

NCSHA 2016 Annual Awards Entry Form

(Complete one form for each entry)

Deadline: Wednesday, June 15, 2016

Visit ncsha.org/awards to view the Annual Awards Call for Entries.

Instructions: Type entry information into the form and save it as a PDF. Do not write on or scan the form. If you have any questions contact awards@ncsha.org or 202-624-7710.

Fill out the entry name *exactly* as you want it listed in the program.

Entry Name: _____

HFA: _____

Submission Contact: (Must be HFA Staff Member) _____ **Email:** _____

Please provide a 15-word (maximum) description of your nomination to appear on the NCSHA website.

Use this header on the upper right corner of each page:

HFA: _____

Entry Name: _____

Select the appropriate subcategory of your entry and indicate if you are providing visual aids.

Communications	Homeownership	Legislative Advocacy	Management Innovation
Annual Report	Empowering New Buyers	Federal Advocacy	Financial
Creative Media	Encouraging New Production	State Advocacy	Human Resources
Promotional Materials and Newsletters	Home Improvement and Rehabilitation		Operations
			Technology
Rental Housing	Special Needs Housing	Special Achievement	Are you providing visual aids?
Encouraging New Production	Combating Homelessness	Special Achievement	Yes
Multifamily Management	Housing for Persons with Special Needs		No
Preservation and Rehabilitation			



2016 NCSHA

Award Submission

ENTRY NAME:

Public Housing Transformation Partnership

ENTRY CATEGORY:

**Rental Housing
Preservation and Rehabilitation**

**Virginia Housing Development Authority
Public Housing Transformation Partnership**

“By engaging in a jointly sponsored needs assessment and planning dialogue, VHDA and VAHCDO are working together to chart a path to transform public housing in Virginia into a sustainable affordable rental housing resource.”

*Michael Wong, Immediate Past President
Virginia Association of Housing and
Community Development Officials (VAHCDO)*

Background

An aging public housing stock, inadequate federal funding to support the current public housing portfolio and the conversion of public housing stock to the Rental Assistance Demonstration (RAD) program is having a significant impact on Virginia's public housing and the communities they serve. Accordingly, VHDA and the state's public housing authorities – through the Virginia Association of Housing and Community Development Officials (VAHCDO) – are building on their history of partnership to jointly plan for how these changes will affect Virginia's public housing while collaborating on action steps to support a sustainable affordable rental housing network and vibrant communities.

This history of collaboration includes the creation of a special public housing pool within the state's LIHTC Program and the provision of capacity building grants to strengthen local housing authorities. Most recently, this joint partnership yielded a joint needs assessment survey for public housing transformation as part of HUD's Rental Assistance Demonstration (RAD) initiative. The survey has enabled both VHDA and VAHCDO to gauge the magnitude of the challenges facing public housing transformation in order to better plan for the effective utilization of limited housing resources.

Why/When it was Undertaken

Public housing in the United States was created as a result of the Housing Act of 1937. The federal government committed to provide the necessary construction, operating, and ongoing capital for these affordable rental units which are essentially owned and managed by local public housing authorities. Public housing increasingly represents an important housing resource for extremely low-income households including the elderly and disabled.

Virginia began creating local public housing authorities (which now function as combined redevelopment and housing authorities) in the late 1930s with several such agencies recently celebrating their 75th anniversaries. Since 1941, the Virginia Association of Housing and Community Development Officials (VAHCDO) has assisted Virginia's redevelopment and housing authorities and local government housing and community development departments in promoting affordable housing opportunities and vibrant communities. These agencies reflect the diversity of Virginia's communities with its membership serving a mixture of rural and urban communities and consisting of small agencies (less than 550 units) and large agencies with 1,000 or more units of public housing. VAHCDO is the state affiliate of the National Association of Housing and Redevelopment Officials (NAHRO).

Unfortunately, public housing is significantly undercapitalized and represents a growing challenge for state and local governments due to federal retrenchment. Consequently, there currently exists a \$26 billion backlog in capital needs funding for our nation's approximately 1.15 million units of public housing (or an average of \$23,000 per unit in unmet capital needs). Public housing provides approximately 19,000 units of deeply subsidized rental housing units in Virginia which are owned and managed by local redevelopment and housing authorities. The current capital fund backlog translates into an estimated \$442 million backlog for Virginia's inventory.

