

Partnering for Success: A Collaborative Approach to Public Housing Revitalization

Virginia Housing

Rental Housing: Preservation and Rehabilitation

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“Through a number of initiatives including grants, a needs assessment survey, ongoing planning dialogue, LIHTC resources, and financial resource commitments, Virginia Housing and VAHCDO have created an effective way of identifying and serving the needs of public housing authorities to help revitalize public housing in Virginia into a sustainable affordable rental housing resource.”

Philip Page, Jr., President

Virginia Association of Housing and Community Development Officials (VAHCDO)

Background

Due to the combination of aging public housing stock, reduced federal funding to support the public housing capital needs, and the conversion of public housing stock to HUD’s Rental Assistance Demonstration (RAD) program, significant impacts on Virginia’s public housing and the communities it serves are being felt. As a result, Virginia Housing and the state’s local public housing authorities – through the Virginia Association of Housing and Community Development Officials (VAHCDO) – have created a partnership to address these challenges and identify actions to revitalize public housing communities within the constraints of scarce resources and a complex regulatory landscape.

This collaboration includes a.) capacity building grants to strengthen local housing authorities, b.) a 2020 needs assessment survey for public housing revitalization, c.) a significant financial commitment from Virginia Housing dedicated to public housing revitalization, and d.) an ongoing planning dialogue with the PHAs.

Why/When it was Undertaken

Virginia Housing and VAHCDO created a partnership to identify opportunities for collaboration with local housing authorities to address public housing capital needs and facilitate a transition to revitalized public housing through the RAD platform. The Virginia Housing/VAHCDO partnership conducted an initial survey of housing authorities to determine their plans for public housing revitalization and the potential impact on affordable housing resources. The results from this survey, combined with ongoing dialogue by the Virginia Housing/VAHCDO working group, provided an important framework for planning the future of public housing in the Commonwealth.

Virginia’s PHAs continue to look to RAD and other similar options to transform their portfolios, with Virginia Housing providing technical and financial assistance to support these efforts. As a better understanding of RAD has evolved, as well as an increase in the federal cap, Virginia Housing and VAHCDO felt it was important to update the original survey to help forecast the expected needs, as well as to capture other characteristics of the public housing inventory. This update was recently completed (June 2020).

What VHDA has accomplished

The following accomplishments have been realized from this collaborative initiative to revitalize public housing in Virginia:



Sycamore Towers, Petersburg: This 100-unit high-rise for seniors is receiving major renovations – new elevators, flooring, kitchen cabinets, roofing, electrical, plumbing, lighting, HVAC and more. Virginia Housing provided low-interest financing and a grant through our REACH Virginia program, as well as an allocation of federal Housing Credits.

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- Opened an ongoing dialogue between Virginia Housing and VAHCDO to discuss each other's program constraints, as well as assets each could bring to various public housing transformation scenarios
- Discovered the magnitude of the challenge of recapitalizing an aging portfolio at a time when HUD faces serious funding challenges
- Identified the universe of PHAs in Virginia with existing public housing portfolios, including those in the process of transitioning into RAD
- Developed an initial needs assessment survey designed to be easy to distribute and readily generate necessary responses
- Developed a second survey to provide additional information through one-on-one interviews with all of the PHAs to further assess what their needs are, identify the level of assistance they need from Virginia Housing, and discover what their overall redevelopment and revitalization plans entail
- Provided capacity building grants to support the PHA's public housing revitalization efforts
- Supported the revitalization of public housing units in Virginia through a LIHTC pool specifically dedicated to PHAs
- Provided funds through Virginia Housing's internally generated REACH *Virginia* (Resources Enabling Affordable Community Housing) program to support PHAs in financing projects with loan subsidies and grants, including grants for technical and financial assistance

Virginia Housing's LIHTC PHA pool has supported the revitalization of more than 4,500 public housing units in Virginia. Building on this success and the planning partnership with VAHCDO, Virginia Housing is currently helping to transform more than 1,000 additional public housing units, with many more anticipated. The surveys have enabled both Virginia Housing and VAHCDO to gauge the magnitude of the challenges facing public housing revitalization in order to better plan for the effective utilization of limited housing resources. The results of the second survey were received in June 2020 and give us a better picture of how many units have been converted, how many are being planned for conversion, and what the resource needs will be as we move forward.

