

**NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
BOARD OF COMMISSIONERS REGULAR MEETING**

**June 15, 2021
9:00 a.m.
227-27th Street, Newport News**

1. Pledge of Allegiance to the Flag of the United States of America
2. Roll Call
3. Consider approval of minutes of regular meeting, May 18, 2021.
4. Communications
5. New Business
 - a. Consider a resolution authorizing Charge off of Tenants' Accounts Receivable
6. Report to the Board
7. Closed session in accordance with the Virginia Freedom of Information Act, Code of Virginia, Section 2.2-3711
8. Consider adoption of resolution certifying a Closed Meeting in conformity with Virginia law.
9. Any other business to come before the Board.
 - Comments from the Public: (*Time Limit 5 Minutes*)
10. Adjournment

**Minutes of a Meeting of the
Newport News Redevelopment and Housing Authority
May 18, 2021**

Having duly given public notice, the Board of Commissioners of the Newport News Redevelopment and Housing Authority met telephonically and electronically at the offices of the Authority at 227-27th Street, in the City of Newport News, Virginia, at 8:30 a.m. on Tuesday, May 18, 2021.

Chairman Penrose stated: "This meeting is being conducted telephonically and electronically pursuant to section 2.2-3708.2(A)(3) of the code of Virginia and executive order dated March 12, 2020 issued by Governor Northam declaring a state of emergency and Attorney General Herring's opinion letter dated March 20, 2020, and with guidance provided by legal counsel. It has been determined that the catastrophic nature of the declared emergency makes it impracticable or unsafe to assemble a quorum in a single location and the purpose of the meeting is to address the emergency and the continuity of the agency functions. More importantly, based on what we know now about the Coronavirus pandemic and prudent precautions as a result thereof, it is being conducted in a way to provide the maximum amount of protection to our Commissioners, staff, residents and the public." He apologized for any inconvenience to anyone, and asked for understanding and compliance.

**Pledge of
Allegiance**

Chairman Penrose led the assembly in the Pledge of Allegiance to the Flag of the United States of America.

Roll Call

The meeting was called to order by the Chairman, and those present were as follows:

Commissioner's present: -
Kenneth Penrose – from NNRHA Board Room
Lisa Wallace-Davis – via Zoom
William Black – from NNRHA Board Room
Lou Call – via Zoom
Barbara Holley – via Zoom
Thaddeus Holloman – via Zoom (left meeting at 8:50 a.m.)

Mr. Knights absence was excused.

Also present: Raymond H. Suttle, Jr. – from NNRHA Board Room
Jones, Blechman, Woltz & Kelly, P.C.

Karen R. Wilds – from NNRHA Board Room
Executive Director

Sandra Powell – from NNRHA Board Room
Deputy, Executive Director

Carl V. Williamson – from NNRHA office via Zoom
Director of Housing

Valarie Ellis, Director – from NNRHA office via Zoom
Administrative Services

Lisa Dessoffy, Director – from NNRHA office via Zoom
Finance

David Staley, Director – from NNRHA office via Zoom
Community Development

Teresa Bennett – from NNRHA Board Room
Executive Assistant

Justin Orie – from NNRHA Board Room
NNRHA IT Department

Tricia Wilson – via Zoom
City of Newport News, Department of Development

Mike Hawkins
Virginia Housing

Pete Gombert
IndieDwell

**Approval of
Minutes, April 20,
2021**

Commissioner Black moved that the minutes of the meeting of the Board of Commissioners held on April 20, 2021 be approved as presented. The motion was seconded by Commissioner Davis and passed with a unanimous vote.

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Communications

The following communications were provided to the Board and reviewed by the Executive Director. 1) A letter addressed to Mayor McKinley Price from the U.S. Department of Housing and Urban Development (HUD) concerning the fiscal year 2021 allocation for HUD's HOME Investment Partnerships Program – American Rescue Plan (HOME-ARP) funding. This one-time funding of \$2,795,087 creates a significant opportunity for meeting the housing and service needs of the community's most vulnerable populations. 2) A letter addressed to Ms. Wilds from HUD providing the Authority with 32 Emergency Housing Vouchers (EHV) and funding as authorized by the American Rescue Plan Act of 2021. Ms. Wilds stated the American Rescue Plan Act allowed the Department of Housing and Urban Development to allocate additional vouchers to PHA's through an allocation formula designed to direct emergency vouchers to the PHAs operating in areas where the EHV's eligible populations have the greatest need while also taking into account PHA capacity and the requirement to ensure geographic diversity, including rural areas. 3) A letter addressed to Ms. Wilds from the U.S. Department of Housing and Urban Development stating that they are in receipt of the Authority's audit findings from Fiscal Year ended June 30, 2020. The Authority provided evidence of its efforts to ensure future compliance. Based on the documentation provided, the Richmond Field Office is closing this finding for audit tracking purposes.

