



Town of Chapel Hill
Public Housing
 317 Caldwell Street
 Chapel Hill, North Carolina 27516
 919.968.2850 fax 919.932.2935
 www.townofchapelhill.org

7 November 2019

Angela T. Strong, Portfolio Management Specialist
 Public Housing Division
 U.S. Dept. of Housing and Urban Development
 1500 Pincroft Road, Suite 401
 Greensboro, NC 27407

RE: Final Recovery Agreement and Action Plan

Dear Ms. Strong

The purpose of this letter is to submit a response to Action Plan Item(s) Numbers P002 and P002-A within the 10 days specified in the letter dated November 1, 2019.

Item Number	Results and Determination from Assessment	Desired Outcome	Measures to Achieve Outcomes	Target Accomplishment Date	Actual Accomplishment Date	Remedies
P002	The TCDH failed to correct deficiencies identified in previous REAC inspection. Report: TCDH lost large number of points due to Site and Health and Safety (HS) deficiencies	(H&S) Missing/Damaged/Expired Extinguishers: All units have fire extinguishers that have been serviced and checked. Preventive Maintenance for Safety.	Work Order history to show corrected. Number of monthly safety inspections performed by maintenance personnel	11/01/2019 and 3/31/2020		Physical Indicator score greater than 19
P002-A		(H&S) Emergency/Fire Exits blocked/Unstable (Emergency/Fire Exits): All Building Emergency/Fire Exits made accessible	Work Order history to show corrected. Number of monthly safety inspections performed by maintenance personnel.	11/01/2019 and 3/31/2020		Physical Indicator score greater than 19

A summary sheet is attached that shows corrections, dates, and work order numbers.



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Notification of the monthly safety inspections is also attached.

A copy of the 06/30/2019 Public Housing Assessment System (PHAS) Score Report for interim Rule shows a physical score of 25 is also attached.

Thank you for all of your assistance in helping us recover and achieve sustainable performance.

Faith M. Brodie
Director, Public Housing



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Greensboro Field Office
Office of Public Housing
1500 Pinecroft Road, Suite 401, Asheville Building
Greensboro, North Carolina 27407-3838
336-547-4000
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NOV 01 2019

Board of Commissioners
c/o Honorable Pam Hemminger, Chair
Town of Chapel Hill
Department of Housing
405 Martin Luther King Jr. Blvd.
Chapel Hill, NC 27514

Re: Final Recovery Agreement and Action Plan

Dear Commissioners:

This purpose of this letter is to transmit the final Recovery Agreement and Action Plan executed between the Town of Chapel Hill Department of Housing (PHA), the Town of Chapel Hill (TCH), Chapel Hill, North Carolina, and the United States Department of Housing and Urban Development (HUD), because of a designation of Troubled by HUD's Real Estate Assessment Center ("REAC") for the fiscal year ending June 30, 2018. Thank you for your cooperation in negotiating the terms of the Agreement.

The Recovery Agreement and Action Plan is a binding contract required by federal statute that delineates performance outcomes, timelines, and reporting requirements that must be strictly adhered to. It also specifies remedies to achieve agreed-upon levels of performance. Your first periodic report must be received by HUD no later than January 6, 2020. However, please submit a response to Action Plan Item Numbers P002 and P002-A within 10 days of the date of this letter.

One of the terms of the Recovery Agreement may require the PHA and TCH to engage residents and other community stakeholders to develop a Sustainability Plan that identifies place-based solutions, steps, and resources to support the agency's recovery. You will be contacted by a HUD team member to assist you in initiating the process to develop a Sustainability Plan.

We look forward to working with the PHA and the TCH to recover and achieve sustainable performance. If you have any questions about the Recovery Agreement and Action Plan, please contact Angela Strong, Portfolio Management Specialist at Angela.T.Strong@hud.gov or (336) 851-8089. Thank you for your ongoing assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Kyles".

Courtney N. Kyles
Director, Office of Public Housing
Office of Field Operations
U.S. Department of Housing and Urban Development

Enclosures

HUD's mission is to create strong, sustainable, inclusive communities and quality, affordable homes for all.

ccs:

Ms. Jessica Anderson, Mayor pro tem, Commissioner
Town of Chapel Hill Department of Housing
101 Eastridge Place
Chapel Hill, NC 27516

Ms. Donna Bell, Commissioner
Town of Chapel Hill Department of Housing
611 Craig St.
Chapel Hill, NC 27516

Mr. Allen Buansi, Commissioner
Town of Chapel Hill Department of Housing
305 Copperline Drive, #V
Chapel Hill, NC 27516

