



**DATE:** November 9, 2021

**TO:** Michelle Kennedy, Director of Neighborhood Development

**FROM:** Internal Audit Division

**SUBJECT:** Partnership Homes, Incorporated-(Partnership Village I) 2019-2020  
(No Response Required)

The Internal Audit Division has performed our compliance review for the year ended December 31, 2020 of Partnership Village I (“Project”), which consists of 32-single apartment units for low-income homeless individuals located at 131 to 133 Greenbriar Road. These apartments are owned by Partnership Homes, Incorporated (“Agency”) and managed by Landura Management Associates (“Management”). The management office is located at 135 Greenbriar Road.

The Borrower, Greenbriar Housing, LLC, (a wholly owned subsidiary of PHI), received a loan on February 19, 1999 for \$289,000 from the City of Greensboro (“City”) 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, 2020 per the Neighborhood Development Department and the audited financial statements was \$273,204. 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. A principal loan payment of \$3,395.50 was due for the year ended December 31, 2020. The City processed this payment on October 7, 2021.

A physical inspection of the property has been delayed due to COVID-19 precautions. The most recent physical inspection was performed on July 18, 2019. Ms. Von Patrick, Neighborhood Outreach Specialist for the Planning Department, inspected 15 percent of the units and no repairs were noted for the property at the time. Also, the exterior building and grounds were noted to be in excellent condition.

We examined selected program documentation maintained by Management 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:

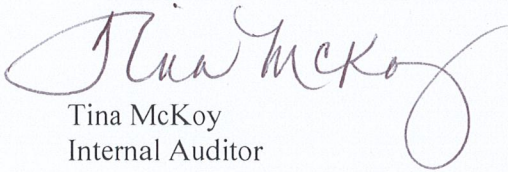
**FINDING:** Per the loan agreement, the Borrower’s financial statements are due to the City within 180 days of its fiscal year end (June 30 of the following year). The Agency’s audited financial statements were completed on September 2, 2021 and Internal Audit received a copy on September 15, 2021.

**RECOMMENDATION:** The Agency should provide financial documents to the City in accordance with the written agreement. In the event that the Agency is unable to submit audit documents according to the requirements due to extenuating, unforeseeable circumstances, the City should be notified immediately (prior to the due date). A temporary extension may be granted (if approved) by the City

Manager's Office if extenuating circumstances delay the Agency's ability to provide the required documents. Please note that unexcused delays in providing required audit documents to the City may affect any future funding requests.

In a response dated October 4, 2021, the Agency adequately addressed our finding; therefore, there are no further responses required regarding this matter.

We would like to thank Mr. Marty Holbrook, Chief Operating Officer; Ms. Jackie Miller, Regional Property Manager; and the staff of Landura Management Associates for providing the documentation for completing our 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  
Mike Cooke, Executive Director, Partnership Homes, Incorporated  
Marty Holbrook, Chief Operating Officer, Landura Management Associates



NEIGHBORHOOD DEVELOPMENT

October 21, 2021

Mike Cooke  
Partnership Village I  
1031 Summit Avenue, Suite 2W-2  
Greensboro, NC 27405

Dear Mr. Cooke:

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 Greenbriar Housing, LLC for a loan to finance the construction of 32 studio 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 agreement requirements, rules, and regulations during fiscal year 2019-2020. On October 21, the desk review of Partnership Village I 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 was one finding resulting from this monitoring review, therefore an official response is required. 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. Jackie Miller, Regional Manager, 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

Michelle Kennedy  
Director

cc: Chris Wilson, Interim City Manager  
Larry Davis, Assistant City Manager  
Caitlin Bowers, Community Development Analyst, Neighborhood Development  
Cynthia Blue, Manager of Housing Services, Neighborhood Development  
Tina McKoy, Internal Auditor, Executive  
Marty Holbrook, Chief Operating Officer, Landura Management Associates  
Jackie Miller, Regional Asset Manager, Landura Management Associates

