

Overcoming Financial Challenges

Housing Authority implements program to operate with less assistance from HUD



Dealing with a shortage of available funding through the U.S. Department of Housing and Urban Development (HUD) hasn't been easy for housing authorities and affordable housing developers across the country.

Due to sequestration in 2012, the agency had a \$750 million shortfall. That year, housing authorities nationwide received little to no federal subsidies. Organizations like the Evansville Housing Authority had to rely on what little money it had left in their reserves to stay afloat.

"People know that it is tight [when we don't receive funding], but they really don't understand how tight it is," says Rick Moore, Executive



Evansville Housing Authority

Executive Director/CEO :: Rick Moore
Location :: Evansville, Indiana



Director and CEO of the Evansville Housing Authority. "It's like an individual not getting any income for a year, but still trying to survive on savings alone."

A lack of funding from HUD has been a persistent issue over the past four years, leaving housing authorities scrambling to continue serving low-income individuals and families.

"We have to operate in this fluctuating environment," Moore says. "We may not know what our budget is going to be until the first quarter of the budget cycle. We spend at a certain rate, thinking HUD is going to give us 80 percent of our operating cost. But then they turn around and give us 60 percent. They never give you more—they always give you less."

OPPORTUNITIES THROUGH RAD

The housing authority, which serves a community of about 117,000 in southwest Indiana, has turned to other programs for funding, including HUD's Rental Assistance Demonstration (RAD). The program combines Low-Income Housing Tax Credits (LIHTCs) and private funding.

"Right now we get funding primarily from the federal government," Moore says. "RAD allows us to leverage tax credit and private funding to do the same thing, without having to rely on government subsidies."

Through RAD, the housing authority garnered \$18.2 million through tax credits and private investment to cover the capital needs for the first 559 units renovated under the program. Before that, the housing authority was not able to secure loans because it did not have the declarations of trust on the properties.

"RAD puts us on a different platform," Moore says. "Right now we are on an annual contributions contract and our subsidy relies totally on Congress to pass whatever allocations in the budget they have."

Under RAD, the Evansville Housing Authority is now on a project-based voucher platform, which allocates contract rental terms for each unit. The agency will receive subsidies for those units as long as they are occupied. And because it's a set contract amount, it operates just like a private landlord or market-rate property.

"We can keep the money for rent as long as the unit is occupied," Moore says. "We don't have to worry about that fluctuation, whether Congress wants to give 70 percent or 80 percent of our needs."

RAD will also allow residents currently living in public housing to move into Section 8 units without seeing increases in their rents. Section 8

ALLIANT CAPITAL, LTD.

Alliant Capital, Ltd. is a trusted syndicator of low-income housing tax credits (LIHTC) that provides financing and equity for affordable multifamily housing throughout the U.S. and its territories. Founded in 1997, Alliant has syndicated more than 96 funds, raised over \$6.7 billion in investor equity, and invested in excess of 900 properties comprising over 48,000 LIHTC units. Alliant is headquartered in Woodland Hills, CA.

ALLIANT

Jackson and Vine is located in Muncie, IN and provides 35 LIHTC units for families. Alliant partnered with developers, Flaherty & Collins Properties, on this property.

As proud partners, Alliant Capital, Ltd. congratulates the Evansville Housing Authority for 75 years of building vibrant communities.

21500 Oxnard Street, Suite 1200
Woodland Hills, CA 91367
Phone (818) 588-6600
www.thealliantcompany.com



residents will still pay a maximum of 30 percent of their income for rent and utilities.

Residents in RAD-rehabbed housing will receive an energy-efficient, high-quality place to call home that rivals market-rate apartments in Evansville.

"They have new appliances and new countertops. In some cases, some of our high-rise buildings are getting geothermal systems that will help us reduce energy consumption," Moore says.

Prior to the implementation of the RAD program, the housing authority typically received less than \$1 million per year to renovate all of its properties. Thus, its team was happy to welcome the \$18.2 million received to rehab the first 559 units.

"We are getting that \$18 million shot in the arm all at one time with today's dollars," Moore says. "We don't have to piece together what we are doing in the individual units. We can go in and do a complete rehab."

It is a fact not lost on some of the entities involved in assisting Moore and his colleagues through the RAD process.

"I have always maintained that RAD is much more than a 'bricks and mortar' program, much more than a real estate transaction," says Carlos E. Guice, Sr., President of C. Ray Baker & Associates, Inc. "RAD provides an opportunity for organizational leverage and growth if sustained capacity development can be achieved. We have demonstrated this with several of our clients."

PROMOTING SELF-SUFFICIENCY

The Evansville Housing Authority also works to ensure its residents have resources that allow them to seek educational and vocational opportunities.

"We have been able to create other housing programs in the area, such as VISION 1505, which is a partnership with a supportive housing service that consists of 32 units of permanent supportive housing for families," Moore says. "A family can move in and receive the necessary services to help them sustain and provide, but they don't have to move



“ We have been able to create other housing programs in the area, such as VISION 1505, which is a partnership with a supportive housing service that consists of 32 units of permanent supportive housing for families. ”

- Rick Moore

out in a short timeframe. They can stay there as long as they need those supportive services.”

According to Moore, the housing authority's team is excited about the prospect of repairing and updating its public housing stock.

“These are 20-year, project-based contacts, so that's 20 years for us to bring these properties up to standard,” he says. “They will be energy efficient, safe places to live. In these new, more stable environments, low-income residents will have a better chance to reach self-sufficiency.”

C. RAY BAKER AND ASSOCIATES, INC. (“CRB”)

We would like to congratulate Rick Moore and his team at the Deansville Housing Authority (EHA) on their leadership and continued success in the Rental Assistance Demonstration Program (RAD). We are proud to have played a small part in moving their multi-phased, conversion program forward. “Change Management”, is the next logical step in the transformation process. We thoroughly enjoyed assisting the EHA in this process as we helped the authority develop its Rental Assistance Demonstration (RAD) Conversion Business Plan. CRB is a full-service consulting firm that fills an important niche in the marketplace. Our firm has extensive experience and expertise in supporting the finance, design, construction, operation, and maintenance of small and medium size affordable housing communities. Our highly integrated and multidisciplinary service platform is designed for small and medium size public housing authorities, who have elected to recapitalize their housing portfolio, have more influence over the finance & development process by accessing resources and tools, which are traditionally reserved for the larger players in the affordable housing market. Over the years, our clients have relied on the CRB team to assist in realigning roles, incentives, accountability of program participants and stakeholders to mobilize capital, leverage scarce resources, and restructure their real estate portfolio while delivering quality housing. CRB provided national technical assistance to the U.S. Department of Housing and Urban Development in implementing RAD throughout the country from year 2013-2015. CRB has provided technical assistance, portfolio analysis, training to public housing authorities, resident community, local and state governments, and various professional associations.