

MINUTES OF THE BOARD OF THE COMMISSIONERS RETREAT
OF RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
HELD IN THE OFFICES OF RRHA
901 CHAMBERLAYNE PARKWAY, RICHMOND, VIRGINIA
ON WEDNESDAY, MAY 16, 2018

In Attendance:

Board of Commissioners

Robert J. Adams, Chairman
Veronica G. Blount, Vice Chairman
Elliott Harrigan
Samuel S. Young, Jr.
Jonathan Coleman
Robley Jones
Heidi Abbott
Neil Kessler

Absent

Marilyn Olds

RRHA Staff

Orlando Artze, Interim Chief Executive Officer

Guests

John Furman, *KCI*, Greg Byrne, *HUD*, Ebony Walden, *Ebony Walden Consulting*

The Chairman called the meeting to order at 8:45 a.m. with Cory Wolfe serving as Legal Counsel. A quorum was established.

Purpose

Chairman Adams stated that the purpose of the Retreat is to assist the Board in better understanding the physical conditions as well as the risks associated with RRHA's public housing stock. The Board has to prioritize the use of the capital funds expenditures in an effort to move forward rapidly with the rehabilitation and replacement of the public housing stock.

Overview of Portfolio Planning

Interim CEO Artze gave a brief overview of the portfolio planning. The portfolio planning essentially deals with the asset management of RRHA's current public housing portfolio and the way the Authority has preserved and maintained that portfolio over the years by utilizing funds from the capital grant program.

He introduced the following guests:

- John Furman with KCI Technologies. Mr. Furman has been working with RRHA to provide assistance with the capital improvements program. He will share the sustainability of RRHA's business model as well as the the business model of public housing.

- Greg Byrne with HUD. Mr. Byrne has been reviewing RRHA's current portfolio and exploring various ways that it can be recapitalized and redeveloped. He will discuss portfolio planning and alternatives to RRHA's current model.
- Ebony Walden from Ebony Walden Consulting. Ms. Walden will facilitate and help develop Guiding Principles that will be used to assist RRHA in moving forward with its public housing portfolio.

Portfolio Planning Part I – How Sustainable is RRHA's Current Model?

John Furman stated that KCI has been working with RRHA to review and provide an analysis on the grant funding expenditures. He provided the following information.

- If the current funding trends continues, RRHA's deficit will be \$54 million for the next ten years and \$80 million for the next twenty years.
- The current funding is not sufficient to address all of RRHA's capital needs.
- The current limited funding allows RRHA to keep the public housing stock habitable and marketable.

Interim CEO Artze stated that due to the declining public housing stock, there is a need to use the capital fund grants effectively in an effort to focus on the health and safety of the residents.

Portfolio Planning Part II – Alternatives to RRHA's Current Model

Greg Byrne stated that over the last 10 years, HUD has been trying to move public housing authorities to a real estate model. In an effort to reform public housing, HUD looked at the possibility of changing the program by moving all of public housing to Section 8 RAD. The RAD program allows housing authorities to combine its various funding sources and use it for Section 8. Mr. Byrne stated that due to the challenged condition of the public housing stock, the RAD model for these properties is not a viable option for RRHA's Big 6 communities.

Mr. Byrne discussed the following options for RRHA's public housing stock:

Option 1: Public Housing As-Is:

- Continue under the current public housing program and keep the properties as is.

Option 2: Section 18 Program - Tenant Protection Vouchers:

- RRHA can submit an application for the Section 18 program.
- Prior to 1996-1997, the HUD rule stated that public housing authorities shall not demolish their public housing stock unless they replace it one for one. With the issuance of HB 98, the one for one replacement requirement was removed. This allowed public housing authorities to remove and/or demolish public housing with a just cause and without the replacement requirement. Once the unit was demolished, Congress initially allowed housing authorities to walk away from the public housing model, but over the years, Congress started issuing Section 8

Tenant Protection Vouchers (TPVs) for the units that were removed from the housing stock.

- TPVs and Section 8 vouchers operate in the same manner.
- Under the Section 18 program, housing authorities can receive TPVs for every occupied unit.
- Based on RRHA's physical needs assessment, the Authority can apply for the Section 18 program for the Big 6 properties and if approved, receive approximately 3,000 TPVs for public housing residents. It will take approximately 60 days to receive HUD approval for the submission of a good Section 18 application.
- Upon HUD approval, RRHA could walk away from the public housing model since there is no requirement to replace any of the units.
- If RRHA decides to sell the assets at fair market value, the proceeds must be used for affordable housing. Under the Section 18 program, HUD does not provide housing authorities with funding to demolish the assets.
- TPVs are used primarily to replace the number of assisted units in the community rather than as a relocation voucher. For distressed assets under the Section 18 program, public housing authorities are not required to give the vouchers to the tenants if the tenant can be relocated to any of their other public housing communities. Housing authorities must ensure that they accommodate the tenant relocation.
- The vacant assets can be used for constructing new housing using 9% tax credits or in some cases 4 % tax credits.

Option 3: Project Based Vouchers (PBVs):

- In the 1998, Congress included legislation that allowed housing authorities to project base vouchers.
- In an effort to re-create the original Section 8 new construction program through the voucher program, housing authorities asked Congress to allow them to take some of their vouchers and use them elsewhere.
- Congress allowed public housing authorities to take 20% of their voucher inventory and project base them as a way of financing affordable housing.

Some questions for RRHA to consider:

1. What if RRHA were to take the TPVs and put them on the property that HUD approved under the Section 18 program? Could that property then be saved?
2. Could RRHA use the Section 18 rents to generate enough equity to do a capital improvement campaign far greater than could ever be done under the public housing program?
3. Can RRHA make those numbers work since the Section 18 rents are higher than the funding under public housing?

4. For RRHA's family properties, what is the level of rehab that can be done based on the projected rents? Could or would RRHA want to rehab some of those properties?
5. Would the rents be enough to transform the units into a development that RRHA could be proud of rather than just patching up the units?

In summary, the options are:

- Continue under the current public housing program and keep the properties as is.
- Use RAD rents (this is not an option for the Big 6 communities).
- Apply for TPVs; voucher them out and walk away.
- Apply for PBVs. If RRHA chooses this option, the goal should be to do a rehab project that the Authority could be proud. This would include thinning out the units significantly and doing a sufficient level of rehabs.

Closed Session

At 10:32 a.m., Commissioner Abbott asked to go into closed session and read the following motion:

I move that we go into closed meeting to consult with legal counsel and staff regarding the award of public contracts involving the expenditure of public funds, specifically including potential contract terms with future redevelopment partners, as permitted by Section 2.2-3711(A)(29) of the Virginia Freedom of Information Act

1 Motion: (Abbott/Young) Move to go into Closed Session.

Motion Carried

Absent: Olds

CERTIFICATION OF CLOSED MEETING

WHEREAS, the Board of Commissioners of the Richmond Redevelopment and Housing Authority (the "Board") convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3711(B) of the Code of Virginia of 1950, as amended, requires a certification by the Board that such closed meeting was conducted in conformity with Virginia law.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted

from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Board.

2 Motion: (Abbott/Young) Move to accept the certification.

Motion Carried Carried

Absent: Olds

Guiding Principles Moving Forward

Ebony Walden asked the Board to think about the process and where RRHA should go, how to get there, and determine what will lead and drive the Authority in their decision making moving forward. She asked the Board to consider RRHA's current vision, mission, and values to determine collectively the items that are important to move through the transformation process.

Orlando Artze mentioned various items that the Board should be committed to:

- Asset management strategy that supports the health and safety of public housing residents. Good decisions should be made around the scarce resources that RRHA has.
- Redevelopment strategy around preservation.
- Financing and implementation plan which involves the recapitalization of the properties.
- People plan which focuses on helping residents to be successful and self sufficient.
- Communications plan.

The Board and staff discussed the following items that would be important guiding principles for RRHA to succeed:


- When making decisions, don't do anything to us (residents) that you wouldn't do to yourself.*
- Communications* – need to be proactive; engage the residents, media and partners in the process. RRHA should take a strong leadership role. Take highly collaborative approach. Need to come from a position of strength as leaders in this - how the message is delivered.
- Know what process to use.
- Build partnerships while maintaining leadership.
- Avoid paralysis by analysis.
- Maintain urgency.*
- Communications – frequent, accurate, transparent.*

- Create targeted messaging.
- Build broadbase support.
- Clarity in both the people and housing plans.
- Offer choice.
- Offer quality housing.*
- Neighborhood transformational projects that involve collaborative environment.
- Residents and staff are at the forefront.*
- Change our way of communicating.
- Asset management strategy - far reaching solutions to deconcentrate poverty.
- Communication and education; family sufficiency opportunities for transition and to life.
- Financing/capitalization partnerships with the tenants, mayor, corporate, and colleges.
- Change narrative/perception of RRHA.*
- Transparency/candor/honesty.*
- Being realistic about our capabilities to ourselves.*
- Define the future role of RRHA to staff, residents, community.
- Do what's in the best interest of residents/staff first.*

1 Action Item: Chairman Adams, Commissioner Blount, Interim CEO Artze, Carol Jones-Gilbert, Marcia Davis and Cory Wolfe will further develop the suggested items into guiding principles for RRHA.

Adjournment

There being no further business, the meeting adjourned at 12:36 p.m.



Chairman



Interim Chief Executive Officer/Secretary