



DATE: November 3, 2021
TO: Michelle Kennedy, Director of Neighborhood Development
FROM: Internal Audit Division
SUBJECT: Hope Court LLC – FY 2020-2021
(No Response Required)

The Internal Audit Division has performed our fiscal year 2019-2020 compliance review on the fiscal year ended June 30, 2021 audited financial statements of Hope Court, LLC (“Entity”). The Entity received a loan in the amount of \$1,088,602 of federally funded HOME Investment Partnership Program (“HOME”) funds from the City of Greensboro (“City”) to help finance the construction of 16 family apartment units located at 3701 Hope Court, of which 12 units were designated as floating HOME assisted units. These units are called Hope Court Apartments (“Project”) and are managed by Affordable Housing Management, Incorporated (“AHM”).

The City’s loan shall be on a non-recourse basis and bears interest at zero (0.0%) percent per annum for a term commencing on the closing date and terminating on November 30, 2035. Annual payments of \$2,500 shall be due on November 1 with the first payment due November 1, 2016. The loan shall be payable in full, if not sooner, upon maturity. The outstanding loan balance at June 30, 2021 was \$1,076,102.

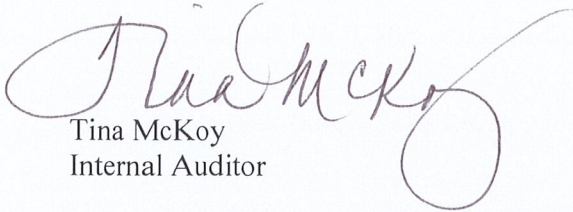
The City processed a principal payment of \$2,500 on September 15, 2021.

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

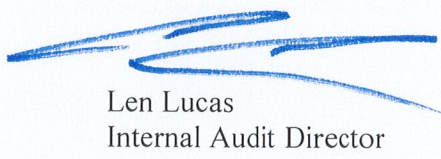
At fiscal year ended June 30, 2021, the Project reported **negative** net assets of (\$188,584). Working capital was calculated at \$31,647 at June 30, 2021.

We examined selected program documentation maintained by AHM for compliance with the loan agreement. Based on our review, it appears that the terms of the loan agreement have been met without exception.

We would like to thank Ms. Debbie Osborne, Finance Director, and the staff of Affordable Housing Management, Incorporated for providing the documentation needed to complete 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, Community Development Analyst, Neighborhood Development
Charla Gaskins, Federal Compliance Coordinator, Neighborhood Development
David Levy, Executive Director, Affordable Housing Management, Incorporated



NEIGHBORHOOD DEVELOPMENT

October 4, 2021

David Levy, Affordable Housing Management, Inc.
Hope Court Apartments
330 S. Greene St., Ste. B-11
Greensboro, NC 27401

Dear Mr. Levy:

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 Hope Court LLC to help finance the construction of 16 apartment units known as Hope Court. 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 2019-2020. On October 4, the desk review of Hope Court was completed. Enclosed you will find the City of Greensboro's Fiscal Year 2019-2020 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 Affordable Housing Management, 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. Debbie Osborne, Finance Director provided during the desk review. As a reminder, all project files are to be maintained for a period of seven years from the final payment under the agreement.


Sincerely,

Charla Gaskins
Federal Compliance Coordinator

Michelle Kennedy
Director

Attachment

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

City of Greenwood Neighborhood Development COMPLIANCE DESK MONITORING REVIEW				
Project Name: Hope Court Reviewer: Charla Gaskins		Compliance for FY 2019-2020 Desk Monitoring Completion Date: 10/4/21		
QUESTIONS	YES	NO	N/A	NOTES

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		A rent increase was approved 6/21/19 with an effective date of 7/1/19.
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	More than the required number of Low and High HOME units were maintained.
5.	Do the rents listed for HOME assisted units in the RCRS Project Compliance Report demonstrate that the maximum gross rent for 4 units did not exceed Low HOME rents?	X		
6.	Do the rents listed for HOME assisted units in the RCRS Project Compliance Report demonstrate that the maximum gross rent for 8 units did not exceed High HOME rents?	X		

B. OCCUPANCY REQUIREMENTS				
1.	Did existing tenants in assisted units have incomes below 80 percent AMI?	X		All HOME assisted units had incomes below 80% AMI.
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 from July 1, 2019 through June 30, 2020 was 98.3%.

QUESTIONS		YES	NO	N/A	NOTES
4.	Was the average vacant unit offline time for the property less than 45 days?		X		The average vacant unit offline time was 51.0 days during FY 19-20. Staff should seek ways to reduce this time.

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			

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.
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			