

THE AFFORDABLE HOUSING LOAN COMMITTEE TRAINING WORKSHOP

Workshop Meeting Minutes Wednesday, August 14, 2013 Greenville, North Carolina

Present:

☒ Alice Brewington
☒ Howard Conner
☐ Jackie Parker

☒ Kevin Fuell
☐ Lovella Perkins
☐ Melissa Grimes

☒ R. J. Hemby
☒ Walt Kitchin

Absent:

☐ Alice Brewington
☐ Howard Conner
☒ Jackie Parker

☐ Kevin Fuell
☒ Lovella Perkins
☒ Melissa Grimes

☐ R. J. Hemby
☐ Walt Kitchin

Staff:

☒ Merrill Flood
☒ Niki Jones
☒ Gloria Kesler
☒ Sylvia Brown

☒ Betty Moseley
☒ Karen Gilkey
☒ David Holec
☐ Kandie Smith (City Council Liaison)

Ms. Brown informed the committee that in the absence of the chair and co-chair, the committee would need to designate a chair for the meeting. Additionally, a change will need to be made to the agenda. Mr. Holec will be presenting first, followed by myself and then Mr. Jones.

Motion was made by Mr. Conner and seconded by Mr. Fuell to designate Mr. Kitchen as chairman until Mr. Hemby arrived. Motion carried unanimously.

A. Roll Call

B. Approval of Agenda

Motion was made by Mr. Conner to adjourn the meeting until a time that the chair would be available to attend.

Mr. Holec stated that the designated chair could second the motion in the absence of a second. If the committee desires to hear the information now, staff will present to those present.

Mr. Conner stated that his reason for the motion to adjourn was because the chair had called for the training but he was not present to hear it.

Mr. Fuell asked if the committee adjourned, would that end the meeting for the day.

Mr. Jones stated that staff could present the information twice if the members wanted to hear it twice.

A second for Mr. Conner's motion was not received.

C. Meetings

1. Public Records & Open Meeting Statutes

Mr. Holec stated that the attendance rule applied to all boards and commissions for the City and was not unique for the AHLIC. Members missing three consecutive meetings or seventy-five percent of the meetings will create an attendance issue. The City Clerk's Office will

send a letter to the member inquiring about their intent to serve or not. This applies to any absence. There are no excused absentees. Attendance is a courtesy to the other members. If unable to attend, notify the secretary (Ms. Moseley). Be on time and attend when you can. Your involvement in the business of the City helps in specialized areas and important decisions.

Mr. Holec discussed the handout "Open Meetings Law". All business of the City, including all papers and documents, is public record except personnel and police records. Documents, including applications for assistance, and e-mails, even if on personal computer, are also considered public record.

All meetings are open to the public. Anyone from the public is allowed to attend these meetings. The Affordable Housing Loan Committee meetings are televised. The Open Meetings Law is in accordance to State Public policy and enables transparency.

If a quorum is together discussing issues it is considered an official meeting. A 48 hour notice is required for special meetings. Notice must be posted on the bulletin board in city hall and on the city web site. The only exception would be an emergency meeting, which this board probably won't use.

While the public has a right to attend all meetings, they do not have a right to participate or speak at the meeting. The board may allot a time for public comments.

Other points made:

- Any gathering of three or more committee members is considered an official meeting
- A social gathering is not an official meeting
- Members may meet one-on-one
- A conference call of three or more members is considered an official meeting
- E-mails between three or more members can be considered a meeting
- Social media (i.e. Facebook) is considered an official meeting
- Members lingering after a meeting to discuss meeting matters can constitute an official meeting

2. Roberts Rules of Order

Mr. Holec discussed the handout "Parliamentary Procedure". City Council has established ordinance that all City public meetings will follow the Roberts Rules of Order. Parliamentary Procedures are in place to keep meeting from being stuck by technicalities. The key is to allow the board to come to a decision. The committee may have its' own rules or make adjustments to rules. Every member has a right to have a say. Allow members to explain their position without being cut-off. Majority vote decides.

Mr. Kitchin relinquished role as designated chair.

Mr. Holec continued with his presentation on Roberts Rules of Order. A special meeting may be called by the chair or by three or more committee members or at a regular meeting.