Ms. Hongbin Gu, Commissioner
Town of Chapel Hill Department of Housing
113 Parkridge Ave.
Chapel Hill, NC 27517

Ms. Nancy Oates, Commissioner
Town of Chapel Hill Department of Housing
101 Windemere Crossing
Chapel Hill, NC 27516

Ms. Rachel Schaevitz, Commissioner
Town of Chapel Hill Department of Housing
101 Braswell Ct.
Chapel Hill, NC 27516

Mr. Michael Parker, Commissioner
Town of Chapel Hill Department of Housing
601 W. Rosemary St. Unit 311
Chapel Hill, NC 27516

Ms. Karen Stegman, Commissioner
Town of Chapel Hill Department of Housing
2525 Buxton Ct.
Chapel Hill, NC 27514

Ms. Faith Brodie, Executive Director
Town of Chapel Hill Department of Housing
317 Caldwell Street Extension
Chapel Hill, NC 27516

Recovery Agreement between
Town of Chapel Hill Department of Housing
And
the United States Department of Housing and Urban Development
And
the Town of Chapel Hill

This Recovery Agreement is entered into between the Town of Chapel Hill Department of Housing (PHA), the UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (“HUD”) and the Town of Chapel Hill (TCH) as of this 1st day of November, 2019.

RECITALS

WHEREAS, under the United States Housing Act of 1937, as amended, (“Act”), 42 U.S.C. § 1437 *et seq.*, the United States Department of Housing and Urban Development (“HUD”) is responsible for administering low income housing programs, and pursuant to the Act, HUD has entered into an Annual Contributions Contract (“ACC”) with the PHA to develop and operate public housing projects of the PHA; and

WHEREAS, pursuant to the Act, HUD must evaluate public housing performance and has instituted the Public Housing Assessment System (“PHAS”); and

WHEREAS, on the basis of an annual PHAS score, the PHA has been designated Troubled or Substandard for financial, physical and/or management indicators, or other such deficiencies as HUD has identified; and

WHEREAS, the Act requires HUD to enter into agreements that establish performance targets, set out strategies for meeting targets, provide for incentives and sanctions for effective implementation of the strategies leading to recovery of performance and attain an improved status of at least a Standard Performer; and

WHEREAS, the recovery of performance is intended to lead to a sustainable sound fiscal management and good governance; and

WHEREAS, the parties desire to correct all HUD-identified deficiencies through the implementation of this Recovery Agreement, (“Agreement”);

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, HUD, the PHA and the TCH agree as follows:

- I. The PHA agrees to achieve the outcomes outlined in the Action Plan and incorporated into this Agreement as Exhibit A.
- II. The PHA and the TCH agree to work together to develop and implement a Sustainability Plan if necessary to achieve recovery.

- III. The Action Plan describes the results following HUD's review and assessments of PHA performance, the measures that need to be implemented to improve the performance and the desired outcomes to be achieved and establishes a timetable to achieve those outcomes. The Action Plan also identifies the available remedies to resolve HUD's determination of non-performance.
- IV. Upon execution of the Agreement, the PHA will commence with the required actions listed in the Plan within the timeframes set forth therein.
- V. The PHA will cure identified deficiencies within the timeframes established in the Action Plan.
- VI. Subject to section XII, regardless of possible changes in the PHA's Board composition, or the decision-making individuals for HUD or the TCH, the term of this Agreement is effective as of the execution date of this document and will continue until completion of the Action Plan in accordance with 6(j) (2) and (3) of the Act, and any agreed upon extensions. This Agreement will remain in effect until the PHA has completed all items listed in the Plan, even if HUD removes the PHA's troubled/substandard designation.
- VII. HUD, in its discretion, may provide technical assistance, including training or contract support, to the PHA to facilitate accomplishment of the items in the Action Plan. The PHA's compliance with the Action Plan, however, shall not be contingent on HUD's provision of any technical assistance or other discretionary assistance.
- VIII. The PHA shall provide HUD with written progress reports as identified in the Action Plan. The report shall detail the PHA's progress towards the completion of the items required by the Action Plan. The reports shall identify those items that have been completed and provide any necessary documentation to support this determination.
- IX. HUD will review the Action Plan progress reports submitted by the PHA and supporting documentation. HUD will confirm in writing to the PHA the items that HUD determines to have been successfully completed, those that require additional documentation and those that are past due.
- X. If the PHA disagrees with HUD's determination concerning the completion of any item, the PHA may request a reconsideration of the determination and submit additional information to support its position. HUD will provide the PHA with a written notice of its decision.
- XI. The failure of the PHA, its employees, officers, agents, or contractors to comply with this Agreement, including the failure to achieve the agreed upon outcomes or to take the actions or comply with the time frame set forth in the Action Plan, may result in HUD seeking any available remedies, including any of the following actions sequentially or simultaneously:

- a. Consolidation;
 - b. Consortia/Joint Venture;
 - c. Contraction of Operational Activities;
 - d. Cooperative Endeavor Agreement;
 - e. Debarment;
 - f. Deliver possession and control of project(s) to HUD;
 - g. Limited Denial of Participation;
 - h. Receivership; and/or
 - i. Suspension.
- XII. The parties by mutual written agreement may agree to extend the timeframes set forth in the Action Plan from time to time. In the event said timeframes are extended, HUD agrees that it will not take any of the actions against the PHA as set forth in this section of the Agreement for noncompliance with original timeframes.
- XIII. Communication related to the Recovery Agreement and Action Plan shall be provided to the Public Housing Director and the HUD Recovery Team leader, if applicable.
- XIV. HUD, the PHA and their employees, subcontractors, partners or assigns, and the TCH shall comply with all applicable federal, state, and local laws and regulations relating to the performance of this Agreement to which their activities are subject.
- XV. Notwithstanding any provisions of this Agreement to the contrary, the parties shall not be held liable for any failure or delay in the performance of this Agreement that arises from fires, floods, strikes, embargoes, acts of the public enemy, unusually severe weather, outbreak of war, riots, civil commotion, force majeure, acts of God, or for any other cause of same character which is unavoidable through the exercise of due care and beyond the control of the parties, provided that said failure or delay in the performance of this Agreement attributed to any of the events described herein is acknowledged in writing by HUD. Upon the issuance of HUD's written acknowledgement, the failure to perform shall be deemed excused during the continuance of such circumstances as determined by HUD, but this Agreement shall otherwise remain in effect.
- XVI. In the event of any conflict between terms in this Agreement, including all exhibits, attachments and all other documents specifically incorporated by reference, and HUD's applicable Public Housing requirements including, but not limited to, the Act, HUD regulations there under (and, to the extent applicable, any HUD-approved waivers of regulatory requirements), the ACC, HUD notices, the HUD-approved Declaration of Trust or Declaration of Restrictive Covenants in favor of HUD, and all applicable Federal statutory, executive order and regulatory requirements, as those requirements may be amended from time to time, the applicable Public Housing requirements shall prevail. HUD reserves the right to resolve any conflict.

- XVII. Any modification or amendment of any condition or provision in this Agreement by either party will not imply or constitute a further modification or amendment of the same or any other condition or provision, nor shall it relieve the parties from performing any subsequent obligations strictly in accordance with the term of this Agreement. No modification or amendment shall be effective unless in writing and signed by the party against whom enforcement is sought. Such modification or amendment shall be limited to provisions of this Agreement specifically referred to therein and shall not be deemed a modification or amendment of any other provision. No modification or amendment of this Agreement shall constitute a HUD-approved waiver of regulatory requirements.
- XVIII. Should any term or provision of this Agreement be held, to any extent invalid or unenforceable, as against any person, entity or circumstance during the term hereof, by force of any statute, law, or ruling of any forum of competent jurisdiction, such invalidity shall not affect any other term or provision of this Agreement to the extent that the Agreement shall remain operable, enforceable and in full force and effect to the extent permitted by law.
- XIX. To the extent authorized by the Act and HUD regulations, HUD can unilaterally amend this Agreement. Otherwise, this agreement may be amended by mutual agreement of the parties.
- XX. This Agreement states the entire understanding and agreement between the parties and supersedes any and all written or oral representations, statements, negotiations, or agreements previously existing between the parties with respect to the subject matter of this Agreement. However, this Agreement does not supersede, modify or amend the ACC as further described in Paragraph XXII. The parties recognize that any representations, statements or negotiations made by the staff of either party does not suffice to legally bind either party in a contractual relationship unless they have been reduced to writing and signed by their authorized representative(s). This Agreement shall inure to the benefit of and shall be binding upon the parties, their respective assigns, and successors in interest.
- XXI. This Agreement may be executed and delivered in separate counterparts, which, when so executed and delivered, shall be deemed an original.
- XXII. This Agreement does not supersede, modify or amend the ACC between HUD and the PHA, or in any way excuse the PHA from complying fully with its obligations under the ACC. HUD does not waive its statutory, regulatory or contractual rights. Nothing contained in this Agreement shall serve to limit, modify or preclude HUD's right to take any remedial action allowed by the ACC or any provision of the Act or related regulations. Nothing contained in this Agreement shall serve to limit, modify or preclude HUD or the PHA's right to take any remedial action allowed by the Agreement.
- XXIII. The parties agree that any cost associated with the implementation of this Agreement, the Action Plan and the Sustainability Plan shall be their individual responsibility unless specifically agreed in writing between the parties.

