



HABC Strategic Plan Advisory Committee Meeting - #1

3/27/18 (draft)

Current State of Public and Affordable Housing

Housing Trends

**Operating Fund
Decreasing**

**Capital Fund
Decreasing**

**Section 8 funding
Mostly level
(TBV, PBV, PBRA)**

**Number of Public
Housing units
Decreasing**

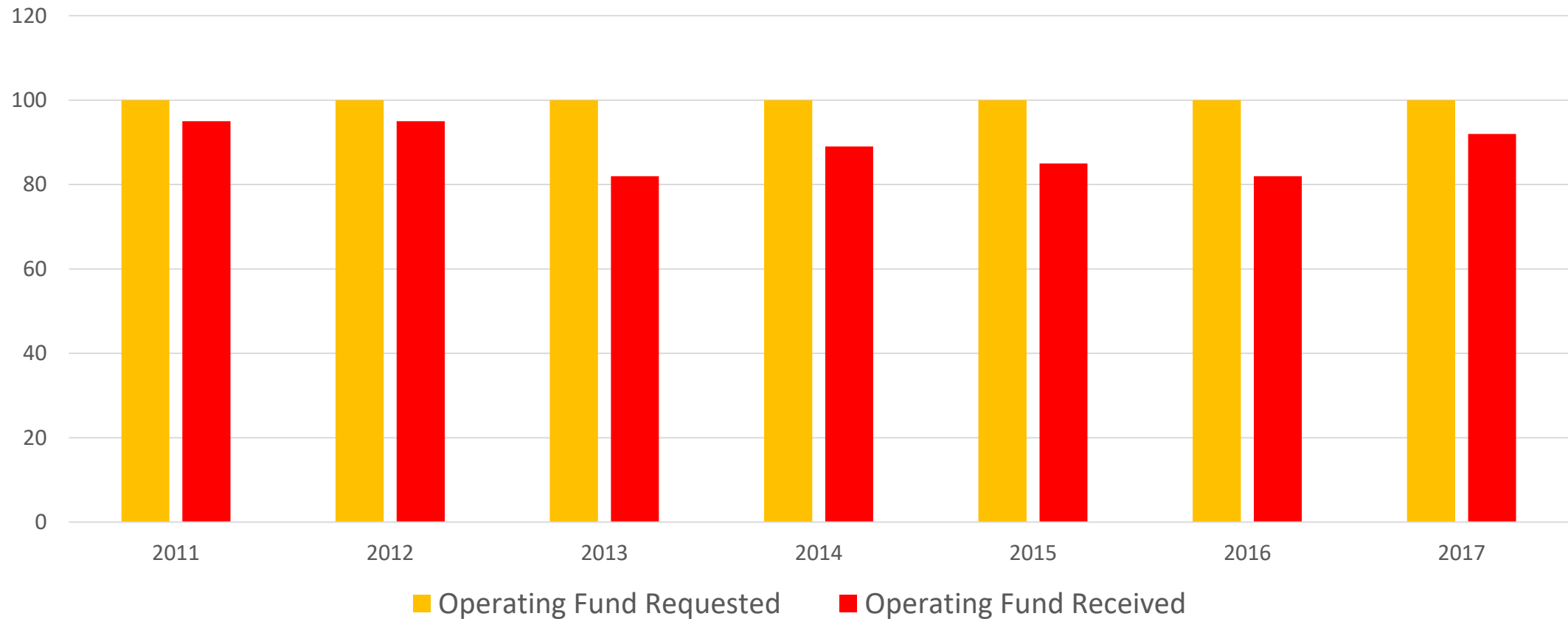
Operating Funds

- Appropriations by Congress not sufficient to fund 100% of Op. funds
- From 2005 to 2009, proration ranged from ~83% to ~89%
- In 2010, the operating fund proration level was over 100% due to \$4 billion in stimulus capital funding provided in FY2009 by the American Recovery and Reinvestment Act (ARRA)

- Proration levels since:

