

**MAYOR AND
CITY COUNCIL
QUARTERLY MEETING**

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS QUARTERLY UPDATE JANUARY 17, 2019

NEWTOWNE 20 REDEVELOPMENT UPDATE

Previous RAD and 9% LIHTC Proposal

\$25 Million Construction Budget

- 62% Equity from 9% LIHTC
- 18% State Grants/Soft Loans
- 16% Mortgage Debt
- 3% County Grant/Soft Loans
- Less than 1% City Grant
 - \$100,000 CDBG

Current RAD and Section 18 Proposal

\$24.1 Million Construction Budget

- 31% Equity from 4% LIHTC
- 30% State Grants/Soft Loans
- 30% Mortgage Debt
 - Increased debt based on increased income from Section 18 Voucher funding
- 4% County Grant/Soft Loan
- Less than 1% City Grant
 - \$100,000 CDBG

HUD SECTION 18 – DEMOLITION AND DISPOSITION

- Permits demolition, or demolition and disposition, of public housing units that meet a strict obsolescence test approved by HUD.
 - Newtowne redevelopment will demolish the buildings and site, but will REBUILD onsite.
- Provides Tenant Protection Vouchers (TPV) for each occupied unit at Newtowne
 - Tenant Protection Vouchers provide substantially increased operation subsidy for Newtowne.
- Tenants benefit from Section 18, because tenants receive right to vouchers.
- Newtowne benefits because TPV vouchers can be converted to market rate project based vouchers.
- In addition, HACA chose to maintain the Resident Right to Return, for residents with a valid lease.
- HACA chose to use RAD to rebuild one for one replacement of all 78 deeply subsidized units.

HACA will provide “RAD PLUS” at Newtowne, using the best of RAD and Section 18

PUBLIC HOUSING REDEVELOPMENT OVERVIEW

Public Housing Funding

- Currently Public Housing Real Estate is funded solely by HUD, based on government allocation
 - Operations are underfunded, prorated to Congressional annual allocation
 - HUD estimated more than \$26 billion in unfunded public housing repairs, nationally.
 - HUD estimated that 10,000 to 15,000 public housing units loss each year
- RAD was created to preserve public housing by stabilizing rents and rehabilitating deteriorated units
- RAD converts funding to Project Based Vouchers and moves public housing onto financing platforms with all other affordable housing

Public Housing Redevelopment Models

- Public Housing Real Estate funded based on actual cost of construction and cost of operations
 - Public and private funding of construction
 - Private funding is LIHTC equity and Mortgage Debt
 - Public funding is grants and soft debt
- Previous Development Types include:
 - HOPE VI and predecessors
 - Mixed Finance
- RAD
 - Provides protections for current tenants and existing housing units

PUBLIC HOUSING REDEVELOPMENT IS EVOLVING

- Housing Authorities are developing models and negotiating to:
 - Self Develop or Co-Develop properties
 - Retain full or partial ownership of the improvements
 - Manage or Co-manage the properties after development
 - Provide exit strategies for LIHTC investor and developer that are affordable to the PHA
 - Maintain the “PUBLIC” mission, involvement and control of redeveloped public housing

Redevelopment with Continued Public Control is the Future of Public Housing