




# Rental Assistance Demonstration

Housing Commission  
February 25, 2021  
Sarah Darr - Housing Director







1



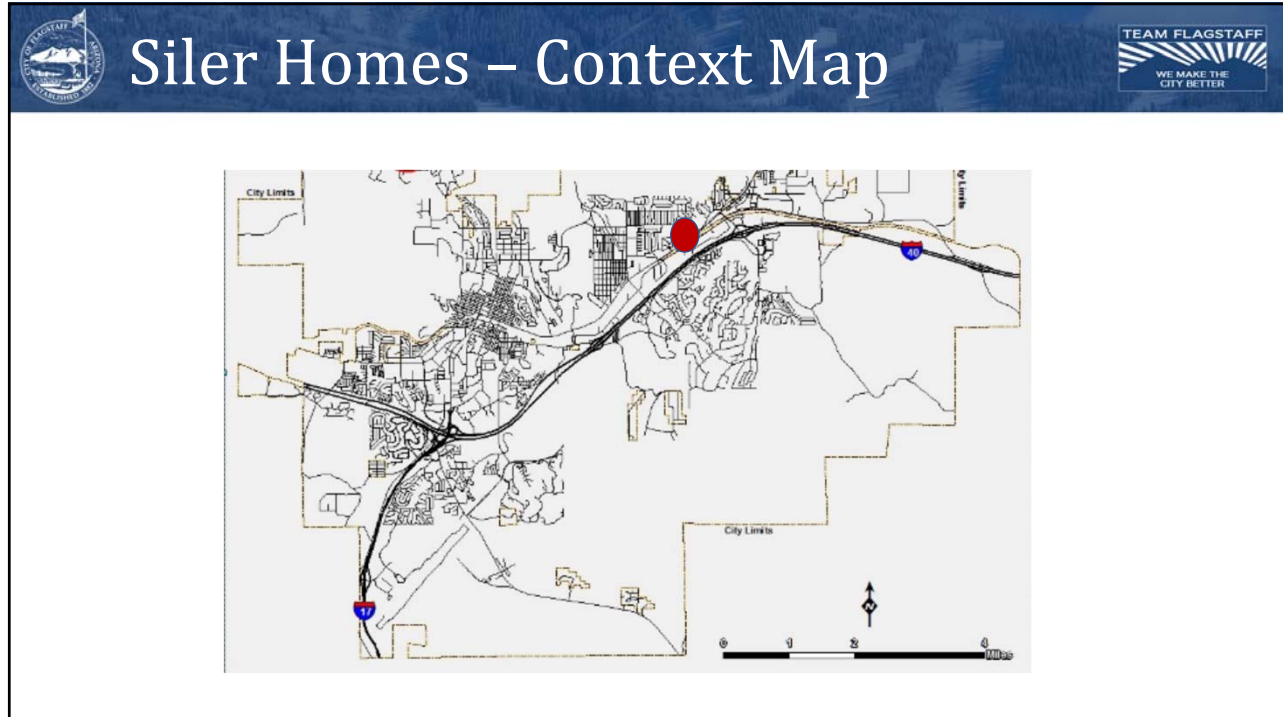
## Role of the Housing Commissions



Housing Authority Board (of Commissioners)	Housing Commission
<ul style="list-style-type: none"> <li>• Federally Required</li> <li>• Arizona State Law</li> <li>• Powers delegated by City Council with regard to public housing projects (this includes voucher programs)</li> <li>• Oversees all Housing Authority Programs and Funding</li> </ul>	<ul style="list-style-type: none"> <li>• Created by City Council</li> <li>• ...serves as an advisory board to City Council, makes recommendations with respect to housing policies, needs, and programs in Flagstaff, and furnishes the Council with information...</li> </ul>

2



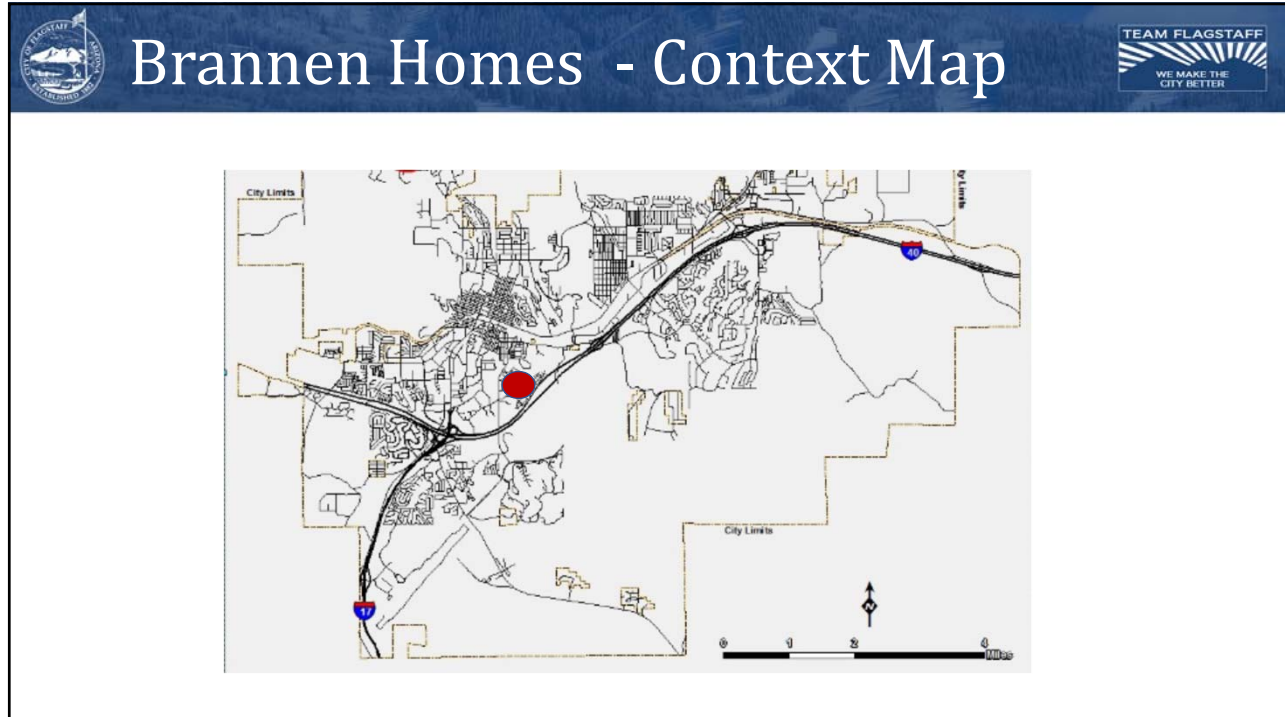


5

## Siler Homes

- Located off Fanning Drive
- Serves low-income families up to 80% AMI
- 100 units:
  - 10 two bedrooms
  - 50 three bedrooms
  - 30 four bedrooms
  - 10 five bedrooms
- Developed in 1970
- Main Housing Authority program office located onsite

6




7


## Brannen Homes

- Located off Lone Tree Road
- Serves low-income families up to 80% AMI
- 127 units:
  - 20 one bedrooms
  - 55 two bedrooms
  - 41 three bedrooms
  - 11 five bedrooms
- Developed in stages: 47 units built in 1952; 40 units in 1956; and 40 units in 1962

8




# Priorities




**Current and future residents are the #1 focus**

- Increase number of rental units while maintaining the neighborhood feel
- Retain ownership of land
- Retain property management

9




# The Future of Public Housing



Capital needs of public housing inventory have outpaced Federal funding for more than the past decade

**New term: *Repositioning Public Housing***

2010 conservative estimate of capital backlog of almost \$26 billion with annual growth of about \$3.5 billion nationwide



10



## The Future of Public Housing



Public housing program is limited by congressional appropriations and statutory restrictions

- Faircloth Amendment – October 1, 1999
- City of Flagstaff can never have more than 265 units of Public Housing

11



## Rental Assistance Demonstration



“RAD” was established by HUD in 2011 to:

- Give public housing authorities more flexibility to access private and public funding sources
- Reduce reliance on unpredictable and unreliable appropriations from Washington



12



## More RAD Info



- RAD allows public housing agencies to **leverage public and private debt and equity in order to reinvest in the public housing stock.**
- In RAD, public housing units move to a different federal financial platform with a long-term contract with HUD that, by law, **must be renewed.**
- This ensures that the units remain **permanently affordable to low-income households.**

13



## More RAD Info



- **Residents continue to pay 30% of their income towards the rent and they maintain the same basic rights** as they possess in the public housing program.
- RAD **maintains the public stewardship** of the converted property through clear rules on ongoing ownership and use.
- The RAD program **is cost-neutral and does not increase HUD's budget.**

14



## Ok.....but HOW?



- Other rental assistance programs are more flexible
- Transition to an existing program financially designed to work **alongside** other public and private financing tools

15



## Other Funding Sources



HUD repositioning tools are intended to be used **with** private ones



- Low Income Housing Tax Credit
- Federal Home Loan Bank
- Other federal funding sources (HOME)
- Traditional lending
- Accessing the equity existing in the land/units