2011	95%	2014	89%	2017	92%
2012	95%	2015	85%		
2013	82%	2016	82%		

Public Housing Operating Fund Allocations Historically Underfunded



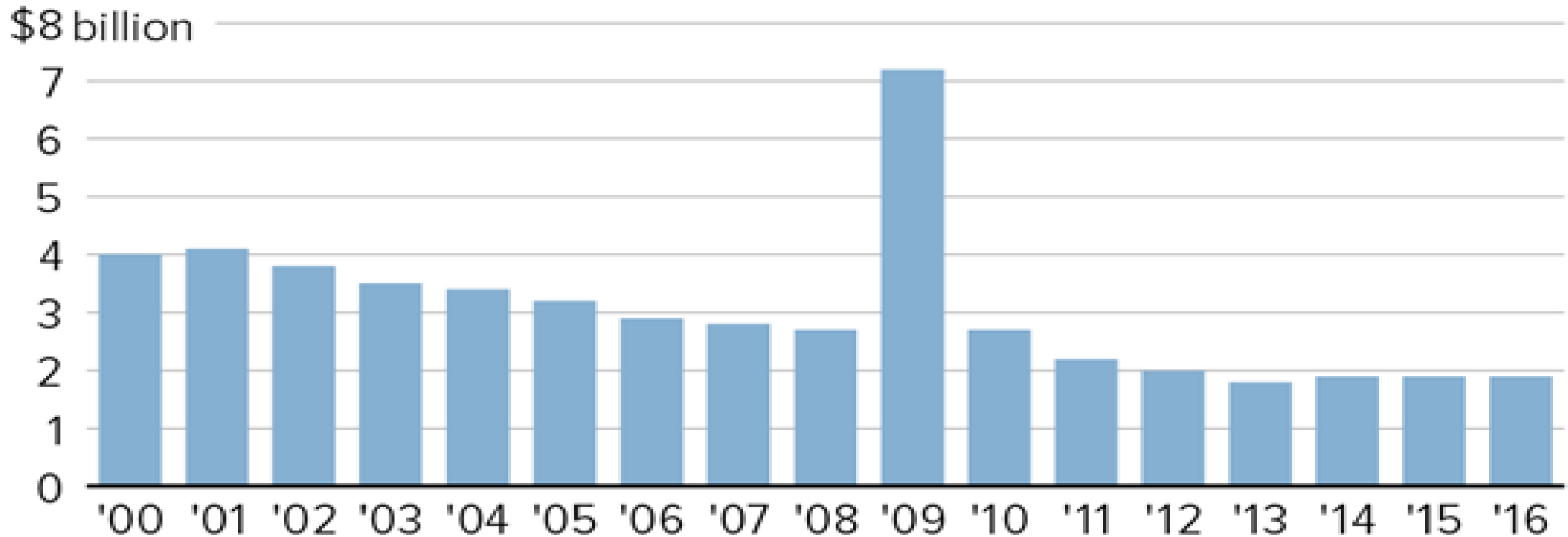
Capital Funds

- Capital funding has declined 53% since 2000 by nearly a billion dollars, to just \$1.9 billion in 2016, a level far below the amount that agencies need simply to cover new repair needs that accrue each year.
- HUD estimates the projected annual accrual of needs is at least \$3.4 billion per year on average over the next 20 years
- As a result, the backlog of needed repairs — which HUD estimated in 2010 to be some \$26 billion — continues to grow.

Public Housing Funding Has Fallen Far Behind Need

Funding for repairs has fallen 53 percent since 2000...