XXIV. The TCH, through its Appointing Authority, acknowledges the importance of effective governance as part of the recovery and sustainability of the PHA. As a signatory of this Agreement, the TCH commits to oversee and monitor its duly appointed agents, the appointees to the PHA Governing Board, in the discharge of their duties. Upon the discovery of any failure of the PHA Board to discharge its duties under this Agreement, the TCH will take all necessary steps to correct the Board's actions or omissions and ensure compliance with the terms of this Agreement.


IN WITNESS WHEREOF, the parties or their duly authorized representatives hereby execute this Agreement on the date first written above.

UNITED STATES DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

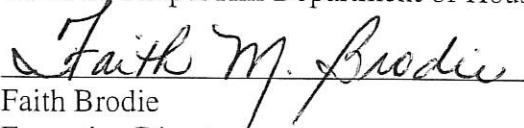
By: 

Courtney N. Kyles
Director, Office of Public Housing
Greensboro Field Office

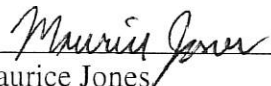
Town of Chapel Hill Department of Housing
ATTEST: BY ITS BOARD OF
COMMISSIONERS

By: 

Pam Hemminger, Mayor
Board Chair
Town of Chapel Hill Department of Housing

By: 

Faith Brodie
Executive Director
Town of Chapel Hill Department of Housing

By: 

Maurice Jones
Town Manager
Town of Chapel Hill

EXHIBIT A

Action Plan to the Recovery Agreement between the Town of Chapel Hill Department of Housing (TCDH) and U.S. Department of Housing and Urban Development (HUD)

Item Number	Results and Determination from Assessment	Desired Outcome	Measures to Achieve Outcomes	Target Accomplishment Date	Actual Accomplishment Date	Remedies	Comments / Accomplishments
AREA: GOVERNANCE							
G001	The Town Council members serve as the Board of Commissioners (Board) for the TCDH. The Board should increase its knowledge and understanding of HUD's Public Housing (PH) program requirements in connection with TCDH programs, finances, and activities. The Town Council/Board is not in session from July 1 - August 31, which impacts its ability to meet, discuss, and vote as a body on TCDH PH program activities that may be time sensitive. For example the TCDH's fiscal year beginning 6/30 budget is generally reviewed by the Town Manager.	Board with sufficient knowledge of public housing authority (PHA) governance and financial management in order to effectively fulfill its responsibility with providing effective governance and oversight of the TCDH year round.	(1) Board "Group training" designed around HUD's on-line <i>Lead the Way: PHA Governance and Financial Management – A Training for Board Members</i> , via HUD Exchange: https://www.hudexchange.info/trainings/courses/lead-the-way-pha-governance-and-financial-management/ (2) Develop a simple Training Plan to conduct Group Training	(1) 3/31/2020 and (2) 12/31/2019		Board Group Training and Certification/Certificate of Completion by each Board member.	
G001-A		Board demonstrates support of TCDH/HUD PH activities by scheduling "Special Meetings" for those TCDH activities that require time sensitive decisions/voting.	Number of "Special Meetings" scheduled in fiscal year 2020.	6/30/2020		Calendar of Special Meetings	
G002	TCDH Executive Director (ED), staff, and the Finance Dept. should participate in available HUD training.	Increased knowledge of HUD PH programs, finances, and activities.	Attend Greensboro PH Office <i>New ED training</i> and complete <i>Lead the Way Training</i>	3/31/2020		Certificates of Completion	