All meetings must be characterized by exercise fairness and good faith. Allow each member an opportunity to speak. Members should wait until recognized before speaking. They should speak to each other through the chair. Members should confine their remarks to the merits of

the pending motion. They should refrain from attacking other member's motives or using member's names. They should also refrain from disrupting the meeting.

Mr. Holec discussed the handout attachment "Parliamentary Motions Guide". Members may amend a motion. A substitute motion is same as an amendment. Members can't amend a motion to state the opposite. (e.g. I motion that we grant the loan...I motion that we don't grant the loan.) An amendment may include additional conditions or a change.

Other motions that could be used included:

- Postpone
- Limit or extend debate
- Close debate (which requires a decision by the entire board)
- Divide motion
- Bringing action back to board at same meeting
- Cancel previous action (from a previous meeting)

Mr. Holec discussed the Greenville City Council Policy on Public Hearings. A Public Comment period may be included on the agenda to give interested persons an opportunity to speak. The Council Liaisons are there to listen and may be allowed to make comments.

If a person is causing a disruption, there is a procedure to follow. The disruption alone can't be considered a violation; the Chair must direct the person to leave before it is considered a violation.

D. Membership, Responsibility & Attendance

Ms. Brown stated that the AHLC was composed of seven members and one alternate. Members' should be racially diverse and composed of persons with experience and interest in housing. The committee elects Chairperson by a majority vote and serves one year. Chair may be re-elected. The vice chairperson is elected by the committee by a majority vote. The vice chairperson acts as chair during the chair's absence, and exercises the same powers and duties as the chairperson.

The secretary is a city staff member. This person is responsible for keeping records, minutes, conducting correspondence of the committee, notifying members of meetings and agendas, and contacting parties affected by the committee's decisions.

A quorum is three members and is mandatory in order to pass committee decisions. Members are subject to open meeting laws. The chairperson or three regular members may call a special meeting.

All members are expected to attend regular meetings. The staff liaison will notify the City Clerk if members miss three or more consecutive regular meetings or fail to attend seventy-five percent of regular meetings. The City Clerk will send the member a letter asking for intent and ability to attend. A copy of the letter is sent to the Council liaison and the member's attendance will be monitored for three months. If the member is unable to perform duties or fails to reply within thirty days, the City Clerk will place the vacancy on the Council agenda.

Members may be excused from voting for matters of personal or financial conflicts of interest. Members may make a request for exclusion. No member shall vote on matter if they missed the meeting discussing the matter. However, they may make a motion or a second on the matter.

Persons seeking appointment to the AHLC must make application 15 days prior to a regularly scheduled meeting.

AHLC reviews appeals of loans and other housing proposals as deemed appropriate by staff. In reviewing proposals, members should verify that it is based on good financial investments.

The AHLC annual report to City Council is in June.

The AHLC may recommend changes to policy; however, all changes must be approved by City Council.

E. History of Greenville CDBG & HOME Program

Mr. Jones gave a brief overview of CDBG and HOME program history.

Community Development Block Grant:

- 1926 - New York City Planning Commission created the first public housing program
- 1930's - Tennessee Valley Authority and Federal Housing Administration first Federal Government's efforts toward affordable housing
- 1949 – Housing Act provided funding for 26,000 new units of low income housing. This created the housing authority as we know it and the first Urban Renewal Program.
- 1965 – US Department of Housing and Urban Development was created (HUD)
- 1974 – The Housing and Urban Development Act created the CDBG program
- 1980 - CDBG was amended to reflect the difference between an entitlement community and small cities
- 1990 - Cranston – Gonzalez Affordable Housing Act created the HOME & HOPE programs. The HOPE program no longer exists.

CDBG is the City's most flexible grant. The national objectives for CDBG are: to promote activities that benefit low to low-moderate income families, prevent and eliminate slums and blight and act on urgent threats to health and safety.

CDBG is used for affordable housing, infrastructure, economic development, and anti-poverty programs.

HOME Investment Partnerships was created to help localities with nonprofits and other community development organizations to promote affordable housing. These funds are not very flexible.

HOME is used to build, buy and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people.