Budget authority, in billions of 2016 dollars

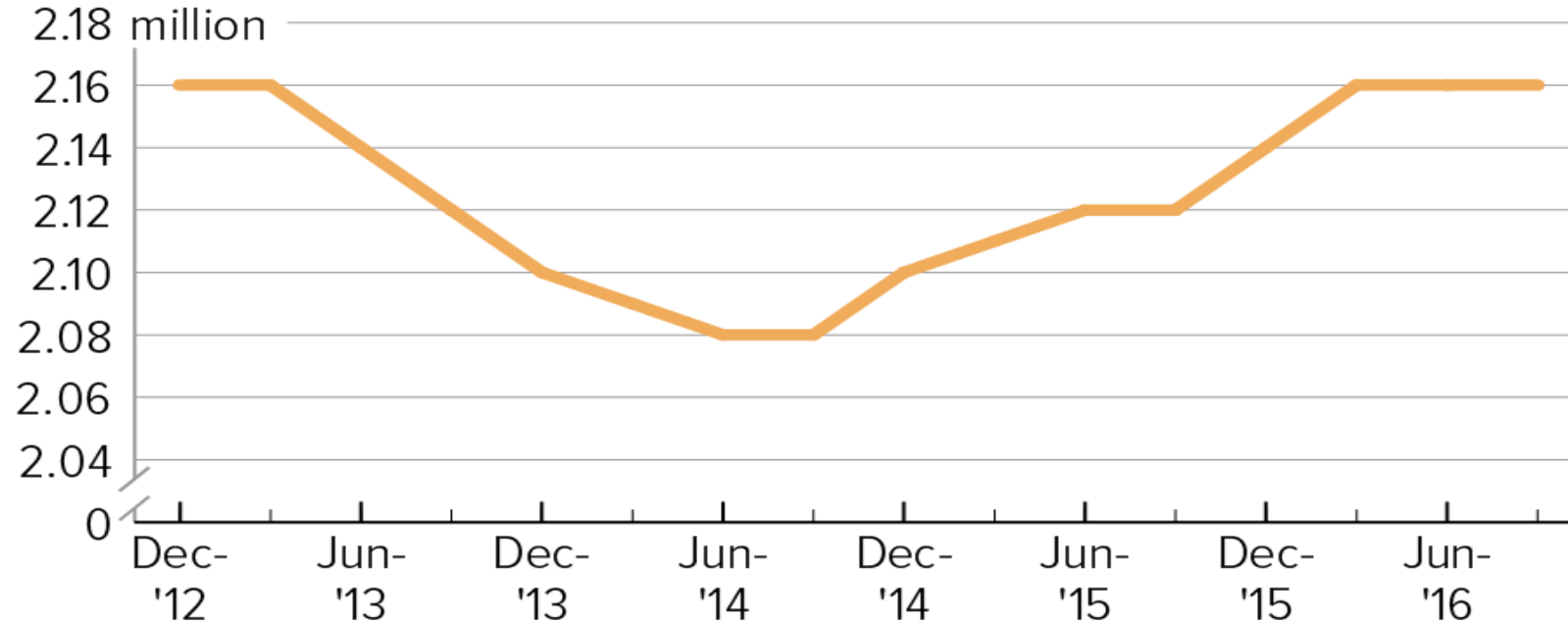


Section 8 (TBRA, PBRA, PBV)

- In nine of the past ten years Congress has provided adequate housing voucher renewal funding (HAP)
 - In 2013, sequestration cuts were implemented for tenant based HCV
 - Is not true of Administrative fees, which have seen a steady decrease
- Funding has been mostly restored to pre-sequestration levels and new voucher set-asides for specific populations (ex: Veterans) have resulted in nearly all vouchers being restored
- However, rent costs in most jurisdictions have risen and the funding levels support fewer voucher users

Housing Agencies Have Reversed Sequestration Cuts in Housing Vouchers

Number of families using housing vouchers



Note: Figures exclude an estimated 58,000 new “tenant protection” vouchers issued to families since December 2012 because the tenants’ existing federally-assisted housing, such as public housing units, had been demolished or otherwise eliminated. The replacement support did not represent a net gain in families assisted. Sequestration refers to the across-the-board funding cuts that were implemented in March 2013 in accord with the Budget Control Act of 2011.

Source: CBPP analysis of Department of Housing and Urban Development data

Number of Public Housing Units Decreasing

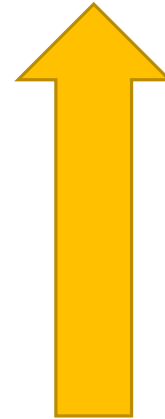
- HUD estimates that between 1990 and 2010, 300,000 units of affordable public housing were lost, primarily due to lack of investment in capital repairs
 - Continued chronic underfunding of capital repairs results in approximately 10,000-12,000 units lost on an annual basis
 - PHAs are demolishing with HUD approval (demolition, disposition, and conversion)
 - Congress has not always required 1 for 1 replacement (HOPE VI) and has not appropriated funds for new replacement units
- HUD has been actively pursuing demolition/ disposition activities as a “management strategy”