Also, Virginia now has two localities, Norfolk and Newport News, that have received HUD Choice Neighborhood Initiative grants totaling \$30 million each. This is a significant commitment from HUD to revitalize the housing portfolios of those cities, and Virginia Housing will be working very closely with those two entities through the process by providing additional leverage funds. Finally, Virginia Housing has made public housing revitalization a strategic priority and has allocated significant funding to provide subsidized, flexible lending for these projects. Through these efforts, Virginia Housing is developing strategies intended to help manage the potential tremendous pressure posed by public housing revitalization on existing housing finance and grant programs.

Why it is Meritorious and Meets NCSHA Award Judging Criteria

Innovative

This initiative is multifaceted and pairs active outreach to PHAs, thoughtful needs assessment and resource alignment, recognition of public housing revitalization as a strategic priority, and the dedication of substantial financial resources to make it happen.

Replicable

This initiative consists of many components from information gathering to committing resources. While some HFAs may not be able to launch our program in its entirety, a step approach or undertaking some of the initiative will produce positive results and move the efforts to revitalize public housing forward.

Responds to an important state housing need

Public housing serves the most vulnerable in our society, and has been starved of federal resources for decades. When Virginia Governor Ralph Northam signed Executive Order 25, he established a set of affordable housing priorities aimed at addressing Virginia's unmet housing needs. Virginia Housing's partnership with VAHCDO and

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local PHA's to fund and preserve affordable rental housing for some of Virginia's most vulnerable residents directly supports the second priority in EO 25 – addressing the shortage of quality affordable housing in the state.

Demonstrates measurable benefits to HFA targeted customers

Revitalized public housing communities means safe, high-quality housing that is affordable. Safe, decent, affordable housing is the foundation of many fundamental life determinants such as health, education, employment and wealth creation. Revitalized public housing provides residents with greater opportunities and an improved chance of success in life. Revitalized public housing is good for residents and the community.

Proven track record of success in the market place

Several Virginia PHAs, along with VAHCDO, have been serving the affordable housing needs of the Commonwealth for over 75 years. The PHA tax credit pool has been functioning for 22 years, and the demonstration projects with small PHAs using a mixed-finance model and LIHTC have proven successful with the projects meeting their debt obligations. Virginia Housing is currently working with several different PHAs across the state, including large and small, urban and rural.

Provide benefits that outweigh the costs

This partnership supports deeply subsidized rental units in locally viable communities when funding for such efforts is extremely limited. The societal costs of inadequate public housing are nearly immeasurable. The benefits of any improvements in the quality of public housing far outweigh the costs.

Demonstrates effective use of resources

The resources necessary to revitalize public housing are scarce. The outreach and surveys conducted have allowed Virginia Housing to effectively and efficiently allocate these scarce resources, including making feasible the use of 4% tax credits in lieu of or in combination with 9% tax credits.

Effectively employs partnerships

In addition to this initiative, Virginia Housing and VAHCDO have enjoyed a long history of successful partnerships, which include statewide and local planning on affordable housing and redevelopment issues as well as collaboration on specific local redevelopment and housing projects and training opportunities.

Achieves strategic objectives

The Virginia Housing-VAHCDO partnership helps meet one of the primary objectives of our Strategic Plan – *“Addressing State Housing Needs and Partnering with the Housing Delivery Network.”* It also addresses the action items under this goal, including *“Preserving and Strengthening the Housing Delivery Network”* and *“Using Virginia Housing Resources to Leverage State Housing Initiatives.”* In addition, public housing revitalization currently represents a strategic priority for Virginia Housing as demonstrated by the commitment of technical assistance, grant, and financial resources.

