



DATE: October 7, 2024

TO: Michelle Kennedy, Director of Housing & Neighborhood Development

FROM: Internal Audit Division

SUBJECT: Jonesboro Landing II Apartments 2022-2023
(No Response Required)

The Internal Audit Division has performed our compliance review for the year ended December 31, 2023 of East Market Street Development Corporation (“Borrower”) doing business as East Greensboro NOW. They received a loan dated December 8, 2015 from the City of Greensboro (“City”) in the amount of \$600,900 from the HOME Investment Partnership Program (“HOME”) to help finance the construction of nine (9) family apartment units at 2409 Charlotte Street (parcel address 2415 Charlotte Street) in Greensboro. These apartments are called Jonesboro Landing (Phase II) Apartments, and are managed by the East Greensboro NOW. Four (4) of the nine (9) units are designated as floating HOME-assisted units.

The City’s loan bears interest at zero (0.0%) per annum and requires no annual payment. The loan is due in full October 31, 2036. The ending balance of the City’s loan at December 31, 2023 totaled \$600,900.

At December 31, 2023, the Project (consisting of Jonesboro Landing phases I and II) reported **negative** net assets of (\$104,602), an increase of \$43,341 from **negative** (\$147,943) reported in the prior year. Also, **negative** working capital was calculated as (\$17,800) at December 31, 2023.

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

We would like to thank Mac Sims, President of East Greensboro NOW, and his staff 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: Larry Davis, 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
Yolanda Goodson, Federal Compliance Coordinator, Housing & Neighborhood Development
Anna Blanchard, Multifamily Development Analyst, Housing & Neighborhood Development
Mac Sims, President, East Greensboro NOW



GREENSBORO
Housing & Neighborhood
Development

November 6, 2023

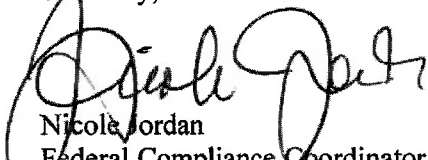
Jonesboro Landing II Apartments
Mac Sims, East Greensboro NOW
1106 E. Market St.
Greensboro, NC 27401


Dear Mac Sims:

The City of Greensboro's Housing and Neighborhood Development Department is issuing this report based upon the monitoring function for the loan agreement between the City of Greensboro and East Greensboro NOW (formerly East Market Street Development Corporation) for a loan for the construction of 9 apartment units located at 2409 Charlotte Street. The scope of the compliance monitoring addresses a desk review of administrative files for rent, occupancy, and tenant eligibility requirements and a site review of tenant files and management reports.

The purpose of this monitoring is to determine compliance with HOME and agreement requirements, rules, and regulations during fiscal years 2018-2019, 2020-2021, 2021-2022 and 2022-2023. On 11/1/2023, the compliance review of Jonesboro Landing II was completed. Enclosed you will find the City of Greensboro's combined Fiscal Year 2018-2023 compliance monitoring report which documents the details of the review. The concern documented regarding tenant rent increases noted in the Fiscal Year 2019-2020 compliance monitoring review has been addressed. There were no new findings or concerns resulting from this monitoring review, therefore an official response is not required. If East Greensboro NOW would like to submit a response, the response should be submitted in writing to Nicole Jordan within 14 days of this letter.

Sincerely,


Nicole Jordan
Federal Compliance Coordinator
Attachments


Michelle Kennedy
Director

cc: Chris Wilson, Deputy City Manager
Nasha McCray, Assistant City Manager
Larry Davis, Assistant City Manager
Cyndi Blue, Assistant Director, Housing and Neighborhood Development
Shonta Lewis-Fleming, Community Development Analyst, Housing and Neighborhood Development
Tina McKoy, Internal Auditor, Executive

City of Greensboro
Neighborhood Development
COMPLIANCE DESK MONITORING REVIEW



Project Name: **JONESBORO LANDING II**
 Reviewer: **NICOLE JORDAN**

Compliance for FY: **2018-2023**
 Desk Monitoring Completion Date: **11/1/2023**

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			
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	All HOME-assisted households had incomes below 80% AMI.
5.	Do the rents listed for HOME assisted units in the RCRS Project Compliance Report demonstrate that the maximum gross rent for 1 one-bedroom units and 3 two-bedroom units did not exceed 60% AMI?	X			
6.	Did the property meet the unit restrictions within each building?	X			

B. OCCUPANCY REQUIREMENTS					
1.	Did existing tenants have incomes below 60 percent AMI?	X			
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	All HOME-assisted households had incomes below 80% AMI.
3.	Did the property maintain a physical occupancy of 85% or greater?	X			

QUESTIONS		YES	NO	N/A	NOTES
4.	Was the average vacant unit offline time for the property less than 45 days?	X			

C. TENANT ELIGIBILITY					
1.	Did incoming tenants have incomes below 50 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	
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	

Summary of Results and Conclusions

This review was conducted in two parts. It included a desk review for which East Greensboro NOW submitted requested documentation and on 11/1/2023, I visited the site to conduct an audit of tenant files and additional management reports. This review was a comprehensive review that covered fiscal years 2018 - 2023. Concerns noted in the FY 2019-2020 regarding rent increases have been addressed. There are no new findings or concerns noted in this review.