White House Proposed FY2018 Budget

- The FY2018 Budget proposed to exacerbate these funding trends.
- On May 23, 2017, the White House released its FY18 budget. The budget includes steep cuts in funding for affordable housing programs, totaling \$6.8225 billion in cuts to HUD programs from actual FY17 funding levels.
 - Operating funds would be cut by 11.3%
 - Capital funding would be slashed by a whopping 68%
 - HCV would be cut by 11.6%, or an estimated 256,900 fewer vouchers nationwide
 - Tenant rent share would be increased to 35%

Approved FY2018 Budget

- Approved FY2018 budget ignored the WH budget proposal and proposed budgets with higher funding levels.
- September 8 – Congress approved a Continuing Resolution (CR) to continue funding federal programs at FY17 levels.
- On March 22, 2018, Congress and the President signed the FY2018 Omnibus Bill.
- Overall 24% increase
 - Up 3.5%: PH Op. Fund at 94% and for 2 years
 - Up 102%: RAD from 225k to 455k
 - Up 41.6%: CFP
 - Up 9.1%: CNI



White House Proposed FY2019 Budget

- The FY2019 Proposed Administration Budget is even more drastic than the proposed 2018 budget.
- On February 12, 2018, the White House released its FY19 budget:
 - Operating funds would be cut by 37% from \$4.5B to \$2.8B
 - Capital funding would be eliminated (\$1.9B)
 - Removes RAD cap and providing \$100m in support
 - Reintroduces eliminating CNI, CDBG, HOME and SHOP
 - Increase homeless funding by \$133m

Other Legislative/ Administrative Trends

- Choice Neighborhoods – funded under the 2018 Appropriations Act (draft), but unsure about 2019
- AFFH – HUD has delayed the requirement for PHAs to submit
- HUD emphasis on Public Private Partnerships
- Tax reform bill and corporate tax rate decrease - impacted tax credit pricing but some provisions supporting LIHTC were included in the 2018 Omnibus Bill
- Section 8 voucher program
 - Provided new funding for special purpose vouchers (ex: VASH) - last few years
 - Streamlined PBV rules (HOTMA 2016); Eased TBV inspections (HOTMA 2017)

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HABC MISSION, VISION, GOALS

(Developed in Conjunction with Recent Split from City
Department of Housing and Community Development)

HABC MISSION

To create and provide quality affordable housing opportunities in sustainable neighborhoods for the people we serve.

HABC VISION

To create diverse and vibrant communities; to provide opportunities for self-sufficiency; and to build pathways for strong partnerships.

HABC GOALS – COMMUNICATION

Create clear and
consistent
communication.

HABC GOALS – COMMUNITY

Improve the housing
and quality of life for
the people we serve.

HABC GOALS – CUSTOMER SERVICE

Increase efficiency, responsiveness, and accountability in the services we provide to our internal and external clients.

HABC GOALS – COLLABORATION

Build upon our commitment to strong partnerships with residents, employees, government, nonprofit and business communities.

HABC ASSETS

LAND

HABC owns approximately
830.8 Acres Across the City.

RESIDENTIAL UNITS

- HABC-OWNED – 7,770
- Non-HABC-OWNED – 3,662

STAFF

725 Personnel

HABC CLIENTS

HOUSEHOLDS SERVED

- 24,820
 - 72% = Housing Choice Vouchers
 - 27% = Public Housing (HABC-Owned)
 - <1% = Other

VOUCHERS

Housing Choice Voucher Program Inventory		Utilization		Housing Choice Voucher Program Inventory	
Contract Authority		Rate		Under Lease 1.1.18	
MTW Tenant Based Vouchers (Non-Consent Decree)	10,884	81%	MTW Tenant Based Vouchers (Non-Consent Decree)	8,811	
MTW Project Based Vouchers	2,055	84%	MTW Project Based Vouchers (Total Under Contract: 2055)	1,722	
Homeless Project-Based RFP	192	34%	Homeless Project-Based RFP (192 vouchers)	65	
Homeless Veterans Project-Based RFP	182	0%	Homeless Veterans Project-Based RFP (182 vouchers)	0	
MTW Tenant Based Set-Asides Total	2200	85%	MTW Tenant Based Set-Asides Total	1877	
MTW Tenant Based - HUD Special Funding	259	96%	MTW Tenant Based - HUD Special Funding	249	
Portability Vouchers (includes VASH port-ins)	261	99%	Portability Vouchers (includes VASH port-ins)	259	
MTW Tenant Based Vouchers - Thompson Consent Decree	1,731	100%	MTW Tenant Based Vouchers - Thompson Consent Decree	1,731	
MTW Remedial Vouchers - Thompson Consent Decree	1,849	100%	MTW Remedial Vouchers - Thompson Consent Decree	1,849	
TOTAL MTW INVENTORY	19,613	84%	TOTAL MTW INVENTORY	16,563	
Non-MTW VASH Vouchers	476	91%	Non-MTW VASH Vouchers	432	
Non-MTW Section 8 Moderate Rehab	249	100%	Non-MTW Section 8 Moderate Rehab	249	
Non-MTW Section 8 New Construction/Substantial Rehab	596	100%	Non-MTW Section 8 New Construction/Substantial Rehab	596	
TOTAL NON-MTW INVENTORY	1,321	97%	TOTAL NON-MTW INVENTORY	1,277	
TOTAL INVENTORY	20,934	85%	TOTAL INVENTORY	17,840	

