



**DATE:** October 8, 2021  
**TO:** Michelle Kennedy, Director of Neighborhood Development  
**FROM:** Internal Audit Division  
**SUBJECT:** Redwood Street Limited Partnership 2018-2019  
(No Response Required)

The Internal Audit Division has performed our compliance review for the year ended December 31, 2019 of Redwood Street Limited Partnership (“Partnership”). The property, Coley Jenkins Independent Living Center (“Property” or “Project”), received a non-interest bearing loan provided by the City of Greensboro (“City”) in the amount of \$556,000 to help in the construction of 40 residential units located at 2121 Redwood Street. This property is managed by Wynnefield Properties, Incorporated. The balance on the loan is due in full on December 1, 2027.

A physical inspection of the property has been delayed due to COVID-19 precautions. At the last physical inspection performed on August 15, 2019, Ms. Von Patrick, Neighborhood Outreach Specialist of the Planning Department, inspected approximately 15 percent of the units and no repairs were noted for the property at the time. Also, the exterior buildings and grounds were noted to be in good condition.

The current assets of the Partnership at December 31, 2019 were \$15,313 while the current liabilities were \$85,379; resulting in a negative working capital of (\$70,066). In regards to the Project’s cash flow, Note 6 of the audited financial statements for the year ended December 31, 2019 states: *“The Property has required the deferment of the collection of management fees and payroll costs by management, advances from affiliates, and suspension of deposits into the reserve for replacements in order to meet its financial obligations. It is likely that this deferral along with future advances will be required in the future for the Property to continue to meet its obligations.”*

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

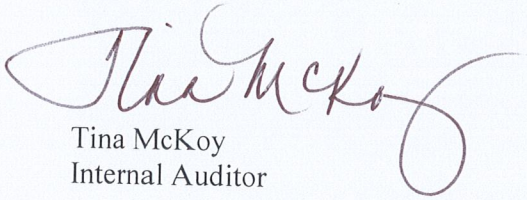
**Finding:** The Partnership’s audited financial statements should be completed and submitted to the City within 90 days following its fiscal year end. The audited financial statements for the year ended December 31, 2019 were due to the City by March 31, 2020; however, they were completed June 8, 2020.

**Recommendation:** Audited financial statements should be submitted to the City timely. In the event that audit documents cannot be submitted according to the requirements due to extenuating,

unforeseeable circumstances, the Agency should notify the City as soon as possible. A temporary extension may be granted (if approved) by the City Manager's Office and Neighborhood Development. Please be mindful that non-compliance with executed agreements could affect future funding considerations for the Agency.

During our fiscal year 2019-2020 review of the Project, we noted that the audited financial statements for the year ended December 31, 2020 were completed and submitted prior to the deadline. Therefore, there is no response required for the finding above.

We would like to thank Ms. Joanie Duley, Controller; and the staff of Wynnefield Properties, Incorporated providing the documentation for this 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: Chris Wilson, Interim City Manager  
Larry Davis, Assistant City Manager  
Cyndi Blue, Manager of Housing Services, Neighborhood Development  
Caitlin Bowers, Grant Administrator, Neighborhood Development  
Charla Gaskins, Federal Compliance Coordinator, Neighborhood Development  
Bill Cashatt, CFO, Wynnefield Properties, Incorporated  
Joanie Duley, Controller, Wynnefield Properties, Incorporated



NEIGHBORHOOD DEVELOPMENT

September 7, 2021

Norwood Stone, Wynnefield Properties  
Coley-Jenkins Apartments  
PO Box 395  
Jamestown, NC 27282

Dear Mr. Stone:

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 Redwood Street Limited Partnership for a loan to help finance the construction of 40 one-bedroom apartment units. 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 2018-2019. On September 7, the desk review of Coley Jenkins 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 Wynnefield Properties, Incorporated 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. Joanie Duley, Corporate Management; and the staff of Wynnefield Properties, Incorporated, 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

Cynthia Blue  
Interim Director

cc: Chris Wilson, Interim City Manager  
Larry Davis, Assistant City Manager  
Caitlin Bowers, Community Development Analyst, Neighborhood Development  
Tina McKoy, Internal Auditor, Executive

**City of Greensboro  
Neighborhood Development  
COMPLIANCE DESK MONITORING REVIEW**



Project Name: Coley Jenkins  
Reviewer: Charla Gaskins

Compliance for FY: 2018-2019  
Desk Monitoring Completion Date: 9/7/21

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			
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		The rents for ten units exceeded the rents listed in the 2005 written rent increase approval letter. The loan agreement requires prior written notification before a rent increase is implemented. Staff has been notified of the need to submit a request to increase rents. A request was submitted on 8/31. No findings or concerns have been issued.
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 from rental increase requirements. No incomes exceeded 80% AMI.
5.	Do the rents listed for HOME assisted units in the RCRS Project Compliance Report demonstrate that the maximum gross rent for all one-bedroom units did not exceed 30% of the adjusted income of a two person household whose gross income equals 60% AMI?	X			The 1st Amendment to the agreement allows 16 units to be at or less than 50% rent limits and 24 units at 51% to 60% rent limits.
6.	Did the property meet the unit restrictions within each building?	X			Property has one building. More than 40% of the units were occupied by households at or below 50% AMI.

**B. OCCUPANCY REQUIREMENTS**

1.	Did existing tenants have incomes below 80 percent AMI?	X			
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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)			X	
3.	Did the property maintain a physical occupancy of 85% or greater?		X		The physical occupancy during FY 18-19 was 74.7%. Note that this indicator is now aligned with the with the time period being monitored-- July 1, 2018 to June 30, 2019. There is no concern as this indicator was reported in the FY 17-18 report.
4.	Was the average vacant unit offline time for the property less than 45 days?		X		The average vacant unit offline time was 217.6 days during FY 18-19. Note that this indicator is now aligned with the with the time period being monitored--July 1, 2018 to June 30, 2019. There is no concern as this indicator was reported in the FY 17-18 report.

C. TENANT ELIGIBILITY					
1.	Did incoming tenants have incomes below 60 percent AMI?	X			
2.	Was a waitlist maintained?	X			
3.	Were incoming tenants listed on the waitlist?		X		Two clients moved in during the fiscal year but were not on the waiting list.

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 due to the COVID 19 pandemic. Inspections are expected to resume this fiscal year.

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			