

Boca Raton Housing Authority

Dixie Manor Repositioning Overview



Discussion Overview

- What is Repositioning and Why Reposition?
- Revisit Options Considered
- Current Progress – Streamlined Voluntary Conversion Order of Operations
- Financial Overview – Financial Analyst Kristen Packard

What is Repositioning?

Changing Platforms – Not Changing Missions

- Simply put, Repositioning is the removal of a property from the Public Housing Program and replacing it with Section 8 assistance – Tenant Based or Project Based.
- Repositioning offers new tools for the PHA to better meet local needs.
- There are differences in program reporting and other requirements may require additional staff training or changing agency software programs, there is no change to the legal structure of the PHA as a result of the change in subsidy platform.



Why Reposition?

Why Reposition?

Through repositioning, a PHA evaluates what regulatory platform is best suited for the PHA to meet the long-term affordable housing challenges in its specific community, considering the needs of the residents, the condition of the real estate portfolio, and the objectives of the PHA and other community leaders. There are four main reasons PHAs seek to reposition their public housing:

1. **Local Control and Flexibility to Meet Local Needs.** Repositioning leads to more local control over the use of a PHA's Public Housing assets to reconfigure and finance as needed.
2. **Administrative Relief.** Converting Public Housing to a Section 8 Program, e.g., Housing Choice Vouchers, Project-Based Vouchers, or Project-Based Rental Assistance, can offer significant regulatory and administrative relief.¹
3. **Predictability and Stable Funding Platform.** Historically, Section 8 Programs have offered a more reliable and constant funding stream than the traditional Public Housing Program. In some instances, conversion to Section 8 can also result in higher funding.
4. **Ability to Leverage.** The Section 8 Programs are more conducive to raising debt and equity to help an agency achieve strategic goals, from addressing backlog capital needs and building long-term reserves necessary for preservation-oriented life cycle improvements to constructing or acquiring new housing.

Repositioning Options – The Basics

PROGRAM BASICS

Rental Assistance Demonstration (RAD) allows PHAs to convert Public Housing to Section 8 PBV or PBRA at contract rent levels based on the property's public housing funding. As a preservation program, RAD requires one-for-one replacement of the public housing units, with certain limited ("de minimis") exceptions. All residents have an absolute right to return (no re-screening). To convert, a PHA must submit a financing plan that demonstrates long-term feasibility.

Section 18 Demolition or Disposition allows PHAs to demolish or dispose of Public Housing units under certain criteria and entitles the PHA to request Section 8 Tenant Protection Vouchers (TPVs) for any vacant unit occupied by an assisted household within the past 24 months. The PHA can elect to project-base these TPVs, provided the assisted units are offered to the impacted families. In many communities (but not all) the TPVs result in rents that are higher than the RAD rents. In the case of disposition, the units must actually be disposed of, which can be accomplished by transferring the asset to a PHA-related entity for nominal value in order to support affordable housing. Section 18 also qualifies the PHA for certain phase-out funding under the Public Housing operating and capital programs.

Streamlined Voluntary Conversion (SVC) allows a PHA to convert Public Housing assistance to Section 8 vouchers (TPVs), which a PHA must offer to residents as tenant-based vouchers. The TPVs can only be project-based with tenant consent. As with Section 18, TPVs may be requested to protect assisted households and for all units occupied by an assisted household within the past 24 months. To be eligible, the PHA must be down to its last 250 Public Housing units and it must agree to closeout its Public Housing Program.

The Section 32 Homeownership Program allows PHAs to dispose of Public Housing to create homeownership opportunities for low-income households. As with Section 18 and SVC, a PHA may request Section 8 vouchers (TPVs) to protect assisted households and for all vacant units occupied by an assisted household within the past 24 months. A PHA must develop a HUD-approved Homeownership Plan.

Repositioning for BRHA

History

- Dixie Manor was built in the 1940's and 1980's as temporary war worker housing.
- This type of war worker housing was built quickly and never intended to be used for an extended period. The units are beyond the end of their planned useful life.
- Historically, HUD through Congressional appropriations, does not adequately fund the on-going maintenance and capital improvements of public housing units through Annual Contributions Contracts (ACC).
- Updating the units is impractical and not cost effective as contemporary standards such as larger units, modern kitchens and baths, increased electrical capacity, internet connections, air conditioning, and energy efficiency along with adhering to current building code standards would be out of reach.

Repositioning for BRHA

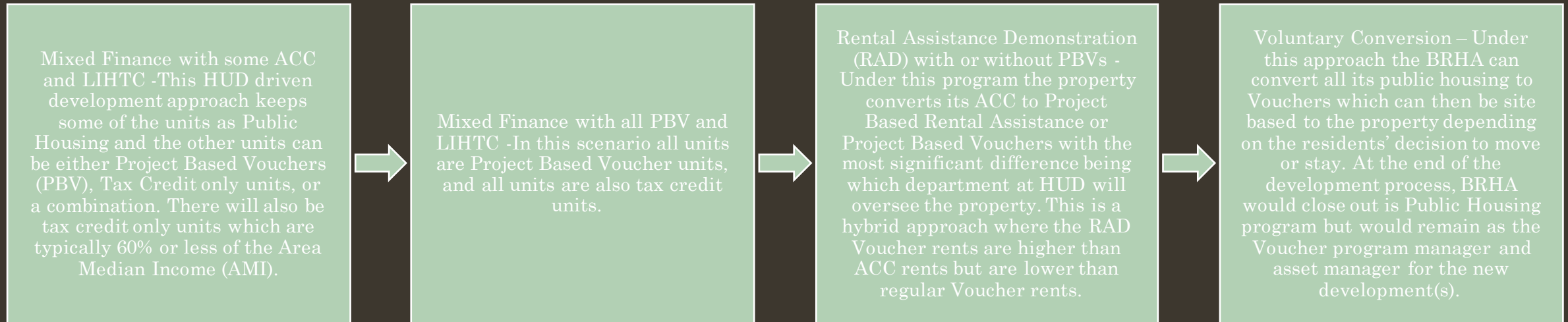
BRHA's Primary Goals for Initial Phase

- Improve the quality of living for BRHA Residents.
 - Updated and Modernized Units
 - Increased Housing Choice
- All 95 existing units be replaced.
- Ability to provide all current eligible residents in good standing the right to return to the redeveloped community.
- Ability to provide all current eligible residents with Tenant Protection Vouchers (TPVs).

Repositioning Options – Revisited

It is typical for developments to have multiple program/financing sources and multi-income units in the same development. To accommodate returning residents that may be above income for a typical LIHTC (tax credit) property, the development expects to implement Incoming Averaging.

To that end, the list of development options considered included:



RAD (Section 18 Blend Options)

- Provides some TPVs, up to 80% of project in high cost areas
 - BRHA can project base vouchers without resident consent.
- Resident Rights
 - Right to Return
 - Right to Organize
 - Access Tenant Participation Fund (\$25 annually per unit)
 - Right to request tenant based assistance after a period of time.

Streamlined Voluntary Conversion (SVC)

- Provides TPVs for 100% eligible residents
 - BRHA must obtain resident consent to project base vouchers
- Resident Rights
 - Right to Return
 - BRHA has committed to allowing all eligible residents the right to return.
 - Right to Decide if TPV is Project based
 - Increased Housing Choice
- Favorable Timeline
- Financial Feasibility
 - Subsidies are nearly double that of RAD
 - TPVs significantly reduce relocation expense.

Current Progress - SVC Order of Operations