The federal government through HUD continues to seek ways to transfer public housing capital funding responsibility to other housing programs (such as LIHTC & HOME) as well as state and local governments and the private non-profit and for-profit sectors. Efforts to address the capital backlog in the past have included HOPE VI, the Mixed-Finance model, and Choice Neighborhoods with reliance on leveraged resources including grants, public housing capital funds, and low-income housing tax credits.

Virginia Housing Development Authority Public Housing Transformation Partnership

HUD's Rental Assistance Demonstration (RAD) initiative is the most recent example of HUD efforts to create a more sustainable platform for public housing intended to better facilitate debt for public housing revitalization. RAD transforms public housing from the current platform to one centered on project-based voucher/rental assistance without any significant increase in funding to address existing capital backlog.

This model is intended to transform public housing from the current platform to one centered on project-based voucher/rental assistance. Although originally presented by HUD as an opportunity to better utilize the 4% LIHTC Program, it has become increasingly clear that RAD has significant implications for the highly competitive 9% program. RAD currently capped at 185,000 units nationwide, of which approximately 5,000 units are located in Virginia.

In early 2015, VHDA began discussions with the Virginia Association of Housing and Community Development Officials (VAHCDO) to determine opportunities for collaboration with local housing authorities to address public housing capital needs to enable transition to the RAD platform. The VHDA/VAHCDO working group conducted an initial survey of housing authorities to determine their plans for public housing transition and the potential impact on affordable housing resources. The results from this survey, combined with ongoing dialogue facilitated by the VHDA/VAHCDO working group are providing an important framework for planning the future of public housing in the Commonwealth.

What VHDA has accomplished

This initiative has identified the magnitude of the challenge of how to recapitalize an aging portfolio at a time when HUD faces serious funding challenges. VHDA opened a dialogue with VAHCDO to discuss each other's program constraints, as well as the assets each could bring to various public housing transformation scenarios. Working with VAHCDO, VHDA identified the universe of PHAs in Virginia with existing public housing portfolios, including those in the process of transitioning into RAD. VHDA developed a needs assessment survey (sample attached) which was designed to be easy to distribute and readily generate necessary responses. VAHCDO continued to engage its members to respond and ultimately the survey achieved a 95% participation rate reflecting more than 99% of the public housing units in Virginia. Results have indicated the rising tide of demand for the 9% LIHTC program despite early HUD indications that anticipated RAD would most heavily impact the more underutilized 4% program.

The LIHTC PHA pool since its inception in 1998 has supported the transformation of more than 4,000 public housing units in Virginia. Building on this success and the planning partnership with VAHCDO, VHDA is helping to transform more than 500 additional public housing units. Furthermore, VHDA has developed a financing strategy for RAD projects that helps to mitigate the risk associated with the mandatory HUD regulatory agreement. Finally, VHDA has allocated up to \$15 million to support a flexible lending pool for RAD. Through these efforts, VHDA is developing strategies intended to help manage the potential tremendous pressure posed by public housing transformation on existing housing finance and grant programs.

Why it is Meritorious and Meet NCSHA Award Judging Criteria

Innovative

This partnership initiative utilizes a collaborative process at the state level to facilitate the necessary planning and implementation elements to address a serious challenge facing communities across the nation. It builds on the existing LIHTC PHA pool and the network of local RHAs convened through the state affiliate of the National Association of Housing and Redevelopment Officials (NAHRO).

Replicable

Any HFA with responsibility for the LIHTC QAP and access to a state NAHRO affiliate organization can replicate this partnership effort. Furthermore, those HFAs engaged in multi-family lending can adopt or modify the risk mitigation model as appropriate for their state.

Virginia Housing Development Authority Public Housing Transformation Partnership

Responds to an important state housing need

Nearly a quarter of renter households in Virginia along with those seeking to establish independent households (e.g., the homeless, people with disabilities and other institutional populations) have extremely low income (less than 30 % of AMI). This makes them heavily reliant on subsidized rental housing including the project-based rental subsidies associated with public housing and its RAD successor. Although demand for affordable housing throughout Virginia has increased, HUD and the local PHAs essentially have no new funding for additional production or preservation of existing units. VHDA's innovative thinking and funding has enabled it to partner with VAHCDO and the local PHAs to preserve affordable rental housing for some of Virginia's most vulnerable residents.