16



## Ok, so what does all that mean?



- Repositioning is a way to address the backlogged capital needs by utilizing existing equity and the option to partner with the private market
- Can result in redevelopment or rehabilitation
- This is an opportunity for local priorities to be addressed with public and private partnerships

17




## ...what does all this NOT mean?




- Housing units are **NOT** going away
- Public Housing residents are **NOT** losing their homes
- This is a **FINANCIAL** conversion that can **also result in redevelopment / rehab**
- There is **NOT** more money from HUD

18



## Why would anyone “go RAD” or “reposition”?




- “The Problem”
  - Crumbling Public Housing stock
  - Badly managed financially
  - Fallen into disrepair

*Do not apply to Public Housing in Flagstaff*


**Why would we do it?**

**Opportunity to stabilize** under a different federal funding source, **increase the number of affordable rentals**, leverage private investment and tailor development to **meet local needs**

19



## What’s working in our favor?



- Financial and program stability
- All programs are rated as “High Performer” by HUD
- Professional and experienced staff
- Units are in decent condition
- We don’t need to be “saved”
- Siler and Brannen Homes are in desirable locations
- Community need
- Advanced planning
  - Purchase of site appropriate for construction of relocation housing

20



## How do we get from here to there?

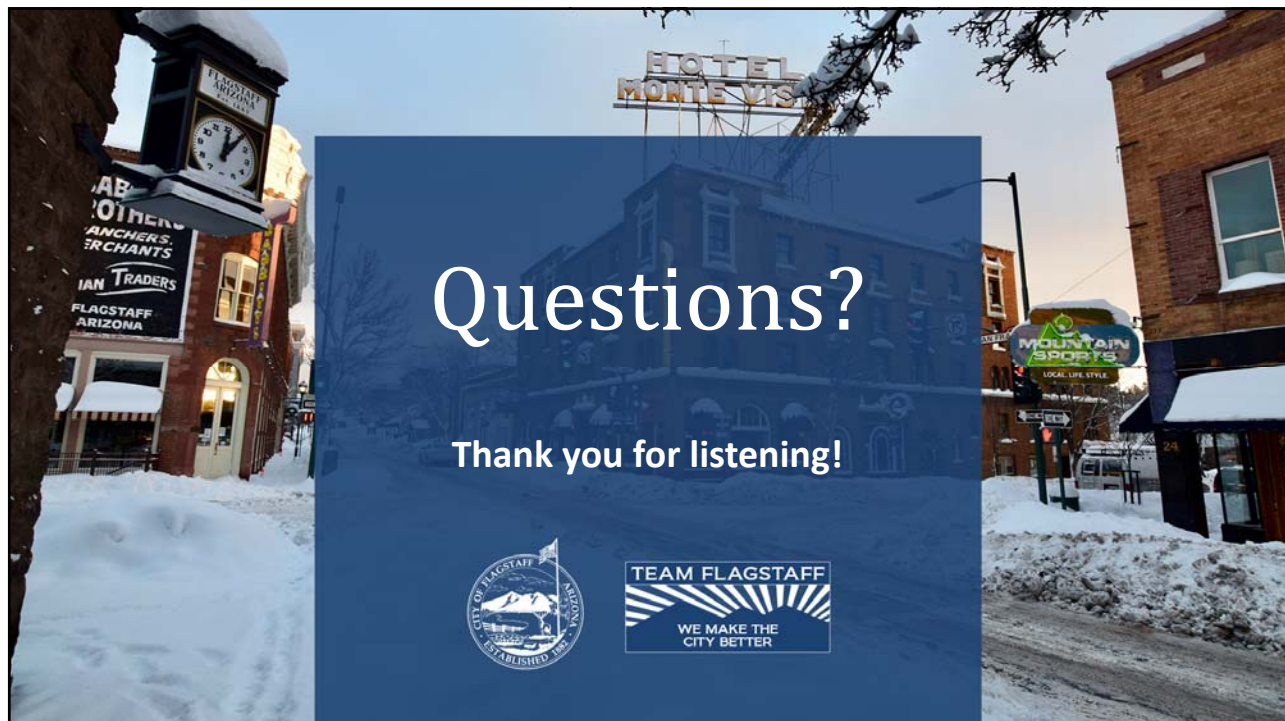


### Identify a “co-developer” partner

- Temporary expertise and capacity building
- Necessary expertise and capacity
- Competitive Request for Statement of Qualifications
- Anticipated to be paid through any developer fees associated with future development/redevelopment
  - Contract can provide an “out” for the CoF at any point

*RSOQ to be published in coming weeks*

21



22