

Community Engagement for Preservation Rental Housing: Preservation and Rehabilitation

‘Opting Out’ is Not an Option

The preservation of our scarce inventory of affordable apartments has always been a priority for Rhode Island Housing. Faced with record-high foreclosures, particularly of multi-family properties, Rhode Island has seen its supply of affordable apartments diminished to such an extent that our homeless shelters are bursting at the seams. Not only has the housing crisis wreaked havoc on our state, but it arrived at a time when contracts for many of our existing Section 8 developments were set to expire and/or are in dire need of repair, exacerbating an already difficult housing situation for families throughout Rhode Island.

Besides expiring contracts, older Section 8 developments can suffer from deferred maintenance and disrepair. This HFA faced one such development challenge with the former Medina Village Apartments. The development had suffered from deferred maintenance and its owner was about to lose the properties to foreclosure, putting the families that lived there at risk of homelessness.

As contracts for Section 8 apartments begin to mature, the opportunities for owners of existing affordable housing to opt out of subsidy programs and “go market” has increased. Faced with continuing pressures from property owners to ‘opt out’ of subsidy programs, this HFA needed to continue refinancing existing Section 8 developments in order to extend the affordability restrictions and prevent their conversion to market-rate developments. Allowing these developments to ‘opt out’ is not an option when affordable rental homes are so critically needed in our state.

At Risk – Medina Village/Phoenix Apartments

Medina Village, an 83-unit scattered site family housing development consisting of twenty-two (22) walk-up apartment buildings on multiple streets in the West End of Providence provided affordable housing to low-income families. By 2009, however, all 83 units in the development were in various states of disrepair and generally uninhabitable due to years of deferred maintenance. Many had been vacant and boarded for the past year which led to further deterioration. The poor condition of these properties contributed to the deterioration of the surrounding neighborhood.

As a whole, the West End had been heavily impacted by the foreclosure crisis and many of the Medina properties were surrounded by other foreclosures. In addition, past investment by Rhode Island Housing at several other developments are located in close proximity to the Medina properties. Rhode Island Housing’s objective was to create 83 new safe, healthy and affordable rental homes with the same bedroom configuration to ensure continuance of the Section 8 contract that will contribute to the revitalization of the entire neighborhood and turn around under-performing properties.

Located in an urban Rhode Island neighborhood, with a high demand for affordable rental homes, there was significant concern about the possible loss of the 83 homes due to foreclosure proceedings instituted by HUD because of the original owner’s default under the loan documents and the substandard condition of the apartments. All of the apartments have Section 8 rental assistance which allows each household to predictably pay 30% of its income for rent. The rental subsidies are ‘project-based’, meaning they reside with the property rather than the current residents, therefore, rehabilitation was essential.

Recognizing the value of the HAP Contract and the affordable homes in this neighborhood, HUD and Rhode Island Housing worked collaboratively to save the development. Rhode Island Housing submitted a detailed plan to HUD outlining our goals and objectives, including de-concentration of some of the sites which had multiple buildings on one lot. The plan also outlined Rhode Island Housing’s plan to identify a new developer for the redevelopment of the project. Rhode Island Housing acquired the properties and the associated Section 8 HAP contract for all 83 units in July 2010 immediately after the Department of Housing

and Urban Development (HUD) foreclosed on the original owner. The acquisition price for the development was \$1.

Public Engagement

Rhode Island Housing solicited requests for proposals for Medina Village. To encourage community participation a resident of Medina Village as well as a homeowner from the community were invited to sit on a committee to select the developer. There were four respondents to the request for proposals. Interviews were conducted with all respondents and the committee reached consensus on the selection of a developer that met all priority criteria including financial feasibility, ability to turnaround troubled assets and connection to the community.

The developer proposed funding of a resident services coordinator/community outreach specialist as well as the creation of a Tenant-Management Committee and Neighborhood Improvement Association as a means of engaging the tenants as well as the broader community. The addition of supportive services for the residents is expected to result in a more stable resident population that is actively engaged in the operations of the development. The developer has a proven track record of public engagement and has successfully collaborated in the past on resident initiatives which have assisted with the stabilization of neighborhoods. The developer – a partnership between a nonprofit and for-profit – in conjunction with this HFA and local nonprofits and public agencies/stakeholders began a community engagement effort immediately following Preliminary Commitment of funds. The developer held regular meetings with the remaining Medina Village residents as well as the larger neighborhood to present the development plan and to determine a new name and identity for the development. ‘Phoenix Apartments’ was selected based on the tenants’ aspiration for a transformed community arising out of the dilapidated Medina Village apartments.

