2003 and no areas of noncompliance were noted.

We examined selected program documentation maintained by the agency for compliance with the loan agreement. We accompanied Mr. Bill Black, Rehabilitation Supervisor of Housing & Community Development as he inspected approximately 15 percent of the units, and found these to be well-maintained and no major repairs noted. Based on our review, it appears that the funds have been spent according to the terms of the loan agreement with no exceptions noted. However, during the inspection we noted 11 vacant units, which translates into an 18.6% vacancy rate. This appears to be attributed to a stagnant economy and a complete turnover of the staff on site. Housing & Community Development is anticipating working with management to address this issue.

We would like to thank Ms. Nicole Crawford, Property Site Manager and Ms. Natalie Harrison, Office Assistant of Southwoods; Ms. Debora Osborne, Finance Director; Ms. Lee Bracey, Assistant Director of Property Management; Ms. Carol Smith-Andrews, Director of Property Management and the staff of Affordable Housing Management for their courtesy and cooperation shown us during this audit. If there are any questions or comments concerning the details of this audit, please contact us at 373-2821.

Len Lucas
Acting Internal Audit Director

Cc: Mitchell Johnson, Assistant City Manager
Ben Brown, Assistant City Manager for Economic Development
Bob Morgan, Assistant City Manager
Andy Scott, Director of Housing & Community Development
David Levy, Executive Director of Affordable Housing Management, Incorporated