Demonstrates measurable benefits to HFA targeted customers

VHDA has not only transformed more than 500 units of affordable rental housing; it is transforming the units and rental communities to the authority's high standards of Minimum Design and Construction Requirements. Preservation improvements include energy efficient appliances and HVAC, domestic water conservation, sustainable finishes and best management practices for drainage and water mitigation in and around the buildings. These conservation and sustainability steps lower property operating costs, provide healthier resident environments, and economize the use of project based rental assistance while sustaining this important affordable housing resource.

Proven track record of success in the market place

Several Virginia PHAs along with VAHCDO are celebrating 75th anniversaries. The PHA pool has been effectively functioning for 18 years, and the pilot project with a small RHA using a mixed-finance model and LIHTC has proven successful with the project meeting its debt obligations.

Benefits that outweigh the costs

This partnership supports deeply subsidized rental units in locally viable communities when funding for such efforts is extremely limited.

Demonstrates effective use of resources

LIHTC is a limited resource which must be effectively managed to meet demands and support a sustainable level of transformation of the state's public housing portfolio.

Effectively employs partnerships

VHDA and VAHCDO and its membership have enjoyed a long history of successful partnerships which includes statewide and local planning on affordable housing and redevelopment issues, dialoguing on joint concerns regarding housing policy, resource, and funding availability, and collaboration on specific local redevelopment and housing projects and training opportunities.

Achieves strategic objectives

The public housing portfolio is a critical component of Virginia's affordable housing inventory. VHDA was able to help save and rehabilitate the affordable housing that families in communities depend on—a primary VHDA strategic objective. In addition, this partnership strengthens the capacity of Virginia's affordable housing services delivery network.

Conclusion

When a strategic focus, such as preserving affordable housing for vulnerable families, is shared by the HFA and the local housing authorities, it's critical that each entity understands what the other side brings to the task and why both are necessary to the solution. As a result of this partnership between VHDA and VAHCDO, more than 500 units of deeply subsidized affordable rental housing have been preserved for a minimum of 30 years. Working together, VHDA and VAHCDO can help preserve the majority of public housing units through models such as RAD to address the critical housing needs for the most difficult to serve populations in the Commonwealth. However, HUD has proposed that Congress lift the RAD cap entirely and move from the demonstration/pilot status which will require a thoughtful phase-in period in order not to overwhelm existing housing resources. Therefore, continued dialogue is necessary at the Federal, State and local level on the impact of RAD on the affordable housing industry.

Attachment 1 – Survey Instrument

Brief Survey Concerning Public Housing Units in Virginia

Name of public housing authority	
Current number of public housing units	

A. Rental Assistance Demonstration (RAD)

Are you currently participating or planning to participate in RAD? __Yes __No

(If no, please go to section B below).

If yes, please complete the following for your public housing portfolio:

Estimated number of units falling under the 60,000 unit cap	
Estimated number of units falling under the 185,000 unit cap	
Estimated number of units anticipated for RAD if the cap is lifted in its entirety	

Of the estimated number of public housing units from your authority identified in the previous section to be addressed by RAD, please indicate the number of units that you anticipate seeking assistance through the Low-Income Housing Tax Credit Program (LIHTC):

Calendar Year	Total units projected for RAD	Number of units seeking 4% credits	Number of units seeking 9% credits	Number of units requiring no LIHTC
2015				
2016				
2017				
2018				