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



**Project Name: Partnership Village I  
Reviewer: Charla Gaskins**

**Compliance for FY: 2019-2020  
Desk Monitoring Completion Date: 10/21/21**

QUESTIONS	YES	NO	N/A	NOTES
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<b>A. RENT REQUIREMENTS</b>				
1.	Did the project use proper utility allowances to calculate maximum rent levels?	X		
2.	Is the total tenant rent charged for units at or below the rent listed in the loan agreement or below an approved rent increase?	X		
3.	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?			X Exempt due to Section 42 of the Internal Revenue Code
4.	Do the rents listed for assisted units in the RCRS Project Compliance Report demonstrate that the maximum gross rent for all studio units did not exceed 45% AMI?	X		
5.	Did the property meet the unit restrictions within each building?			X

<b>B. OCCUPANCY REQUIREMENTS</b>				
1.	Did existing tenants have incomes below 45 percent AMI?		X	Incomes for three units exceeded this limit. No findings or concerns.
2.	Did the property maintain a physical occupancy of 85% or greater?			The physical occupancy during FY 19-20 was 95.3%.
3.	Was the average vacant unit offline time for the property less than 45 days?			The average vacant unit offline time was 36.7 days during FY 19-20.

QUESTIONS	YES	NO	N/A	NOTES
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C. TENANT ELIGIBILITY					
1.	Did incoming tenants have incomes below 45 percent AMI?		X		Incomes for one incoming household exceeded the limit. Source documentation was verified and as a preliminary check, income eligibility was monitored to date. There was an additional household in September 2021 which exceeded the income limit for incoming tenants. A finding has been issued and management is requested to submit a written plan outlining what measures will be enacted to ensure compliance with tenant eligibility.
2.	Was a waitlist maintained?	X			
3.	Were incoming tenants listed on the waitlist?	X			At least two incoming tenants were on the waitlist. No findings or concerns.

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?			X	

**Summary of Results and Conclusions**

This review detailed the results of the desk monitoring visit and identified one finding . Requested documentation should be submitted to Charla Gaskins, Federal Compliance Coordinator, within 14 days of this report.

QUESTIONS	YES	NO	N/A	NOTES
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*Finding #1 -Tenant Eligibility*

*Condition:* The City lease agreement outlines restrictions on use of property. At initial occupancy, all households are to have incomes under 45% AMI. The income for unit 131C (November 2020 move in) and unit 133 (September 2021 move in) exceeded this limit.

*Criteria:* Sections 4.2 in the City loan agreement.

*Cause:* The wrong income limits were used.

*Effect:* Ineligible households were housed.

*Corrective Action:* Landura Management Associates must submit a written plan outlining what measures will be enacted to ensure compliance with tenant eligibility.



NEIGHBORHOOD DEVELOPMENT

November 5, 2021

Mike Cooke  
Partnership Village I  
1031 Summit Avenue, Suite 2W-2  
Greensboro, NC 27405

Dear Mr. Cooke:

Thank you for your November 4 response to our October 21, 2021 Compliance Monitoring Review for Partnership Village I. Neighborhood Development reviewed has and accepted Landura Management Associates' response. Throughout the year, Neighborhood Development may request RCRS reports and supporting documentation in order monitor compliance.

Sincerely,

Charla Gaskins  
Federal Compliance Coordinator  
Attachments

Michelle Kennedy  
Director

cc: Chris Wilson, Interim City Manager  
Larry Davis, Assistant City Manager  
Caitlin Bowers, Community Development Analyst, Neighborhood Development  
Cynthia Blue, Manager of Housing Services, Neighborhood Development  
Tina McKoy, Internal Auditor, Executive  
Marty Holbrook, Chief Operating Officer, Landura Management Associates  
Jackie Miller, Regional Asset Manager, Landura Management Associates



November 4<sup>th</sup>, 2021

Charla Gaskins  
City of Greensboro, Federal Compliance Coordinator  
PO BOX 3136  
Greensboro, NC 27402-3136

Re: Partnership Homes Inc. (Partnership Village I)

Dear Ms. Gaskins:

In follow up to your letter dated October 21, 2021 concerning the 2019-2020 desk review audit for Partnership Village I, please note the following:

The software we currently use only allows for a 40% AMI or a 50% AMI. Going forward we can apply the 40% limit to ensure we do not go over income and manually review any household over the 40% AMI.

Should you have any further questions regarding this letter or related information, please do not hesitate to contact us.

With warm regards,

Jackie Miller  
Regional Property Manager  
Landura Management Associates

CC: Mike Cooke