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 2013, 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 Director/CEO of the Evansville Housing Authority.
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 rates 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
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 59 units.

“We are getting that $18 million shot in the arm all at once 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...
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- 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 there’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. RATLIFF AND ASSOCIATES, INC. (CRAI)

We would like to congratulate Rick Moore and his team at the Danville Housing Authority (DHA) on their leadership and continued success in the Rental Assistance Demonstration Program (RAD). CRAI is proud to have played a small part in helping DHA make significant improvements to the properties.

The RAD program is a HUD initiative that allows public housing authorities to rehabilitate their properties and provide additional support services to residents through the Housing Partnership Program. CRAI is committed to supporting the housing needs of residents in Danville and other communities across the country.

CRAI provides comprehensive technical assistance to public and private sector clients in the development of affordable housing. Our team of experts offers innovative solutions to complex housing challenges, ensuring that residents have access to safe and affordable housing options.

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