

# PUBLIC HOUSING PRESERVATION INITIATIVE

A MULTIYEAR, INTERDEPARTMENTAL INITIATIVE

JUNE 2009

## REPLACEMENT PUBLIC HOUSING UNITS

During planning for the sale of scattered sites, HAP has made a commitment to one-to-one replacement of each scattered site and will make efforts to replace as many of our banked units as possible. Thanks to federal stimulus funds and the corollary ability to leverage other funds, the scattered-site sales proceeds that would have been needed for capital improvements can instead help pursue the redevelopment and new acquisitions that will fulfill our one-to-one commitment. Following are replacement units identified to date:

- **40 units at Fairview Oaks** - During 2008, HAP "turned on banked public housing subsidy" in 40 units at an existing HAP-owned affordable housing property. This property is a 328-unit development located in the City of Fairview in eastern Multnomah County. The program has proven to be a great benefit to its participants who were significantly rent burdened and now pay only 30% of their income towards rent.
- **25 units at Rockwood Station** - Using the successful model piloted above, HAP intends to apply public housing subsidy to 25 existing apartments at this 195-unit Gresham apartment complex. The first eligible families are anticipated to benefit from this subsidy change by summer 2009.
- **20 units at The Jeffrey** - This newly constructed, 80-unit apartment building will be acquired by HAP by the end of summer 2009. Twenty units with public housing subsidy will be combined with City of Portland and Multnomah County support in order to facilitate Permanent Supportive Housing for formerly homeless clients.
- **25 units at The Martha Washington** - Next door to The Jeffrey, this historic apartment building is being donated to HAP by Multnomah County. After a historic renovation construction project scheduled for completion in 2010, 109 units will include 25 public housing subsidies and help to support Permanent Supportive Housing for formerly homeless clients.
- **30 units at the Resource Access Center Development** - HAP will be building 130 studio apartments above the day access center, a key element in the region's Ten Year Plan to End Homelessness. Thirty units with public housing subsidy will help to support Permanent Supportive Housing for formerly homeless clients.



## POTENTIAL SUBSIDY CHANGE

Across the country, housing authorities have been undertaking studies to find ways to preserve their public housing properties. Federal public housing funds have been in decline and the system for allocating annual public housing operating subsidy does not fully allow modern real estate asset management practices to be utilized. Initial analysis of a potential subsidy change to the more politically stable project-based Section 8 subsidy program indicates an additional \$24 million would be available for HAP's traditional public housing units over the next 10 years. HAP would serve the same extremely low-income households and continue to own and control the units.

Staff will be conducting additional analysis and intend to take a proposed implementation plan to HAP's Board of Commissioners for their review during fall 2009.

## QUICK FACTS

- The Housing Authority of Portland (HAP) owns **2,618 units** of public housing throughout Multnomah County, ranging from small garden apartment clusters to high-rise towers and ranging in age from those built in the 1940s to redevelopments completed in 2008.
- Although public housing is an essential community resource that helps to meet the needs of very low-income individuals and families, federal **funding has not kept pace** with the growing needs of day-to-day operations, maintenance, and capital improvements.
- The **2009 American Recovery and Reinvestment Act (ARRA)** will provide an initial \$6.3 million in federal stimulus funding to help launch major capital improvements and decrease the estimated \$50 million backlog of deferred maintenance needs while providing jobs for our local community.



## INITIATIVE BACKGROUND

In order to protect and enhance our community's public housing resource, the HAP Board of Commissioners adopted the Public Housing Preservation Initiative in July 2007. Three primary objectives were established:

- 1) Replace public housing units that are inherently inefficient to operate with more efficient public housing;
- 2) Address unmet and unfunded capital needs across the portfolio;
- 3) Bring back unused public housing subsidy, or "banked units," to increase the current public housing supply.

In January 2009, the board adopted a fourth objective:

- 4) Pursue a plan to change the type of operating subsidy from the traditional federal Annual Contributions Contract (ACC) to project-based Section 8 funding while maintaining the same resident protections and HAP ownership of properties.

The goals of ARRA dovetail perfectly with those of HAP's preservation initiative. The ARRA economic stimulus supports "shovel ready" infrastructure projects that create jobs. HAP is well positioned to move quickly with economic stimulus projects due to the planning that has been underway for capital improvements. In addition to the initial \$6.3 million HAP has received for capital improvements, other stimulus programs may provide additional opportunities for collaboration with our local governmental partners.



The information that follows illustrates how HAP has undertaken the Public Housing Preservation Initiative and how opportunities provided by ARRA will augment our efforts to revitalize our community's public housing infrastructure.





## SALES OF SCATTERED SITES

Along with the management inefficiencies inherent with smaller sites dispersed around the region, many of HAP's single-family homes were of an age that they were beginning to need costly repairs. HAP's Board of Commissioners approved selling these properties with a commitment to a one-to-one replacement of the corresponding 162 units. As of March 2009, 56 properties have been sold. Of these, 15 homes were sold to the Portland Development Commission in areas served by Urban Renewal Area financing programs to assist first-time and minority homebuyers.