History of Greenville's Community Development Activities:

- 1962 – 5 Urban renewal projects: Shore Drive, New Town, Meadowbrook, South Side, and the Central Business District
- 1974 – First CDBG funds received
- 1990 - \$1 million Affordable Housing Bond
- 1995 – First HOME funds received
- 1998 – Small business loan pool
- 2004 - \$5 million bond for the West Greenville Redevelopment Area

- 2012 - \$500,000 in HOME funds leverages 84-units, and approximately \$12 million at Winslow Pointe
- 2013 - Lincoln Park Neighborhood Redevelopment

Bond money is borrowed money that citizens vote on. The City pays this money back with very low interest. Bond money is very flexible. CDBG and HOME funds have time limits to spend it or the funds will be lost. Bond money does not have time limits.

Mr. Conner asked if any of the properties being used for Lincoln Park Neighborhood Revitalization will come before the AHLC.

Mr. Jones replied that some of these properties would be sold or conveyed so some of it will be coming before the committee.

F. City of Greenville Staff & Role

Mr. Jones discussed the Housing Division Chart handout. The Housing Staff has been divided into three groups: Project Management/Rehabilitation Group, IDIS/Financial Group, Real Estate/Nonprofit Group.

The Project Management/Rehabilitation Group consists of Karen Gilkey, Michael Watson, and Virgil Smith. They are in charge of the housing rehabilitation program, lead paint hazard control, demolition and maintenance.

IDIS/Financial Group consists of Linda Mims and Betty Moseley. IDIS is the Federal Governments tracking system for federal funds and activities. IDIS is not a full financial system; therefore staff has to maintain spreadsheets for tracking projects.

Real Estate/Nonprofit Group consists of Gloria Kesler and Sylvia Brown. They are in charge of acquisitions, CHDO's, subrecipients, and monitoring,

Mr. Hemby asked what staff person made the decision to use funds for the Dream Park.

Mr. Jones replied that the decision was made in 2012 by the Housing Administrator, Director of Community Development, City Manager and City Council. \$80,000.00 of CDBG funds were used on a portion of the Dream Park. The Dream Park satisfies the national objective of area wide benefit.

Mr. Hemby stated that last year, discussion was made concerning \$250,000.00 allotted to scattered sites being used for housing medium income below 55% as a grant program. He asked where staff was in implementing this program.

Mr. Jones asked Mr. Hemby if he was trying to lower the AMI threshold from 0-80% to 0-55%.

Mr. Hemby replied that for those dollars the committee had discussed using them for very low income as opposed to the whole spectrum.

Mr. Jones replied that scattered sites funds were for rehabilitations. The City currently only rehabs owner-occupied homes. The waiting list for owner-occupied rehabilitation is very long. Homeowners often has issues that keep them from qualifying such as title issues, over income, over encumbered, etc.

Ms. Gilkey stated that qualifying household incomes at 50% AMI or lower automatically qualify for a grant.

Mr. Jones stated that Housing has a goal to complete 12-15 rehabs per year. Costs for completing rehabs are up. If staff can do a rehab for homeowners who are 55% or lower, then that is better for the program. Homeowners who are 55 – 80% AMI usually have to pay back up to 40%. However, those who are under the 55% threshold face additional hurdles.

Mr. Conner asked what the hurdles were.

Mr. Jones replied that those who were under 50% AMI were often over encumbered, didn't have clear title, are behind on their mortgage, and are mostly elderly.

G. City Council Liaison

Mr. Jones stated that the City Council liaison was not able to attend today; therefore he would not be introducing her. However, members may reach to her at any time.

Mr. Hemby stated the committee was on a whole different level now that it was on TV. The public expects the members to know what they are talking about. Professionals from all walks of life are watching the meeting. If members say or do one thing that a lawyer, doctor, or mom did not agree with, they will be calling to fuss. They will also occasionally call with compliments. This is why the members requested training. Some committee members are new and don't know this information, but they will be the ones who ask the questions that have already been answered. We need people who have the time and opportunity to serve, especially during the subrecipient decisions. It is offensive when three members do not show up for training but want to vote when they missed the workshop. When the members are informed then it makes it easier to pick chair or vice-chair. We are representing this institution to the community. We are volunteers but we do need to look professional when we are discussing these issues on TV. We don't need to try to fake it, but know what we are talking about. Just like the upcoming workshop, people have already started calling to say that they have received a letter. We have high attendance but low participation. How can we better serve the community when we are losing all the clients? Just like last year when we were giving the Greenville Housing Authority \$25,000 a year and all they were turning out was one person. We need to be visionaries and see how we can make this program work. The framework is there, and we have good intent, but it is getting away from us. We are far away from where we first got started. There is still a lot of vacant land on Sheppard Street and Sixth Street since 2005. Come with great ideas to help staff better implement the programs.