B. Mixed-Finance Model (Non-RAD)

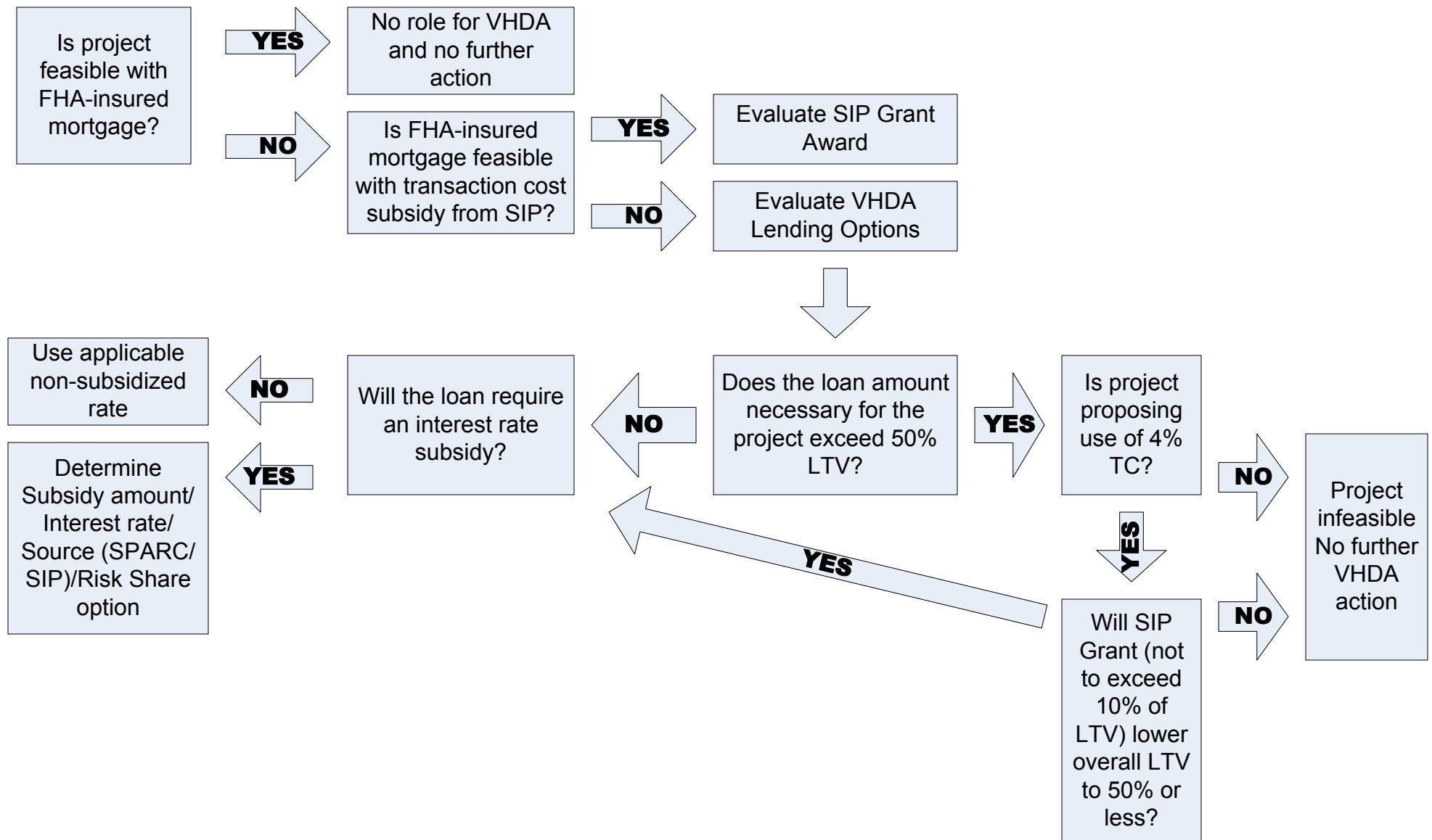
If you are planning to pursue a mixed-finance (non-RAD) strategy for your public housing portfolio, please indicate the number of units that you anticipate seeking assistance through the Low-Income Housing Tax Credit Program (LIHTC):

Calendar Year	Total units projected	Number of units seeking 4% credits	Number of units seeking 9% credits
2015			
2016			
2017			
2018			

C. Anticipated level of rehabilitation for all units identified in Sections A & B.

Calendar Year	Minimal (Less than \$5,000 per unit)	Moderate (\$5,000 to \$50,000 per unit)	Substantial (Greater than \$50,000 per unit)	Redevelopment
2015				
2016				
2017				
2018				

**Attachment 2 - Rental Assistance Demonstration - VHDA Financing Flow Chart
(Draft – For Discussion Only – See statement at bottom)**



**This document is a DRAFT for discussion purposes only, and thus is subject to change.
Presented at VAHCDO/VHDA RAD Workgroup Meeting: 7/2/15.**

Attachment 3 – Project Example
The Summit Apartment Community, Hopewell, Virginia (5 photos)



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