HAP's internal sales team (HAP Home Sales) continues to actively market these homes. Sales are anticipated to wrap up by March 2011. Total proceeds from the sales are projected to net over \$27 million and will benefit the other objectives of the Public Housing Preservation Initiative.

## CAPITAL IMPROVEMENTS

For over a decade, declines in federal funds for public housing lead to an estimated \$50 million in deferred maintenance that has resulted in needs for capital improvements throughout the portfolio. In the past few years, major renovations have been undertaken at Slavin Court and Maple Mallory. Re-piping at several of the high-rise towers has corrected maintenance concerns and the two recent HOPE VI projects (New Columbia and Humboldt Gardens) have created 397 redeveloped public housing units. The goal for each of the remaining comprehensive renovations is to improve conditions in a manner that results in limited maintenance needs over the next 15 years.



HAP's five year capital improvement forecast prioritizes work according to life-safety concerns, major systems and building envelopes, operational efficiency, and quality of life issues. Improvements vary based upon need and range from energy efficiency improvements (including appliances); to new plumbing and electrical systems; to new flooring, roofing, siding, paving and playground upgrades. Upcoming projects are prioritized and grouped as follows:

- **Miscellaneous Upgrades** are needed at over 10 properties and will be completed by September 2009.
- **Sweet 16** - these family properties include 296 units and are grouped by geography and/or type of work that is scheduled. As the first group needing substantial renovations, these properties will be completed by November 2010. *(see inset)*
- **Family 4** - these four family properties (Williams Plaza and Carlton, Celilo, and Eastwood Courts) include 102 units. They are scheduled to be completed by December 2010.
- **Tower 5** - these five high-rise properties house senior and disabled residents (468 units). Work will be completed by June 2013. Due to the density of the properties, this grouping is considered the most likely to attract potential tax-credit investors once the financial markets improve.

HAP is actively pursuing opportunities to expand partnerships in order to leverage additional funds. For example, HAP's existing partnership with Multnomah County has resulted in over \$2.3 million in weatherization and sustainability improvements at over 854 units during the past five years. With new funds coming to Portland via the federal economic stimulus, additional resources will help us provide these essential improvements more quickly than originally anticipated.

## SWEET 16

### QUICK FACTS

- These 16 properties with 296 apartments provide housing in 95 buildings that range in age from 1947 to 1994.
- Improvements vary based upon need and range from energy efficiency improvements (including appliances); to new plumbing and electrical systems; to new flooring, roofing, siding, paving and playground upgrades.
- HAP will provide relocation support services phased with construction to avoid disruption to residents whenever possible.
- Each of the Sweet 16 will benefit from federal stimulus funding.

### TIMELINE

<b>May 2009</b> ⇨ <b>October 2009</b>	Bel Park, Camelia and Winchell Courts
<b>June 2009</b> ⇨ <b>October 2009</b>	Tillicum North & South, Hunter's Run, and Harold Lee Village
<b>June 2009</b> ⇨ <b>November 2009</b>	Chateau and Cora Park Apartments
<b>August 2009</b> ⇨ <b>April 2010</b>	Alderwood and Powellhurst Woods
<b>November 2009</b> ⇨ <b>October 2010</b>	Demar Downs, Fir Acres, Stark Manor, and Townhouse Terrace
<b>March 2010</b> ⇨ <b>November 2010</b>	Elliot Square

### SOURCES AND USES

Potential Funding Sources			Project Uses		
HUD Annual Capital Grant	\$ 5.7 M	48%	Construction Costs	\$ 9 M	75%
<b>Stimulus Funds</b> - HUD Formula Grant for Capital Improvements	\$ 6.3 M	52%	Development Costs	\$ 1.6 M	13%
Stimulus Funds - HUD Competitive Grant and/or Local Partnerships*	TBD	TBD	Contingency	\$ 1.4 M	12%
<b>\$12 M</b>			<b>\$12 M</b>		

\* Additional stimulus funds would off-set the need to use annual capital grant which would enable capital grant funds to be transferred to other PHPI improvements.

<b>Camelia Court</b> North Portland	<b>Bel Park</b> North Portland
<b>Cora Park</b> SE Portland	<b>Winchell Court</b> North Portland
<b>Chateau Apartments</b> SE Portland	<b>Eliot Square</b> NE Portland
<b>Hunter's Run</b> Outer SE Portland	<b>Tillicum North</b> Gresham
<b>Harold Lee Village</b> Outer SE Portland	<b>Tillicum South</b> Gresham
<b>Alderwood</b> Outer SE Portland	<b>Fir Acres</b> Gresham
<b>Powellhurst Woods</b> Outer SE Portland	<b>Stark Manor</b> Gresham
<b>Demar Downs</b> Outer SE Portland	<b>Townhouse Terrace</b> Outer SE Portland