HOUSEHOLDS SERVED

PUBLIC HOUSING

- 54% Disabled
- 17% Elderly
- Average Household Income - \$8,800
- Average Family Size – 3
- 97% African American

HOUSING CHOICE VOUCHER

- 68% Disabled
- 59% Elderly
- Average Household Income - \$12,559
- Average Family Size – 2
- 95% African American

DEMAND - WAIT LIST

- Tenant Based HCV – 24,243
- Project Based HCV – 8,025
- Public Housing – 24,174
- Applied for Both – 4,850

62% = 1BR; 23% = 2BR; 13% = 3BR; 2% = 4BR

CHALLENGES

CAPITAL NEEDS: 2008 – 2017

HUD Funds Received/Obligated/Expended

\$161.2M

Average Annual HUD Allocation

\$14.4M

Capital Needs: 2017 – 2023

- Capital needs exceed funding potential by **more than FIVE TIMES**
 - Seven Year Capital Needs \$495.5M
(\$816M over the next 20 years)
 - HUD Capital Funding Expected \$ 79.9M
 - Leveraged Funding Expected \$ 11.5M
 - Total Funding Anticipated \$ 91.4M

Shortfall - \$404.9M (over 7 years)

Capital Needs: 2017 – 2023

- The extent of capital needs varies with the highest demand in the scattered sites and large conventional public housing developments.
 - Large Conventional Sites (> 250 units) \$332.3M \$ 64.5K/unit
 - Scattered Sites \$115.1M \$109.4K/unit
 - Medium Sized Sites (100-250 units) \$ 14.3M \$ 32.1K/unit
 - Small Sized Sites (< 100 units) \$ 13.6M \$ 65.3K/unit

The extent of capital needs varies with the highest demand in the scattered sites and large conventional public housing developments.

Capital Needs – 2017 - 2023

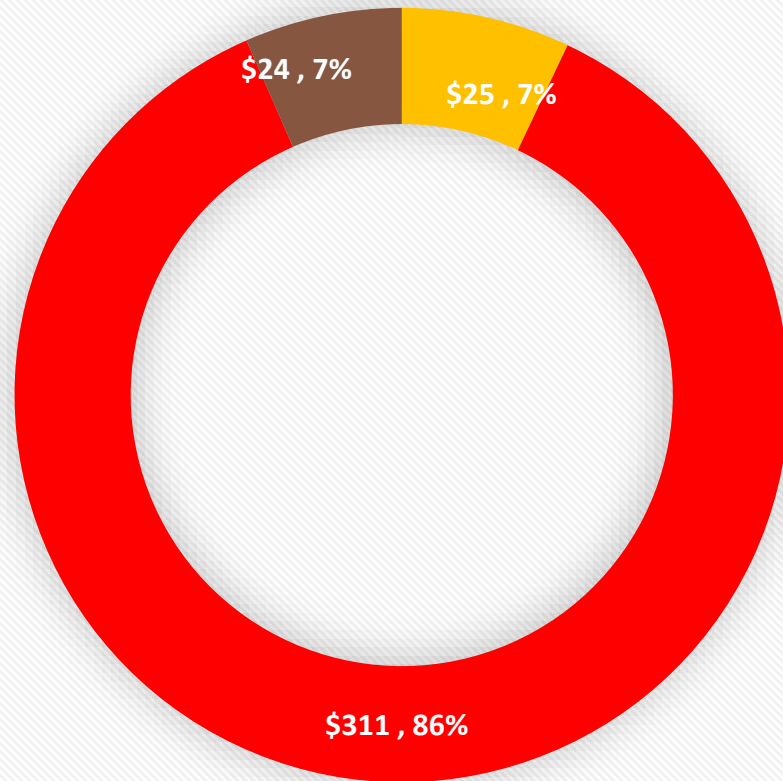
- The scattered sites has the largest proportion of needs

