



DATE: May 24, 2023

TO: Michelle Kennedy, Director of Housing & Neighborhood Development

FROM: Internal Audit Division

SUBJECT: Ryan Ridge LLC – FY 2019-2020
(No Response Required)

The Internal Audit Division has performed our compliance review for the year ended December 31, 2020 for Ryan Ridge LLC (“Company” or “Borrower”). The Company received a loan in the amount of \$880,000 from the City of Greensboro (“City”) to help finance the new construction of 60 family apartments located at 4410-4412 Rehobeth Church Road in Greensboro. These units are called Ryan Ridge Apartments and are managed by Wynnefield Properties, Incorporated.

The City’s loan, comprised of Housing Bond Funds, bears interest at one-half percent (0.5%) per annum. The loan is on a non-recourse basis for a term commencing on April 16, 2018 and terminating on April 1, 2039. The loan shall be payable in full, if not sooner paid upon maturity; however, payments of principal shall be made prior to maturity as follows:

On April 1, 2020 and continuing on each April 1 thereafter, the Borrower shall make principal payments to Lender as per the following schedule:

Payment Date	Amount Due	Payment Date	Amount Due
April 1, 2020	\$7,500	April 1, 2030	\$7,500
April 1, 2021	\$7,500	April 1, 2031	\$7,500
April 1, 2022	\$7,500	April 1, 2032	\$7,500
April 1, 2023	\$7,500	April 1, 2033	\$7,500
April 1, 2024	\$7,500	April 1, 2034	\$7,500
April 1, 2025	\$7,500	April 1, 2035	\$6,000
April 1, 2026	\$7,500	April 1, 2036	\$5,000
April 1, 2027	\$7,500	April 1, 2037	\$3,000
April 1, 2028	\$7,500	April 1, 2038	\$2,000
April 1, 2029	\$7,500	April 1, 2039	Existing balance on the Promissory Note inclusive of principal and interest shall be due and payable in full.

A principal loan payment of \$7,500 due April 1, 2021 was received and posted by the City on April 22, 2021. The principal loan balance at December 31, 2020 was \$873,233.

A physical inspection of eight (8) units was conducted on April 22, 2022. All units inspected passed the International Property Maintenance Code Inspection.

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

We would like to thank Ms. Joanie Duley, Controller; and the staff of Wynnefield Properties, Incorporated for providing the documentation to complete 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: Larry Davis, Assistant City Manager
Nasha McCray, Assistant City Manager
Cyndi Blue, Assistant Director of Housing & Strategy, Housing & Neighborhood Development
Caitlin Bowers, Neighborhood Investment Manager, Housing & Neighborhood Development
Charla Gaskins, Business Services Analyst, Housing & Neighborhood Development
Nicole Jordan, Federal Compliance Coordinator, Housing & Neighborhood Development
Anna Blanchard, Housing Analyst, Housing & Neighborhood Development
Norwood Stone, President of Wynnefield Properties, Incorporated
Joanie Duley, Controller, Wynnefield Properties, Incorporated



GREENSBORO
Housing & Neighborhood
Development

May 18, 2023

Norwood Stone
PO Box 395
Jamestown, NC 27282

Dear Norwood 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 Ryan Ridge, LLC for a loan to finance the new construction of 60 apartment units located at 4410-4412 Rehobeth Church Road. The scope of the compliance monitoring addresses a physical inspection and 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 May 18, the desk review of Ryan Ridge Apartments 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 Wynnefield Properties 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 Donna Cox, Compliance, 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,


Handwritten signature of Charla Gaskins in black ink.

Charla Gaskins
Business Services Analyst
Attachments

Handwritten signature of Michelle Kennedy in black ink.

Michelle Kennedy
Director

cc: **Nasha McCray, Assistant City Manager**
Larry Davis, Assistant City Manager
Nicole Jordan, Federal Compliance Coordinator, Housing & Neighborhood Development
Caitlin Bowers, Community Development Analyst, Housing & Neighborhood Development
Cynthia Blue, Assistant Director of Housing & Strategy, Housing & Neighborhood Development
Tina McKoy, Internal Auditor, Executive
Joanie Duley, Corporate Management, Wynnefield Properties, Incorporated

City of Greensboro					
Neighborhood Development					
COMPLIANCE DESK MONITORING REVIEW					
Project Name: Ryan Ridge Apartments			Compliance for FY: 2019-2020		
Reviewer: Charla Gaskins			Desk Monitoring Completion Date: 5/18/23		
QUESTIONS	YES	NO	N/A	NOTES	

A. RENT REQUIREMENTS					
1.	Did the project use proper utility allowances to calculate maximum rent levels?	X			
2.	Was the total tenant rent charged for units below the LIHTC maximum rent?	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?	X			The rents listed in the RCRS report were \$5 higher than what was in Exhibit B of the contract. AHM submitted a retroactive rent increase request which was retroactively approved by the city on 5/17/23. As a reminder, written City approval is required prior to implementing any rent increases.
4.	Do the rents listed for LIHTC assisted units in the RCRS Project Compliance Report demonstrate that the maximum gross rent for all units did not exceed 60% AMI?	X			
5.	Did the property meet the unit restrictions within each building?	X			At least 40% of units in each building are rent restricted.

B. OCCUPANCY REQUIREMENTS					
1.	When a tenant's income rose above 140 percent of AMI, was the next available comparable unit rented to a LIHTC-eligible tenant?			X	No incomes were above 140%.
2.	Did the property maintain a physical occupancy of 93% or greater?		X		Certificates of occupancy were issued 6/30/19. The physical occupancy from June 30, 2019 to June 30, 2020 was 68.9%. No finding or concern has been issued because this was the first year of operation. Units began being occupied August 2019; all units had been occupied by the end of the fiscal year.

QUESTIONS		YES	NO	N/A	NOTES
3.	Was the average vacant unit offline time for the property less than 45 days?		X		The average vacant offline time from June 30, 2019 to June 30, 2020 was 113.5 days. Housing and Neighborhood Development recognizes the initial start-up period; no finding or concern has been issued.

C. TENANT ELIGIBILITY					
1.	Did all incoming tenants have incomes below 60 percent AMI?	X			
2.	Was a waitlist maintained?	X			
3.	Were incoming tenants listed on the waitlist?		X		No incoming tenants were identified from the waitlist.

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			Eight units were inspected on 4/22/22; all eight units passed the International Property Maintenance Code Inspection.
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			