New Business

**IndieDwell
Presentation**

Mike Hawkins from Virginia Housing and Pete Gombert from IndieDwell were present, via Zoom, and presented a PowerPoint on IndieDwell to the Board of Directors.

**The Board of
Commissioners of the
Newport News
Redevelopment and
Housing Authority
Authorizing the
Executive Director to
submit an application to
the U.S. Department of
Housing and Urban
Development for the
Disposition of the 520
21st Street, Newport
News, VA (AMP
VA003000301)**

The Board had been provided copies of a resolution approving the submission of a Section 18 demolition/disposition application to HUD for Disposition of 520 21st Street, Newport News, VA (the former Dickerson Courts Public Housing site). This property is subject to HUD deed restrictions and the disposition is conditioned upon HUD's approval to release and remove any restrictions. The property represents approximately 1.3 acres of the original 38 acres site, located in the City's southeast community and within the footprint of the Choice Neighborhood Initiative area. The property was previously occupied by two multi-family developments known as Harbor Homes and Dickerson Courts. The properties were constructed in the 1040's and 1950's as public housing and later demolished between 2011 and 2013. In October of 2020, the NNRHA Board of Commissioners authorized the submission of a Section 18 Demolition/Disposition application to HUD for disposition of approximately 20.5 acres of property located at 1511 Harbor Lane. The NNRHA Board of Commissioners also approved the Executive Director to enter into a Purchase agreement with the Newport News Economic Development Authority (ED) to negotiate and enter into a purchase and sale agreement to facilitate commercial development with the ship repair company, S23 LLC, and a portion of commercial development along the Jefferson Avenue corridor. HUD approved this disposition application in April 2021. Similar to the previous action, the Board was being requested to authorize the submission of a disposition application to HUD for the remaining 16.53 acres. We anticipate bringing a sales agreement for the property to the next Board meeting. Any sale proceeds will be used to pay for eligible costs of disposition, such as appraisal and environmental expenses, with the primary use of proceeds for development under Choice Neighborhood Initiatives. The disposition of 520 21st Street is included in the approved 2019 NNRHA Agency Plan and is consistent with NNRHA's Property Disposition Guidelines for the Disposition of Public Housing Properties. A map was provided to the Board.

Commissioner Davis made a motion to approve the resolution. Commissioner Call seconded the motion which passed with a unanimous vote. The resolution is attached to and made a part of these minutes.

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The Board of Commissioners of the Newport News Redevelopment and Housing Authority Regarding the Representation of the NNRHA and the Newport News Economic Development Authority by Jones, Blechman, Woltz & Kelly, P.C. regarding the Dickerson Courts Site

The Board had been provided copies of a resolution approving a Conflict-of Interest Waiver regarding Jones, Blechman, Woltz & Kelly, P.C. regarding 520 21st Street, former Dickerson Courts property. The purpose of this resolution is to authorize the Executive Director to sign a Waiver of a Conflict of Interest in connection with Jones, Blechman, Woltz & Kelly, P.C. (JBWK's) representation of both the Newport News Redevelopment and Housing Authority and the Newport News Economic Development Authority (EDA) as it relates to the sale and transfer of the former Dickerson Courts property at 520 21st Street. JBWK is general counsel to the NNRHA and has represented and continues to represent NNRHA with respect to various matters which are unrelated to the representation of the disposition of the land as described above. JBWK also serves as general counsel to the EDA. It is anticipated that NNRHA will be entering into a contract for the sale of the 16.53-acre site with the EDA. It is recommended the JBWK will represent both the NNRHA and the EDA regarding the sale and transfer of the former Dickerson Courts property. While the Authority's and EDA's interest will generally be aligned, JBWK has asked NNRHA and EDA to sign a written waiver of any actual or potential conflict of interest arising from their representation of the two Authorities as they work together to collectively facilitate the development of the property for a private commercial project.

Commissioner Davis made a motion to approve the resolution. Commissioner Black seconded the motion which passed with a unanimous vote. The resolution is attached to and made a part of these minutes.

Public Hearing

Chairman Penrose announced that a public hearing was being held to receive comments on the proposed Public Housing and Central Office Cost Center budget for the fiscal year 2021-2022. Copies of the budgets were posted on the Authority website.

No public comments were received.

Commissioner Black made a motion to close the Public Hearing. Commissioner Davis seconded the motion which passed with a unanimous vote.

The Board of Commissioners of the Newport News Redevelopment and Housing Authority approving the Central Office Cost Center and Public Housing Operating Budgets for FY 2021-2022 and authorizing the Chairman to sign HUD form 52574

The Board had been provided copies of a resolution approving the Public Housing Budgets and Center Office Center (COCC) budget for FY 2021-2022. The Executive Director reviewed the budgets based on an estimated 99% of the eligible subsidy from the U.S. Department of Housing and Urban Development (HUD), up from the 95% proration available to the Authority for FY20-21. The projected total housing revenue for the year is \$7,238,381, an estimated overall increase of \$120,051 over last year. The projected net operating subsidy is \$5,175,365 which makes up the bulk of the total revenue and is up \$566,417 over last year. This is due to the increased proration and additional funding HUD has received for Public Housing operating subsidies. The net rental revenue collected from tenants projected for this fiscal year is \$2,053,017. This is overall, \$446,365 less than last year which is attributable to substantial vacancies at Ridley Place which is being vacated due to the implementation of the CNI grant, the exit of Spratley from the Public Housing inventory, and more accurate rent forecasting utilizing our current average rents rolls, which is based on current household income. All other properties are projected to have occupancy rate of 95 to 99%.

Projected investment income is down 85%, due to the decrease in interest earnings. The total revenue for all Asset Managed Projects is \$7,965,943. This is slightly less than FY21 mainly because of the relocation of Ridley Place residents.

The total estimated operating expense is \$6,524,872 which is a decrease of \$964,360 over last year's budget due to the phased tenant relocation of Ridley residents and removal of Spratley due to RAD conversion. Administrative and tenant services costs decreased by \$325,909 or 12%. RAD property administrative costs and services are covered in their individual property budgets. Expenses for utilities for public housing properties are projected to decrease overall by \$336,271 which is 16.5% less than last year, again, due to removal of Ridley and Spratley. Although there is an overall decrease in utility costs, HRSD costs have continued to increase annually. Utility consumption at Ridley Place will be minimal since the property will be vacant just after the beginning of the fiscal year if not before.

This year, total maintenance expenditures are budgeted to decrease by just over \$390,677 to \$1,577,436. This change is significantly different than last year as a result of stepped-up cost containment measures and the phased projected removal of Ridley and Spratley Apartments from our housing inventory. We have had significant

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challenges in keeping our housing operations, particularly maintenance personnel,

fully staffed. COVID-19 has contributed to his challenge. All positions are in the budget and we are advertising to fill vacant positions.

The budgeted insurance line items have increased by \$135,549 or 39%, mostly due to increased property and auto insurance costs, and acquiring additional coverage for Property Manager Error and Omissions and Umbrella Insurance policies. We contract with an insurance broker to review all of policies to secure better pricing, ensure accurate pricing information and that the Authority and employees are adequately insured.

The Asset Management fees the AMP's pay to the COCC is projected to be \$131,760. The fees are based on total housing units and are paid only when the AMP's have positive cash flow. All AMPs are projected to pay the fee in FY22.

This budget projects the Authority's public housing operating reserve to increase by approximately \$1,441,071 in FY 2022. This is an increase of \$953,118 from FY 2021 primarily because of congressionally approved increased HUD subsidy funding.

The revenue for the Central Office Cost Center (COCC) is made up of fees allowed to be assessed to all programs administered by the Authority. The total projected revenue is \$3,227,394 which is approximately \$194,688 more than in FY21. HUD increased the fee to \$75.63 per unit, this is the same as last year. Grants and Housing Choice Voucher fees increased this year, in addition we are able to include fees for COVID recovery funding administration. Since the grant funding awarded this year increased, our fees do as well.

Overall COCC expenses total \$2,933,106 (1% more than last year) leaving a positive cash flow of \$294,288. This increase is mostly attributed to increased health insurance costs. Both the Public Housing and Central Office Costs Center budgets allow for a 3% salary increase to staff to be given mid-year.

Commissioner Black made a motion to approve the resolution. Commissioner Davis seconded the motion which passed with a unanimous vote. The resolution is attached to and made a part of these minutes.