H. Acronyms, Definitions, etc.

Ms. Brown discussed the handout of acronyms. The handout covers many of the common acronyms and phrases that staff may use during presentations. The following acronyms should have been added to the handout: AHLC stands for Affordable Housing Loan Committee and COG stands for City of Greenville. When you see HOME, it is not an acronym, however it does stand for the HOME Investment Partnerships Program.

Mr. Hemby stated that PITI needed to be added also which stands for Principle, Interest, Taxes and Insurance.

Mr. Conner asked if HOME was an acronym.

Ms. Brown replied that HOME is not an acronym.

Mr. Conner asked if HOME was a HUD program.

Ms. Brown replied that it was a HUD program.

I. Housing Rehabilitation Programs

Ms. Gilkey stated that the City has three active owner occupied housing rehabilitation programs and one that is pending notification by HUD so we can apply.

- Elderly Rehabilitation Program
- Owner Occupied Housing Rehabilitation Program
- Urgent Repair Program
- Lead Based Paint Abatement Grant

Mr. Conner asked if the elderly rehab program is HUD money or City money.

Ms. Gilkey replied that the elderly rehabilitation program was bond which is city money. The owner occupied housing rehabilitation program and the urgent repair program are both HUD money. These use CDBG and HOME funds. The Lead Hazard Based Paint Abatement program was a three year grant is still pending notification by HUD so we can reapply.

For all the rehabilitation programs there is a waiting list. The first thing we do when someone calls for assistance is check to see if their home is located in the City of Greenville limits. If not, we will refer them to the County Planning Department.

Our pre-application requests some basic information, such as, name, address, income, repairs needed and household size. Once this is received, the applicant goes on the waiting list. Usually, only one out of every ten pre-applications mailed will be sent back to the office completed. Those who pick up a pre-application from the office are usually asked to go ahead and complete it before leaving.

The criteria for the elderly rehab loan program and the owner occupied program are not the same.

Criteria for the Elderly Rehabilitation 1992 Bond:

- Homeowner must be 62 or older or
- 55 with permanent disability (need doctors note)
- Households are usually over income for the CDBG/HOME and Urgent Repair Rehabilitation Program
- Limited scope of work
- Lead based paint abatement not required for non-federal funds
- 0% interest
- Program cap \$20,000
- Underwriting Criteria (be sure they can pay back loan)
- 32/42 PITI
- Up to 10-year deed of trust
- Focus on health, safety and code issues first

Criteria for CDBG/HOME Owner Occupied Rehabilitation Program:

- Up to \$60,000 cap
- 15 year deed of trust
- Below 80% AMI for Pitt County

- Loan/Grant combination (Under 50% full grant)
- 0% interest
- Focus on health, safety and code issues first
- Cannot owe more than the house is worth
- Can do reconstruction (demolish house and rebuild)

Criteria for Urgent Repair Program:

- Only CDBG funds
- Owner occupied only
- Health and safety issues
- Partner with Martin Community Action for weatherization
- \$5,000 cap
- Full grant
- 5 year deed of trust

Criteria for the Lead Based Paint Abatement Grant:

- Pending release of notification of funds availability
- Owner occupied or rental property
- Household income is less than 80% of median income for Pitt County
- Residence must have been built prior to 1978
- A child six years old and under must reside or visit regularly
- Full grant
- \$20,000 per unit cap
- 5 year deed of trust
- Rent control first three years
- Goal lead safe properties

During the last Lead Based Paint Abatement Grant Tested the City tested 130 homes and made 110 lead safe.

Ms. Gilkey stated that 16 years ago the cap for a rehab was \$26,500. The next cap was \$40,000. Currently we are up to \$60,000 and still cannot do some houses due to cost. If the house is in a historic district there are limitations to what we can do. They must have original the trim or something very similar. Historic houses are more expensive.

Mr. Conner asked if that was historic City of Greenville or historic North Carolina.

Ms. Gilkey stated that the State Historic Preservation Office must give approval for all houses in a historic district. Housing sends documents to SHPO to receive approval for proposed repairs.

Mr. Jones stated that \$60,000 was a lot of money for a rehab and it cuts down on the amount of rehabs the city can complete.

Ms. Gilkey stated that people who are debt heavy have to pay down bills or their mortgage to keep from being over encumbered after the rehab.

Mr. Fuell asked if anyone discusses with them the debt to income ratio so they can understand that debt before being placed on the waiting list.

Ms. Gilkey replied that staff does send a formal letter explaining exactly what the issues are. Taxes must be current and insurance must have flood coverage if in a flood plain. We cannot do heir property or mobile homes.

Mr. Hemby asked what if the mobile home has been bricked up or modified.

Ms. Gilkey replied that it is still a mobile home. Most mobile home owners do not own the land, they rent it; therefore there is not real property to put a deed of trust on.

Mr. Kitchin asked if the deed of trust was with a bank.

Ms. Gilkey replied that the City was the bank. The City Manager is the trustee. The City is the beneficiary, so the applicant pays the City.

Mr. Kitchin asked what if the home is a Habitat house.

Ms. Gilkey replied that the City understands that the second mortgage is not really a mortgage, so the City will do them.

J. Downpayment Assistance

Ms. Kesler stated that the City has two active downpayment assistance programs.

The HOME Grant is a no interest forgivable loan up to 20% of the sales price of the home with a cap of \$20,000. Assistance in the form of a secured no-interest loan is forgiven by 1/15 a year over a 15-year recapture period.

Qualification criteria are:

- First time homebuyer
- Low – moderate income (80% of AMI or less)
- Meet credit standards
- Complete Homeownership Education Workshop
- Occupy dwelling as primary residence
- Must be in the West Greenville 45-Block Revitalization Area

City of Greenville 10% no interest loan is a loan of up to 10% of the sales price of home at 0% interest for 120 months.

Qualification criteria are:

- 80% - 120% or less of AMI
- First time homebuyer
- Meet credit standards
- Complete Homeownership Education Workshop
- Occupy dwelling as primary residence
- Home can be located anywhere in the City of Greenville

Mr. Fuell asked if the applicant will need to qualify for a loan first.

Ms. Kesler replied that it was the same requirement; staff will work on the package and once the bank approves, then staff will bring the DPA request to the AHLC for approval.

The Homeownership Academy provides participants the opportunity to gain a working knowledge of the home buying process and to prepare financially to purchase a home within the Revitalization Area.

- First-time homeowner
- Low to moderate income (80% or less of area median)
- Be willing to :
 - 8-12 week period One-on-One counseling programs
 - Complete Homeownership Education Class
- Gets applicant mortgage ready

At the completion of the program, participants will receive a \$500.00 certificate to assist with paying the closing cost of home purchased within the Revitalization Area.

Mr. Jones states that financial literacy is not common sense.

K. Relocation

Ms. Kesler stated that the one of the reason the City has undeveloped lots is because the lot is not large enough to build on. Some lots we are trying to acquire have heir issues or tax issues.

For acquisitions, we do the appraisals, if requested, and make sure everything is fair and legal. Then we bring it to the AHLC to set just compensation. Staff has been authorized to negotiate up to 15% of just compensation. Once just compensation has been set, we began working toward closing. The committee may inform staff if it does not like what is presented. The rules state that just compensation must be set fairly and use the same marking stick for all acquisitions. All appraisals are reviewed. If the owner does not agree with the appraisal results, then we discuss it and take the request to the next level. Some owners are willing to accept tax value without an appraisal.

Mr. Jones stated that in response to Mr. Hemby's earlier comment, the city has taken down quite a few buildings in the West Greenville Area and not rebuilt. Many of those lots are too small to build on. We have new standards in West Greenville. It has been rezoned to R6S, meaning that the lot will need to be 6000 square feet or we can't rebuild. Many of the vacant lots are from shot gun homes that were demolished. In some cases, even if we have two adjacent lots, it is still too small to build on. The city manager has been in discussions with us concerning this issue, and in the future we will strategically purchase homes to build or to purchase the adjacent lot so we can build. Sometimes we can build a park on the smaller lots.

Ms. Kesler stated that when the City acquires a property that still has a tenant living in it, then relocation is triggered. The owner may sell the property to us, but the tenant doesn't have any say about the matter. Relocation is expensive. The average relocation can cost \$11,000 - \$15,000 each because the income of the families is so low. We try to locate replacement housing that is decent, safe, and sanitary. We also try to not purchase properties with tenants living in them.

Ms. Kesler discussed the requirements for tenant relocation. We try to have a minimal impact on the family. Tenants being displaced from their homes are offered the following assistance:

- Advisory Services
 - Referrals to comparable and suitable replacement housing
 - Inspection of replacement housing/DSS
 - Assistance in preparing claims forms for relocation payments

- Other assistance as needed to minimize the impact of the move
- Payment for moving expenses
- Replacement Housing Assistance
 - Rental Assistance
 - Tenant may be eligible to receive rental assistance for a 42-month period
 - The amount of assistance needed for one month is determined by subtracting the base cost of rent and utilities for the new home. That monthly need is then multiplied by 42 to determine the total amount of assistance needed
 - To qualify for rental assistance, tenant must occupy a decent, safe and sanitary (DSS) home within one year after the date of the move
 - Purchase Assistance
 - Replacement assistance payment may be used as downpayment assistance if buying a home
 - Other requirements
 - Replacement unit must be DSS
 - A claim must be filed by the tenant

Acquisition triggers relocation.

L. Sub-Recipients

1. Workshop

Ms. Brown stated that the purpose of the workshop is to advise non-profit organizations of important program requirements, the application and the process. The 2013 subrecipient workshop will be Wednesday, September 25, 2013 at Sheppard Memorial Library in training room A&B. Two sessions will be held, one at 12:00-2:00 PM, and the second session at 6:00-8:00 PM. Representatives only need to attend one meeting. The last day to RSVP is Friday, September 20, 2013. If organizations don't RSVP, they may still attend, however, we are requesting RSVP's to help us prepare refreshments.

2. Application Process

Ms. Brown stated that attendance was mandatory for nonprofits submitting applications. The application timeline is:

- Due Thursday, January 9, 2014, at 5:00 PM, attention Linda Mims.
 - Staff will review the applications to ensure that all required documentation has been submitted.
 - Applications are available online for those wishing to review it. However, only those organizations that have attended one of the workshops will be qualified to submit an application.
- February 2014, the nonprofits will make their presentations to the AHLC
- March 2014, the nonprofits will come back to answer any questions the committee might have, and then the AHLC will make recommendations for funding to the City Council.
- April 2014, the City Council will review the recommendations.
- May 2014, the recommendations will be submitted to HUD for approval
- July or August 2014, approval should be received from HUD
- September 2014, Contracts will be signed and the work begins

3. Scoring Process

Ms. Brown discussed the scoring criteria handout. The scoring criteria form is part of the non-profit application and must be completed by the applicant. Under the column titled Agency Response, the applicant should discuss how they feel they meet this criterion. Their responses will be used by staff and the committee for making funding determinations. We look for organizations that are presenting good, quality programs and are using the funds in an appropriate manner. Something like buying food for an after school program is not an eligible event. However, a housing counseling program would be eligible. Staff will check the leases to ensure they are valid and the expiration date is not before the end of the funding year. The committee will use the agencies response on the scoring criteria form along with the presentations to making funding recommendations.

For the first question, need for service, all scores will be 20 points for community service. The other criteria may vary according to scoring.

4. Housing Counseling

Ms. Brown stated that Housing counseling is being conducted by City staff and the Greenville Housing Authority.

M. Partnerships

Mr. Jones stated that this portion of the meeting is by request of the chair. Staff has been in conversation with the Greenville Housing Authority about developing a CHDO. In the past there were several reservations for developing a CHDO; however the new director is considering this possibility. The GHA would be a good CHDO because they have resources and capacity. Past relationships are not a consideration here, we need a good CHDO. The city has set aside money for a CHDO. If we don't use the money for a CHDO, then we cannot give it to anyone, and after four years, the money will be lost. We are looking for new CHDO that we can help develop while continuing to build up our current CHDOs.

We are also partnering with the State Employees Credit Union on a project. It is a pilot project here in Greenville and in Durham. The project will be located on Pamlico Avenue.

Martin Community Action partners with the City to do weatherization.

Ms. Brewington asked if the city had located any new housing counselors.

Ms. Kesler replied that the city had not been successful in finding housing counselors that don't leave. The GHA is actually the Greenville Housing Development Corporation. The GHDC is the nonprofit portion. The GHA is bringing a buyer for 605 Hudson Street. The GHDC does offer housing counseling. EXCEED has hired a new person to do counseling.

Ms. Brewington asked what had happened to the counselors out of Kinston.

Ms. Kesler replied that the NC Rural Fund for Development had a program change to their medium income. They no longer qualified for our program.

Mr. Fuell asked if nonprofits had to be qualified by HUD.

Mr. Jones replied that the city has always considered it HUD qualifications.

Ms. Kesler stated that recent HUD changes make it hard to be qualified as a housing counselor. Not many people are getting approved as a counselor.

Mr. Jones stated that there are three people on staff who are qualified to do housing counseling. We are not in the business of counseling; however, if someone comes in who need housing counseling, then a staff member will assist them.

Mr. Fuell stated that staff mentioned earlier that discussions were taking place with HUD to arrange for training for nonprofits and CHDO's. What was the result of those discussions?

Mr. Jones replied that there has been no response from the field office in Greensboro.

Mr. Fuell asked if staff was anticipating the same situation this year.

Mr. Jones replied that if the question was concerning the subrecipient workshop, namely high attendance at the workshop and low participation, then yes, staff does expect the same results. Staff has discussed better marketing. However, we cannot get around the audit. Staff has asked HUD if a less costly audit was available that would serve the same purpose. Nonprofits are saying that the audits are costing them around \$7-8,000.

Mr. Fuell asked if that was the standard cost of audit.

Mr. Conner stated that every CPA does different things.

Mr. Jones stated that nonprofits' expenses should not be very complicated. One suggestion has been making a partnership with a CPA for non-profit audits. That would create a gray area if we just partnered with one accountant or CPA, but it would be helpful if several CPA's were willing to step up and offer assistance. This is an issue that would be brought up in a meeting so the public can be aware, and maybe have some CPA's to respond.

Mr. Hemby stated that he has had questions from the community concerning the audit requirements. He stated that he had also sent letter to HUD requesting clarification on their definition of an audit. HUD sent the answer to Mr. Flood. The definition of audit is a gray area and what is sufficient as an audit is a gray area. Initially, an opinion was sufficient, but now they are requiring something of a higher standard.

Mr. Conner stated that the government makes the rules and if we want to use HUD monies then we must go by HUD rules.

Mr. Kitchin stated that there are different levels of an audit. If the audit was standardized then perhaps there would be a better response.

Mr. Hemby stated that the nonprofits don't have that kind of money, to pay for two years of audits.

Mr. Jones asked if that was the question, if the city was holding their nonprofits to a higher standard.

Mr. Hemby replied that it was the question. The single page was sufficient.

Mr. Kitchin stated that if an accountant knew what they would have to do, they may be willing to offer a discount or even do some for free, if it was not tax season.

Mr. Hemby restated the question for Mr. Flood.

Mr. Flood replied that the Greensboro HUD Office want an audit of nonprofits. The nonprofits are considered an agent of the city. The monitoring check-sheet, A95, states an audit of the city and its subrecipients. When we are monitored, HUD will be looking for an audit. We have asked if anything less than an audit will suffice, and their response was that an audit is required.

Mr. Kitchin stated that since he was not an account, he assumes that there is one standard audit that could work for all nonprofits and covers certain things.

Mr. Flood stated that just as the city goes through the GASB standards, there are certain audits for nonprofits based on their designation.

Mr. Hemby stated that this was his issue; the nonprofits spend more on the audit than they are asking from City of Greenville.

Mr. Fuell stated that based on the cost of the audit and the nonprofits budget they could claim despairing treatment.

N. Questions & Answers

Signature on file

R.J. Hemby, Chairman

Signature on file

Sylvia D. Brown, Staff Liaison