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AREA: FINANCE							
F001	A review of IPA Audit report for FYE 6/30/18 found the Tenant Security Deposits to be underfunded.	A fully funded Tenant Security Deposits Account that is maintained.	(1) Established controls that reveal when liabilities exceed assets. (2) Provide documentation that includes: Rent Roll, Bank Statement and General Ledger.	Quarterly until 6/30/2020		Applicable Budgetary Statement in Fiscal Year End (FYE) 2019 IPA Audit reflects fully funded Tenant Security Deposit	
AREA: PHYSICAL							
P001	The TCDH failed to prioritize capital funding.	Utilize capital funds annually as planned/proposed in 5 year Action Plan to repair and rehab PH units	Number of units that have undergone planned repairs or rehab. Amount of funds expended to repair or rehab units.	Quarterly until 6/30/2020		Physical Indicator score greater than 19	
P002	The TCDH failed to correct deficiencies identified in previous REAC Inspection Report: TCDH lost large number of points due to Site and Health and Safety (HS) deficiencies	(H&S) Missing/Damaged/Expired Extinguishers: All units have fire extinguishers that have been serviced and checked. Preventive Maintenance for safety.	(1) Work order history to show corrected. (2) Number of monthly safety inspections performed by maintenance personnel.	(1) 11/01/2019 and (2) 3/31/2020		Physical Indicator score greater than 19	
	P002-A	(H&S) Emergency/Fire Exits blocked/Unstable (Emergency/Fire Exits): All Building Emergency/Fire Exits made accessible	(1) Work order history to show corrected. (2) Number of monthly safety inspections performed by maintenance personnel.	(1) 11/01/2019 and (2) 3/31/2020		Physical Indicator Score greater than 19	
	P002-B	(Site) Overgrown/Penetrating Vegetation (Grounds): Reduce amount of overgrown/penetrating vegetation		12/31/2019		Physical Indicator Score greater than 19	
		P002-C	Revise, if applicable, current 5-Year Action Plan in EPIC to incorporate physical observed deficiencies.	12/31/2019		Physical Indicator Score greater than 19	

Item Number	Results and Determination from Assessment	Desired Outcome	Measures to Achieve Outcomes	Target Accomplishment Date	Actual Accomplishment Date	Remedies	Comments / Accomplishments
AREA: MANAGEMENT							
M001	TCDH failed to maintain an acceptable occupancy level at its developments. TCDH has 40 units at its Trinity Court site that are inhabitable. These vacant units attribute significantly to the PHA's low occupancy rate.	Occupancy rate at 90% or better.	Track occupancy weekly and reflect in PIC. At least monthly reporting to HUD that addresses cause of vacant units and strategy for increasing occupancy.	Quarterly		Written report demonstrates progress	
M001-A	The TCDH is entertaining RAD/PH Repositioning. HUD issued a multi-phase RAD conversion award letter on December 6, 2018 to the TCDH.	(1) Trinity Court as priority development for repositioning. (2) Eliminate inhabitable units as major impact to low occupancy rate.	Repositioning plan for Trinity Court	6/20/2020		Planning stage implemented	
M001-B	Thirty-three (33) is the average number of days to turnaround "normal" units.	Reduce average number of days to turnaround "normal" vacant units to 20 days, or less, to bring units back on-line sooner to be occupied.	Number of days "normal" vacant units are turned, available, and occupied. Provide report to reflect this information.	Quarterly until 6/30/2020		Report demonstrates progress	
M002	The TCDH Tenant Accounts Receivable (TAR) is too high.	Reduced TAR ratio	(1) Increase Revenues by collecting rents in accordance to PHA policy/ACOP. (2) Tenant Accounts Receivable Schedule that reflects 0-30 days, 30-60 days, 60-90 days.	Quarterly until 6/30/2020		Tenant Account Receivables ratio < 2.5. Decrease TAR write off.	
M003	The TCDH Accounts Payable (A/P) ratio is too high.	Reduced A/P ratio	(1) Pay bills timely to avoid any late fees. (2) Provide Aging Report for Accounts Payable	Quarterly until 6/30/2020		Accounts Payable ratio greater than 0.74	

Item Number	Results and Determination from Assessment	Desired Outcome	Measures to Achieve Outcomes	Target Accomplishment Date	Actual Accomplishment Date	Remedies	Comments / Accomplishments
AREA: CAPITAL FUND							
C001	TCDH failed to obligate and expend 2014 Capital Fund Program Grant in a timely manner.	Obligate and expend 2016 - 2019 Capital Fund Program grants timely and in accordance with 24 CFR Part 905.	Obligate 90 percent or more of 2017 CFP Grant amount by the obligation end date.	8/15/2019		Earn at least 50% of the available points for the Capital Fund indicator.	
	C001-A	Expend 2016 CFP Grant by 4/12/2020 deadline.	(1) Entries made in HUD's Electronic Line of Credit Control System (eLOCCS).	12/31/2019 and 03/31/2020		eLOCCS reflects funds disbursed before 4/12/2020.	
	C001-B	Maintain obligations for CFP Grants 2017-2019	eLOCCS entries	Monthly		eLOCCS reflects obligation of funds by the obligation end date.	
C002	It does not appear the ED has been consistently informed of Capital Fund Program grant activity housed in eLOCCS.	ED has capability of accessing eLOCCS to review CFP activity and monitor due dates/deadlines.	(1) ED has access to eLOCCS via HUD's Secure Systems menu. (2) ED enters eLOCCS regularly to review CFP grants.	Monthly		ED knowledgeable of CFP activity	