**The Board of
Commissioners of
the Newport News
Redevelopment and
Housing Authority
authorizing the
Executive Director to
enter into a contract
with the Habitat for
Humanity Peninsula
and Greater
Williamsburg**

The Board had been provided copies of a resolution authorizing the Executive Director to enter into a contract with the Habitat for Humanity Peninsula and Greater Williamsburg. The Authority administers the HOME Investment Partnerships Program on behalf of the City of Newport News. The purpose of this HUD program is to expand the supply of affordable housing and to strengthen the ability of the locality and nonprofit organizations to design and implement strategies for providing decent, safe and affordable housing. In addition to four primary HOME initiatives (Homebuilder, Homeplace, Homecare and Homevester), a minimum of 15% of HOME Program funding is designated for new residential development and rehabilitation initiatives by Community Housing Development Organizations (CHDOs) which must be certified by the City or the State of Virginia. One of the purposes of such CHDOs must be the provision of decent affordable housing to low-to-moderate income residents. Habitat has requested a total of \$150,000 in CHDO grant funds. This funding will be used towards the construction of three (3) single family homes in the Marshall-Ridley Choice Neighborhood with the specific physical sites to be determined at a later date. It is proposed that the \$150,000 requested by Habitat will be in the form of a grant with a fifteen (15) year affordability period. The grant would be forgiven at the end of the fifteen (15) years. Once the homes are completed, they will be sold to low-income families who are at or below 60% of the area median income. These provisions will be memorialized in a Development Agreement with Habitat.

Commissioner Davis made a motion to approve the resolution. Commissioner Call seconded the motion which passed with a unanimous vote. The resolution is attached to and made a part of these minutes.

**The Board of
Commissioners of
the Newport News
Redevelopment and
Housing Authority
authorizing the sale
of 1225 21st St, 2810
Short St, 1047 36th St,
2404 Marshall Ave,
2408 Marshall Ave
and 2800 Marshall**

The Board had been provided copies of a resolution authorizing the sale of real property in Newport News. A request was received from Habitat for Humanity Peninsula and Greater Williamsburg to transfer (6) single family residential lots owned by Newport News Redevelopment and Housing Authority for the purpose of building new single-family homes for lower income first time buyers. Of these lots (3) three lots will be assisted with CHDO funding. The Authority will work with Habitat for Humanity to identify which lots will receive CHDO funding. All transfers will be subject to sales and development agreements and will incorporate HOME program regulatory provisions and reviewed by NNRHA legal counsel. This action will facilitate needed investment in the Southeast Community and promote homeownership.

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**Avenue, Newport
News, VA**

Commissioner Davis made a motion to approve the resolution. Commissioner Call seconded the motion which passed with a unanimous vote. The resolution is attached to and made a part of these minutes.

Report to the Board

A Report to the Board for May, 2021 had been provided to the Commissioners. A copy of the subject report is on file in the office of the Executive Director.

Mr. Williamson reported a Family Self Sufficiency, Housing Choice Voucher participant purchased a single-family home located in Newport News. The Volunteer Income Tax Assistance program continues to assist with tax returns resulting in 80 Federal returns in the amount of \$118,389, \$23,076 in Earned Income Tax Credit and \$8,893 in Virginia State refunds. A total of 96 residents from Spratley House, Ashe Manor, Great Oak Apartments, Pinecroft Apartments, Marshall Courts, Jefferson Brookeville, Ridley Place are now fully vaccinated.

Ms. Dessoffy reported the number of vouchers that we issued this month slightly increased. The Section 8 staff continue to push the leasing. The reserve balance, both HUD held and NNRHA held is approximately \$2.4 million. It is very important that we get that balance down. We will be adding additional vouchers in July.

Ms. Ellis reported open enrollment for staff health insurance began yesterday for benefits beginning July 1, 2021. Open enrollment is being handled virtually and online this year.

Mr. Staley reported we are nearing the halfway point of completion of the Marshall Courts Phase VI project. There are a total of 6 buildings involved and each building contains two (2), four (4) bedrooms. Three of the buildings have been completed, returned to the Authority and fully occupied. The fourth building is slated to be returned to the Authority by the end of May.

Ms. Powell reported HUD is reviewing the financing plan for Phase I, which will be constructed between 27th and 28th St. We anticipate closing in early June. The City and the Authority are planning a groundbreaking ceremony sometime in mid-June. We are also working on the designs for Phase II of Ridley. The tax credits that we submitted in March, we received our preliminary ranking and it appears that we are in good position to receive funding for the development that is going to go on the Ridley site. We are working with the City and the Community to get the final concept plan. We did a Request for Proposal (RFP) for single family development. We are also looking for for-profit developers. We have received quite a few proposals. The review committee will get together to discuss the proposals and will bring back to the Board for approval.

Ms. Wilds stated that last summer the Governor and General Assembly approved Juneteenth as an additional state holiday. The City Council also approved Juneteenth as a holiday as well. The Authority typically observe the same holidays as the City of Newport News. This year June 19th falls on a Saturday therefore the holiday will be observed Friday the 18th. Ms. Wilds reminded Ms. Ellis that this will need to be added to our Administrative Policy.

Closed Session

Other Business

Adjournment

There being no other business to come before the Board, the Chairman adjourned the meeting at 9:30 a.m.



Secretary-Treasurer