This outreach effort was intended to gain insight and feedback from individuals and groups currently living and working in the neighborhood so that we can develop a community vision for the neighborhood and to collaborate on and coordinate efforts to achieve that vision. The meetings have also allowed us to identify gaps in services and programs in the neighborhood, and work with partner agencies and organizations to address them. The process has considered not only these targeted properties, but also the broader challenges facing the community and how they might be addressed in concert with the redevelopment of Medina Village.

Four meetings were held over a six month period directly related to Medina but there is an ongoing LISC initiative – Amy probably has info on that. In addition to the developer and the existing residents, active participants in the community meetings included neighborhoods residents, the local police precinct commander, the state representative, senator and local city councilperson from the district, social service providers active in the community, several religious leaders, the neighborhood CDC and city representatives. A facilitator was engaged to manage the engagement process.

The five broad areas of concentration were:

- *Community Building*, including aesthetics, pride and community amenities
- *Support for Youth*, including after school activities, college prep, mentoring, etc.
- *Public Safety*, including crime, traffic safety and police-community relations
- *Economic Development*, including job training, support for small businesses, etc.
- *Homes*, including foreclosure assistance, property maintenance, homeownership opportunities, improved conditions for renters, etc.

Development Proposal

Each of the 83 units in the development had Project Based Section 8 assistance. As part of HUD’s approval of the redevelopment plan, the new development must continue to be 83 apartments with the exact same bedroom count currently identified in the Section 8 contract. After detailed review of the properties by the

developer and their architect, the developer proposed to rehabilitate 15 of the 22 existing buildings, demolish 7 buildings and build 5 new buildings.

The buildings that were demolished included properties that were structurally unsound so that rehabilitation was not financially feasible. Two of these sites remained vacant in order to address inadequate parking for some existing units and to accommodate the development of new community space. As part of the comprehensive rehabilitation of the existing structures, the developer has reconfigured certain units where current layouts did not meet Rhode Island Housing's Design and Construction Guidelines, particularly as they pertain to the larger family units. As a result of the restructuring of the existing development site, the developer acquired 5 replacement buildings through the Neighborhood Stabilization Program Land Bank that were also vacant and abandoned within the Medina neighborhood to replace units from the existing Medina buildings proposed for demolition. The re-development plan meets HUD's requirement for retaining the same unit count and composition.

The extensive construction scope included substantial rehabilitation of all existing units as well as landscaping/green space improvements, fencing, sidewalk repair, HardiePlank siding, energy efficient windows, Energy Star lights, appliances and insulation requirements, tenant storage space and the addition of a community room and community laundry facility. Two buildings located on the main commercial corridor for this neighborhood will undergo deep energy retrofits in cooperation with National Grid the utility provider for Rhode Island. The construction cost per square foot including all site work and remediation was \$111. Due to the substantial rehabilitation required, tenants could not remain on site during the construction period. We worked with HUD to allow for the temporary relocation of the 28 remaining households to other housing. They were able to use their Section 8 for that temporary housing. Rhode Island Housing's Emergency Resource Specialist facilitated the moves for all residents.

Transformation

The former Medina Village is well on its way to being completely transformed. Because of the larger community engagement process, the transformation of Medina is one step in the initiation of an overall neighborhood revitalization plan. The empty and deteriorating properties were a significant blighting influence on the community. We believe that the revitalization of these properties, as part of a comprehensive neighborhood strategy, is helping stabilize the community and attract other investments.

Community Engagement Results in Success

As witnessed by this case study, strong partnerships and community engagement result in success. We proactively reached out to both the public and private sectors to ensure that hundreds of individuals are able to live in safe, healthy homes. While the preservation of our affordable housing stock is of the utmost importance, this preservation deal also allows us to successfully rehabilitate aging properties, thereby improving the lives of tenants and their families. The residents of this development were empowered throughout the community engagement process as they had a voice in identifying what they would like their new homes and community to look like. A unique aspect of this development and community engagement process was that we included two community members from the neighborhood on the RFP selection committee.

Rhode Island Housing's Preservation Program – designed to maintain our scarce inventory with strong partnerships – continues to respond to the state's housing crisis by working to ensure affordability not only in Section 8 properties, but in Housing Tax Credit transactions completing their initial compliance period. The average tenant income living at these developments is less than 30 percent of HUD's median family income. Many of the residents are elderly, living on fixed incomes, and have little opportunity to increase their earning potential. If these developments convert to market, many individuals and families would be displaced from their homes and communities. Partnerships like these are critical to providing safe, affordable homes to all Rhode Islanders and to breathing new life into our communities. To date, over 8,000 units have been preserved by this HFA.