	<u>% Total Units</u>	<u>% Cap Needs</u>
■ Large Conventional Sites (> 250 units)	73%	67%
■ Scattered Sites	15%	23%
■ Medium Sized Sites (100-250 units)	6%	3%
■ Small Sized Sites (< 100 units)	3%	3%

HABC BUDGET

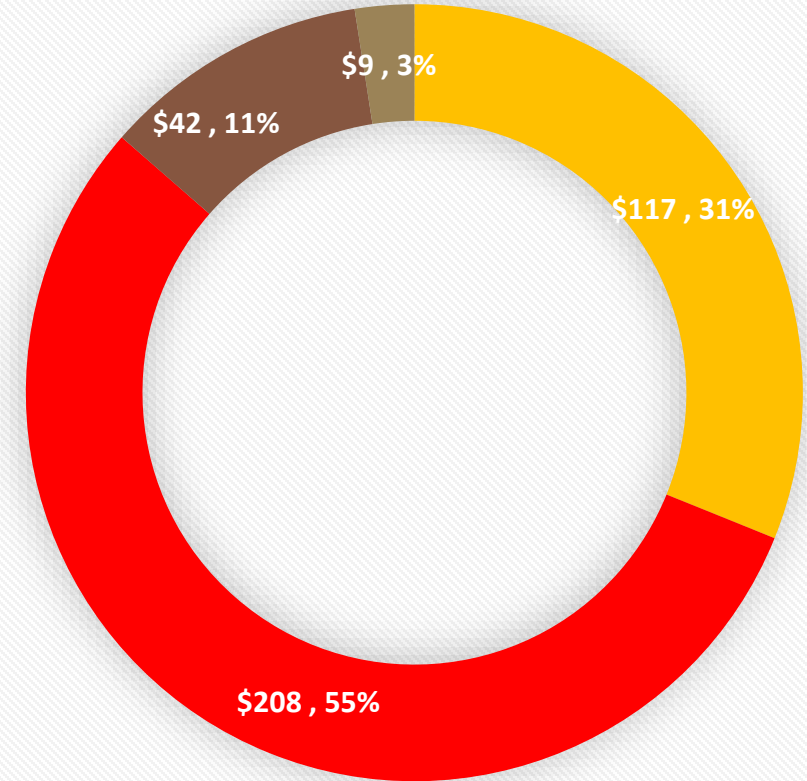
FY 2018 BUDGET

Revenue (in millions)



■ Tenant Revenue ■ HUD Subsidy ■ Other Revenue

Expenses (in millions)



■ Operating ■ HAP ■ Capital Purchased ■ Gap

Reference Documents

1. HABC 1/31/18 Board Report; HABC MTW/Annual Plan + Reports; HABC Departmental Documents
2. <https://fas.org/sgp/crs/misc/R41654.pdf>
3. https://www.hud.gov/program_offices/public_indian_housing/programs/ph/am/funding
4. <https://www.cbpp.org/research/housing/chart-book-cuts-in-federal-assistance-have-exacerbated-families-struggles-to-afford#section02->
5. <http://docs.house.gov/billsthisweek/20180319/BILLS-115SAHR1625-RCP115-66.pdf>
6. <https://www.hudexchange.info/resources/documents/FAQs-Extension-of-Deadline-for-Submission-of-Assessment-of-Fair-Housing-for-Consolidated-Plan-Participants.pdf>
7. <https://www.hud.gov/sites/dfiles/SPM/documents/HUDSTRATEGICPLAN2018-2022.pdf>
8. http://www.multifamilyexecutive.com/business-finance/tax-reform-uncertainty-hits-lihtc-market_c
9. <http://www.taxcreditcoalition.org/news/ahtcc-commends-congress-for-strengthening-and-expanding-housing-credit-in-omnibus-spending-bill>