Conclusion

COVID-19 has raised the awareness of the importance of having a safe and decent home, and we have learned that those living in public housing are among the most vulnerable in pandemic situations. Partnerships between HFAs and organizations like VAHCDO are critical to making a difference in the revitalization of public housing. Working together, Virginia Housing and VAHCDO are helping to preserve the majority of public housing and to address the critical housing needs of the most difficult to serve populations in the Commonwealth.

Attachments 1-3: Examples of public housing revitalization efforts in Virginia
Attachment 4: PHA Survey

Attachment 1 – Public Housing Revitalization Project Example
Church Hill North, Richmond, Virginia



Attachment 3 – Public Housing Revitalization Project Example
The Village at Oakview, Bristol, Virginia



Attachment 4 – Public Housing Revitalization Project Example
The Summit Apartment Community, Hopewell, VA



Attachment 5 – Public Housing Authority Survey

PHA Survey Script

Introduction: Thank you for taking the time to help Virginia Housing better understand your financial and technical assistance needs. We appreciate your previous participation in recent efforts and we anticipate this round of questions will help refine those earlier responses, providing us with a deeper understanding of the inventory public housing stock in Virginia and helping to better define the overall property conditions as well as projecting revitalization efforts you are planning to undertake. Much of this will focus on your usage of or planned usage of repositioning tools such as the Rental Assistance Demonstration (RAD), the Section 18 demolition/disposition, and / or streamlining voluntary conversion programs. Further, this survey will help Virginia Housing prepare for anticipated resource needs, including the 4 percent and 9 percent tax credit programs, as well as the REACH resources dedicated to public housing transformation. Thank you for your time.

- 1) Name of Public Housing Authority
- 2) Primary Point of Contact (and method of contact)
- 3) How many units are currently in your portfolio?
 - a. Name of each PHA development(s)
 - b. Number of units in each
 - c. Age of each development
 - d. General condition of each development (new, good, fair, needs rehab)
 - e. Is the property located in qualified census tract or locally-designated revitalization area?
- 4) Are you currently participating in RAD? (Yes or No)
 - a. If yes, how many units have you converted as a part of RAD? Include units already converted and those which are in progress. *This is for each individual property.*
- 5) If you are not currently participating in RAD, do you plan to participate? (Yes or No)
 - a. If yes, how many units are you planning to convert as a part of RAD? *This is for each individual property.*

Attachment 5 – Public Housing Authority Survey

- 6) If you are not currently or planning to participate, have you completed your participation in RAD? (Yes or No)
 - a. If yes, how many units did you convert as a part of RAD? *This is for each individual property.*
- 7) If you have not and will not participate in RAD, what is the primary reason?
- 8) Are you planning to revitalize you units your portfolio using other methods outside of RAD, for instance Section 18 Demolition/Disposition?
 - a. If yes, how many units are planned for revitalization and through what means? *This is for each individual property*
 - b. For any property revitalization (RAD, Section 18) will you continue to have an ownership in the property or transfer ownership? *This is for each individual property.*
- 9) Do you plan to use VH resources to support your revitalization and / or repositioning activity)? (Yes or No) **For all questions below, this applies to RAD, Section 18, streamline conversions, and mixed financing.**
 - a. Total number of units for 4 percent (by property)
 - b. Total number of units for 9 percent (by property)
 - c. Total number of units for using REACH/Other resources (by property)
 - d. Anticipated REACH resource request (by property)
 - e. Anticipated calendar year for request (by property)
 - f. Expected Total Development Costs (by property)
- 10) Do you currently manage properties with in-house staff or do you contract for services?
- 11) What type of Technical Assistance would be helpful to advance your efforts to transform and / or reposition your public housing portfolio? For example, identifying ownership structure types, assessing capital needs, financial modeling)
- 12) NOTES: