

**MINUTES OF SPECIAL CALLED GOTO MEETING OF THE
ADMINISTRATION AND FINANCE COMMITTEE OF
RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
ON WEDNESDAY SEPTEMBER 4, 2024, 4:00 P.M.**

Committee Members in Attendance:

Gregory Lewis, Chair, Commissioner
Charlene Pitchford, Vice Chair, Commissioner

RRHA Staff:

Steven Nesmith, Chief Executive Officer
Precious Faust, Senior Vice President, Chief Financial Officer
Sabrina Civils, Deputy Chief Financial Officer
Ben Funkhouser, Budget & COCC Reporting Analyst
Mike Kelly, Acting SVP Affordable Housing, Real Estate & Community Development
Kimberly Cole, Chief of Staff
Sherrill Hampton, Senior Vice President, Real Estate & Community Development
Tonise Webb, Associate General Counsel & Compliance Administrator
Patrick Baisi, Associate Counsel
Jessica Hardin, Vice President of Human Resources
Angela Fountain, Vice President Communications & Public Relations
Pamela Thompson, Executive Assistant to the Senior Vice President and Chief Financial Officer

Call To Order

Chair, Gregory Lewis called the meeting to order at 4:00 p.m. A quorum of the committee was established.

Citizens Comment

No citizens were signed up to speak.

New Business

- FY2025 Draft Budget Review, Precious Faust, Senior Vice President & CFO.

Challenges

Agency wide

- HR Department achieved an almost 0% vacancy status for the agency.

RECD

- Incurred “carrying costs” on unsubsidized RRHA owned properties in the portfolio that must be maintained. Also added personnel costs due to the board objective to increase staff. Also, an initial revenue shortage due to a more aggressive Real Estate Development Program.

Homeownership

- Unfunded staffing positions as well as startup costs to support RRHA’s Homeownership Initiative Program.

RDC

- No plan in place prior to rebranding which caused additional pressure due to limited funding. CEO Nesmith has put a team in place to help identify possibilities and opportunities for funding in FY2025.

Budget Opportunities

Agency Wide

- A hiring freeze has been implemented to combat additional personnel costs and a plan to right size the agency based on public housing industry standards to allow for a net reduction in personnel costs to alleviate the need to do any type of layoffs.
- CEO Nesmith created a team with outside Bond Counsel to generate substantial revenue from RRHA’s bond issuances.
- CEO Nesmith will launch in January 2025 RRHA’s Moonshot Mission to generate revenue from foundations and philanthropic organizations.

RECD

- Further engage in real estate development plans where RRHA will seek to be a partner with developers to generate larger revenue percentages and share development fees in the upside of projects.
- The hiring of the new Senior VP of Real Estate and Development brings a wealth of knowledge and experience to help negotiate the future.
- Ground leasing of some of RRHA’s properties will yield more revenues for RRHA.

- Speeding up closings will expedite developer fees to help offset operating costs.

Homeownership Program

- Secure funding from Truist and Bank of America.
- Target bank foundations and philanthropic giving programs.

RDC

- Apply for US Treasury's Community Development Financial Institutions CDIF designation to be able to issue homeownership mortgage loans to residents.

Revenue/Expense Trends

Agency wide

- Total revenue increase of \$4.5 million.
 - \$913,00 increase related to tenant income. Occupancy assumption has been increased to 98% and management/operations division is assessing inefficiencies and vacancy turnovers and increasing resources for a wait list and getting units occupied. The increase in occupancy assumption causes an increase in revenue for tenant income.
 - \$6,000,000 grant income increase (there is a decrease in LIPH for demolition at Creighton), there is an increase in housing assistant payments for the Voucher Program as a result of increase in utilization.
 - COCC -- \$1.5 million increase which is due to increase in occupancy on the public housing side as well as the voucher side.

Revenue Sources

- 6-year growth \$24,000,000.
 - 78% HUD support.
 - 22% tenant income, interest income, developer fees.

Expenses

- \$32,000,000 increase in expenses over 6 years.

- For 2025 efforts to cut back and reduce expenses will be a focus so as not to increase expenses and allow additional revenue sources to catch up with expenses.

Low Income Public Housing Program (LIPH)

Revenue

- Revenue decrease by \$1.6 million dollars (due to tenant increase because of 98% occupancy assumption) as well as a HUD revenue decrease of \$2,000,000 due to the decrease in subsidy for Creighton.

Expenses

- Increase of \$1.9 million.
 - Administrative increase of \$400,000.
 - Decrease in utilities due to demolition of Creighton.
 - Maintenance increase of \$667,000.
 - Insurance increase of \$61,000.
 - Equipment allocated to central maintenance staff.
 - Protective service costs, tenant services/tenant selection office, projections for bad debt.

Capital Fund Grants & Other HUD Revenue

Revenue

- Total revenue decrease of \$2.3 million.
- More CFG funds will be put in place to help with the elderly sites.

Expenses

- Total expenses decreased by \$432,000.
 - Capital – decrease of \$1.1 million.
 - FSS grant – small increase.

Central Office Call Center (COCC)

Revenue

- Increase of \$2.1 million (due to income increases).

Expense

- Increase of \$1.2 million (due to admin & general expense of \$162,000).
 - No utility costs this year.
 - Maintenance operations decrease of \$1.8 million.
 - Insurance decrease of \$21,000.
 - Other expenses such as Protective Services, increase of \$136,000.

HCVP Program

Revenue

- Total increase of \$5.4 million (due to 94% utilization).
 - Small reserve contribution of \$158,000.

Expense

- Increase of \$1.3 million (for HAPP it's money in/money out).
- Expense of \$860,000 related to Admin expenses/operational expenses.

Real Estate and Community Development.

Revenue

- Decrease of \$101,000 (due to catchup).
 - Projection of sale of Maggie Walker lots (12 lots).
 - Small increase of \$47,000 (developer fees and bond issuances).

Expense

- Increase of \$260,000.
 - Administrative expense increase of \$299,000 (COLA adjustments, increased staff for RECD).
 - No utilities (absorbed in the lease on Broad Street location).
 - Carrying costs related to maintenance operations.
 - Insurance increase of \$21,000.
 - Other expenses increase of \$24,000 (security, title search, alarm, sprinkle monitor).

Richmond Development Corporation (RDC)

Revenue

- Down by \$1.5 million (due to everyone's efforts to be financially responsible with this year's budget).

Expenses

- Decrease by \$1.5 million.
 - Associated expenses include attorney fees, lease space, administrative expenses, maintenance expenses, protective services, etc.

FY2025 Total Budget

- \$108,611,528.

CEO's Comments

CEO Nesmith gives lots of praise to Precious Faust and her team and everyone involved for a great job well done.

Next Meeting

Monday, September 16, 2024, 5:30 p.m.

Adjournment

Chair Gregory Lewis adjourned the meeting at 4:58 p.m.