

Sacramento Housing Authority Asset Repositioning



**Sacramento
Housing &
Redevelopment
Agency**

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Sacramento Housing Authority Asset Repositioning

- Public Housing Asset Repositioning
- Future Decision Making: Guiding Principles
- National Perspective (NAHRO)
- Asset Repositioning Strategy (CSG, Abt Associates)

Sacramento Housing Authority Guiding Principles

1. Sustain our commitment to house extremely low income households by adopting a “no net loss” policy, requiring the development of at least an equivalent number of replacement units when units are removed from our baseline inventory.
2. Decrease reliance on federal funding sources by leveraging the use of existing sources with private funding (debt and equity) and other sources (grants and local subsidies).

Sacramento Housing Authority Guiding Principles

3. Preserve and enhance existing physical housing stock; upgrading stock whenever possible to a 30 year useful life.
4. Locate new units into sustainable and livable communities that meet the specific needs of residents.
5. Incorporate smart growth principles (i.e. energy efficiency, safety/security, quality of life) into project design to the maximum extent possible.

Sacramento Housing Authority Guiding Principles

6. Diversity real estate portfolio in creative ways to support extremely low income units.
7. Maximize utilization of existing resources (i.e. vouchers, local funds, the value of HA real estate assets, etc) to implement development strategies.

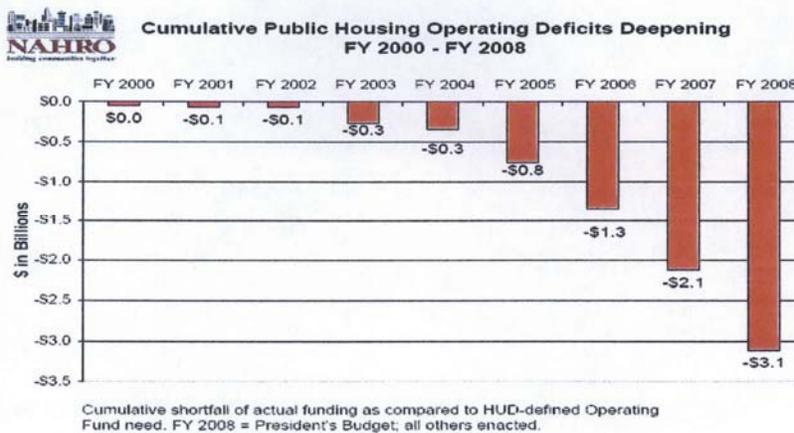
Sacramento Housing Authority Guiding Principles

8. Reinvest proceeds from the sale of Housing Authority properties into the replacement of units.
9. Promote and support resident self sufficiency.
10. Seek creative partnerships with other agencies, non-profits, community groups, resident advisory boards, and private sector sponsors.

National Perspective NAHRO

- Asset Management Update
- Public Housing Reform Initiative
- FY 2008 HUD Appropriations
- Budget climate 2009 and beyond..

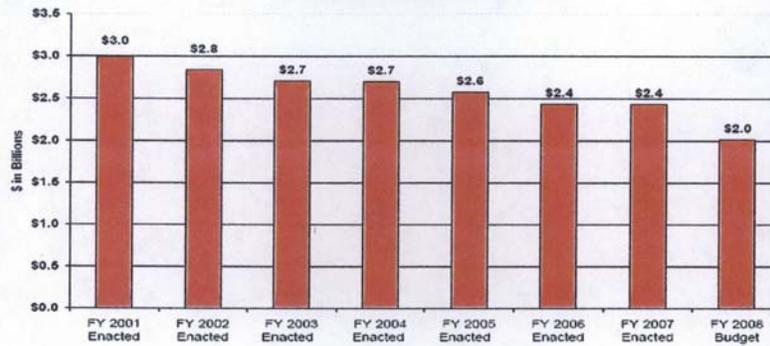
National Perspective NAHRO



National Perspective NAHRO



Public Housing Capital Fund Eroding
FY 2001 - FY 2008



Asset Repositioning Strategy

CSG and Abt Associates

SHRA Need for Asset Repositioning

- Operations
 - Average tenant rent + operating subsidy exceeds average operating expense/unit
- Capital
 - Backlog of capital needs exceeds available capital funds
- Result
 - Capital needs can't be met with existing funds; external funding needed to operate units

Selecting Action Developments

- Evaluate Properties
 - Mandatory conversion
 - High capital needs
 - Revitalization potential
 - Operating deficit
 - Poor resident retention
 - Small/scattered sites
- Identify Action Developments:
 - Dos Rios; New Helvetia; River Oaks
 - Elderly highrise buildings

Asset Repositioning Strategies

- Modernize property
 - Standard modernization
 - Capital fund financing program
 - Leveraged modernization financing
- Dispose of property
 - Sell property
 - Demolish property
 - Rebuild property
- Leave property as-is
 - Integrate project-based Section 8

Example: Seattle



Example: Seattle

Rehab Highrise Elderly Buildings

- Rehab of 1,394 units over first two phases
- Work performed with residents in place
- All units remain public housing
- Leveraged \$28M in PHA funds with \$27M in tax credits and other funds
- PHA earned \$3.9M in developer fees

Example: Los Angeles



Example: Los Angeles

Demolish/Rebuild without HOPE VI

- Original Dana Strand blight on neighborhood
- Demolished 384 units of public housing
- Replacing with 336 affordable rental units (94 public housing, 100 senior, 142 tax credit) and 77 for-sale units (25 low-income)
- Leveraged PHA funds with tax credits, local and other funding sources
- PHA funds = \$13M (18%) of \$70M for first two phases

Next Steps

- Initiate review of small properties
- Prepare detailed financing strategy
- Build capacity to manage projects
- Continue data collection to guide future decision-making
- Procure legal counsel