



# Asset Repositioning Update II

Public Housing Program

# ISSUES FACING PUBLIC HOUSING

- Housing Stock is aging
- Federal Government has not adequately funded Public Housing for past 17 years
- Need for strategies to position properties for longterm sustainability

# Analysis of SHRA Portfolio



- Current Physical condition of entire SHRA Portfolio
- Suitability of projects for 4% or 9% tax credit financing
- 3 years of operation budgets
- Opportunities to maximize project revenue
- Solutions to create greater efficiencies
- Analysis of housing portfolio to minimize amount of PHA funding needs

# Proposal to Stabilize SHRA Portfolio

- Use RAD Program to stabilize portfolio of 5+ units over 12 year period
- Use Section 18 Program to convert Scattered sites (4 or less units) to Project Based Section 8 Properties
- Target 4% credits for all projects & 9% for added benefit



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- Use PHA Capital Funds to address funding gaps
- Use revenue from projects with no gap financing to help finance others

# Financial Feasibility Study

- **Conversions are feasible using 4% tax credits , capital funds, supportable mortgages, & surplus cash from conversions**
- **9% transaction on 1 or more property can boost timeline of completion from 12 to possibly 7 years.**
- Funding Gap of \$24 million to convert over 2,230 units of City and County housing units
- Funding gap filled with Capital Funds and Positive revenue from projects
- Efficiencies in operation of 15% allows PHA to obtain First Mortgage loans
- Authority could leverage over \$149,000,000 (\$129 million City/\$20 million County) to complete deferred maintenance

# Change in Annual Revenue

3-Year Historical SHRA Revenue	Annual Revenue	Per Unit
Operating Subsidy	\$10,770,000	\$4,318
Rent Revenue	\$7,686,667	\$3,082
Capital Grants	\$4,083,333	\$1,637
<b>Total</b>	<b>\$22,540,000</b>	<b>\$9,038</b>

Expected Change in Revenue with TPV & RAD		
RAD	2,160	
TPV	118	
Scattered Sites	215	
	Annual Revenue	Per Unit
Revenue from Non-Scattered Sites	\$19,229,293	\$7,710
Revenue from Scattered Sites	\$4,327,932	\$1,735
<b>Total Revenue</b>	<b>\$23,557,225</b>	<b>\$9,446</b>
<b>Difference from 2017 Revenue</b>	<b>\$1,017,225</b>	<b>\$408</b>

# Phasing of Property Conversions

Property	Priority
Pilot RAD Properties-124 units- (4500 Perry Ave, El Paraiso, Elk Grove/Florin, 8223 Walerga, 4921 Folsom Blvd, 1043 43 <sup>rd</sup> Ave)	1
Oak Park-114 units	2
Edge Water / River View apartments- 232 units	3
Marina Vista – 391 units	4
Oak Park-II- 33 units	5
Capital Terrace – 84 units	6
Point Lagoon-172 units	7
Meadow Commons-126 units	8
Comstock/Big Trees, Pine Knoll-139 units	9
Alder Grove-360 units	10
The Mill-153 units	11
Rio Garden – 196 units	12
Sun River -278 units	13

- Priority of Phasing based on need for gap financing



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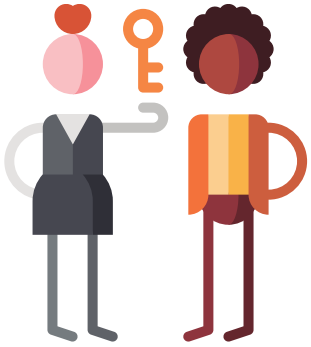
# Guiding Principles



2007 Guiding Principles	2018 changes to Guiding Principles
1. Sustain our commitment to house extremely low income households by adopting a “no net loss policy”, requiring the development of at least an equivalent number of replacement units when units are removed from our baseline inventory.	
2. Decrease reliance on federal funding sources by leveraging the use of existing sources with private funding (debt and equity) and other sources (grants and local subsidies)	2. Decrease reliance on federal funding sources by leveraging the use of existing sources with private funding (debt and equity) and other sources (grants and local subsidies) <b>in support of this effort, convert portfolio to the Section 8 platform</b>
3. Preserve and enhance existing physical housing stock; upgrading stock whenever possible to a 30 year useful life.	3. Preserve and enhance existing physical housing stock; upgrading stock whenever possible to a <b>20 year useful life</b> .
4. Locate new units into sustainable and livable communities that meet the specific needs of residents.	
5. Incorporate smart growth principles (i.e. energy efficiency, safety/security, quality of life) into project design to the maximum extent possible.	5. Incorporate smart growth principles (i.e. energy efficiency, safety/security, quality of life) into project design to the maximum extent possible, <b>recognizing that much of the portfolio will be addressed through rehabilitation rather than new construction</b>
6. Diversify real estate portfolio in creative ways to support extremely low income units.	
7. Maximize utilization of existing resources (i.e. vouchers, local funds, the value of HA real estate assets, etc.) to implement development strategies.	
8. Reinvest proceeds from the sale of Housing Authority properties in the replacement of units.	
9. Promote and support resident self- sufficiency.	
10. Seek creative partnership with other agencies, non-profits, community groups, resident advisory boards, and private sector sponsors.	
11. Generate developer fees, sales proceeds, or other revenues to SHRA that at least covers associated costs.	



# Residents Rights



- Residents have a right to return to the completed project
- PHAs cannot rescreen existing residents
- Project owners are required to renew all leases upon expiration
- Residents are allowed to organize and elect a council
- PHAs must consult with affected residents and respond to questions prior to submitting a RAD application
- Implementation of a RAD conversion constitutes a significant amendment to the PHA Plan, requiring public hearings and comment obligations
- PHAs must honor any existing waiting lists at the time of conversion
- Residents have a right to either remain in their converted units or move after one year with a regular Housing Choice Voucher (24 months with PBRA)



# Resident Consultation

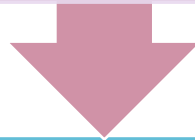


- Resident Advisory Board
- General Notice of Intent
- Notice of RAD and/or Section 18 Program parameters for site
- At least two meetings with residents at each site before applications are submitted
- RAD Consortium (Stakeholders, RAB, Resident Council)
  - Accountability, information resource, advocacy
- Follow up meetings & consultation with residents post application approval

# Next Steps

## Step 1

Approve recommendation authorizing Executive Director to submit applications to convert Public Housing properties through the RAD & Section 18 HUD Programs



## Step 2

Outreach to residents and submit conversion applications to HUD



## Step 3

Return to Governing Boards for final consideration of each conversion project.