

MINUTES OF IN PERSON MEETING OF THE
REAL ESTATE AND COMMUNITY DEVELOPMENT COMMITTEE MEETING
RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
AT 600 EAST BROAD STREET
5TH FLOOR CONFERENCE ROOM
IN RICHMOND, VIRGINIA
Tuesday, March 12, 2024

Committee Members In Attendance

Eddie Jackson, Chair
Kyle Elliot
Harold Parker, Jr.
Charlene Pitchford

Attendance via GoTo

Commissioner William Johnson

RRHA Staff:

Steven Nesmith, Chief Executive Officer
Mike Kelly, Chief Operating Officer
Darrell Davis Senior Vice President,

Call To Order

Chair Eddie Jackson welcomed everyone to the meeting with Mr. Carter serving as General Counsel. A quorum was established.

Approval of Minutes

The Minutes from the February 13, 2024, *Real Estate & Community Development meeting* were approved.

Motion (Parker) Mote to adopt the Minutes from the February 13, 2024 RECD meeting.

Motion Carried Unanimously.

Citizens Comment Period

No citizens were signed up to speak during the Citizens' Comment Period.

Presentation, Josh Collen/Chris Clement/Dimi Williams, HRI Communities

Mr. Collen gave a brief description of his company, HRI Communities with the following highlights:

- New Orleans based real estate firm, since 1982, that own and operate developments to include apartments and hotels.
- Completed \$2 billion dollars of developments to include 63 apartment communities with over 5,000 apartments in them. There are overall 90 assets, 43 of which HRI owns and operates and 43 are third party operated.
- They do mixed income and market rate developments.

Mr. Collen also discussed having CNI grants which is a catalyst in developments. He discussed the Iberville/Treme C&I neighborhood which was converted into the Vienville Basin Apartments in New Orleans. It is a 2-acre site adjacent to the New Orleans Central Business District which is very much like the Gilpin Court project. They used Urban Strategies Group whom they have had a lot of success with. Mr. Collen further discussed other developments such as the Hope VI redevelopment which was a 63-acre public housing site which was a very successful project (\$110 million dollar development) which was undertaken in the mid 2000's and they have continued to invest in the property with upgrades.

Gilpin Court Redevelopment Business Terms, Jeff Lyons/Darrel Davis

Mr. Lyons discussed the set of business terms that he and Darrel Davis have worked on along with HRI to come up with a very workable format. There will be a development fee arrangement where RRHA will receive 40% of the developer fees as well as the agency receiving no less than 50% total cash flow generated by each project phase. He also explained that RRHA will only fund 50% of redevelopment expenses and HRI will fund the other 50%. Everything is covered in terms of development process under this arrangement. There is a right of refusal and purchase option in place. He discussed other challenges such as:

- RRHA will be responsible for delivering a clean and buildable site.
- Relocation for this project will be extensive and having grant funds will be very beneficial and if a grant is not received additional funding will have to be acquired. HUD tenant protection vouchers can be utilized which would help mitigate the sum as well as our own vouchers.
- Having an integrated mixed income community to include market rate housing.

Question was raised by CEO Nesmith as to what circumstances would lead RRHA to take full control of the property. Mr. Lyons explained that looking into the future the

developer fees would have been earned, property management fees will have been earned and the investor will have also claimed their tax benefits and typically are interested in exiting the project.

Commissioner Jackson raised the question of how many units will be affordable housing and Mr. Lyons explained this will be approximately 700. This will be a one-for-one replacement. Mr. Collins explained that it will look very diverse and include different density options creating something that feels like it belongs and has developed over time like a real neighborhood. Chair Jackson also raised the question about who will receive the revenue from the commercial sites and Mr. Lyons explained this will follow the basic business terms for each housing phase. Each commercial retail will have its own financing and its own business structure. Mr. Collen explained that they are very comfortable with working with RRHA and letting them lead the type of retail they would like to see in any individual phase bringing in credit worthy tenants that can maximize retail revenue as well as give opportunities to minority businesses as well.

Commissioner Parker discussed the fact that Mr. Collen mentioned that in a previous project they brought in Wal-Mart and his concern is that Gilpin Court would need something like providing jobs and food. He also brought up what is considered affordable housing in this project. Mr. Davis addressed this explaining that each city defines the bands of affordable housing, and it does differ from place-to-place but will be addressed as different phase are brought in. Mr. Parker also questioned who foots the bill for the cleaning and making the property ready for construction. Mr. Davis explained that RRHA will foot this bill but will be recouped.

Commissioner Parker also expressed his concerns and questioned what kind of MBE participation HRI had in other projects such as New Orleans and the desire to let the money stay in Richmond. Mr. Collen explained that is a very heavy focus for HRI and they work extensively having MBE participation and to involve local grass root organizations.

Commissioner Pitchford asked Mr. Collen to explain his company's experience with redeveloping a historical community. Ms. Pitchford also raised the question as to what the income requirements will be for the residents for this development. Mr. Collen explained that HRI's main focus is historical buildings and neighborhoods. HRI stands for Historic Restoration, Inc. and this is 90% of the work they do. Mr. Davis explained to

Commissioner Pitchford that the income requirements will remain the same, however the market rate units are dictated by the market.

Commissioner Elliott asked the question concerning what additional costs for services outside the list identified in Section 1 are anticipated, what the potential financial exposure could be. Mr. Lyons explained that the real question is what HRIC provides and what's to be engaged third party, which are things such as architects, environmental assessment work that may be needed.

Chris Clement spoke and expressed his appreciation to discuss the project with the committee. He stated that Josh covered everything, however he will be spearheading the DBE/WBE, Section 3 participation component on the project and plans to meet and exceed the requirements. Mr. Collen informed that Mr. Clement is an expert in HUD environmental clearance aspect of projects of this type.

Chair Jackson asked Mr. Collen what the motivation for this project is. Mr. Collen explained that they understand the work it takes to do these kinds of developments and they look for opportunities where they can be in places for the long term and are ready to roll their sleeves up and get into the trenches. Commissioner Parker mentioned that he was very happy that Mr. Collen had mentioned that they have had a people component in previous projects, and he thinks this is a great idea. Mr. Parker also inquired what the requirements for being awarded a CNI grant are. Mr. Davis responded that it is a boost in the arm to receive a grant. However, the City of Richmond is not automatically on HUD's radar and doesn't get attention with HUD. He expressed that the whole community needs to be on the same page and it's also about partners and the City's commitment is going to be by far the biggest factor.

Mr. Parker raised the question about when they will be able to see some sort of rendering and can get an idea and can get additional community support. Mr. Collen explained that some have been completed and has been submitted to HUD.

CEO Nesmith brought up that they need to pay particular attention to what the ground lease term is going to be and what would the full repayment be for any phase. Mr. Lyons stated that parcel will be appraised and based on the value before the project is undertaken and rather than paying so much per year, we will be getting the money up front based on that is what the ground lease is.

Mr. Jackson raised the question that taking the money up front for the as is value in lieu of taking it over a term based on the scope of work it seems money will be left on the table. Mr. Lyons explained we are getting double use of the land by taking the money up front because you get paid for the land as is and then again for the completed value and at the end we will own the land. Mr. Nesmith suggested that this needs to be highlighted to the full board.

Discussion, 4 important issues, Darrell Davis

- *Section 18 application:* We must begin demolishing parts of Gilpin court ASAP as Choice Neighborhoods requires that you put back three times as many units as you take out. You have to put back one for one public housing unit that you demolished which will create a very difficult timeline.
- *Choice Neighborhood Application:* HUD decided to put 2023 and 2024 together so there will be no CNA application this year.
- *Relocation:* This is extremely complicated for Gilpin Court. It will be almost impossible to find housing for the people at Gilpin Court. They will be working with onsite and offsite relocations. Looking at the \$6,000,000 that Jeff and Darrell discussed turns into \$13,000,000 once you include the cost of demolition, the cost of moving people and getting units ready and them moved offsite to their locations.
- *Choice Plan:* This plan was put into place many years ago, when many people on the board and many of RRHA administration were not here as well as people from the City of Richmond were not here, so he cautioned against trying to change this plan. Changes can be made but you cannot change the plan. Staff may actually have some photos of the drawings at Creighton, and they will be provided for examples.

Chair Jackson expressed that the full board is interested in the reinvestment language that would be in the community. Mr. Davis explained that this has been discussed in depth. He stated he had spent some time in New Orleans and was very impressed with the HRI team with their commitment to investment in the community and they have looked into actually working with some Gilpin residents as sort of development partners of sort.

Motion: (Parker/Pitchford) to move this proposal for HRI to the full board.

Motion carried unanimously.

Adjournment

Chair Jackson adjourned the meeting.