

1ST RAD DEMONSTRATION OVERVIEW MEETING TRANSCRIPT

Buck Melton Community Center

September 12, 2012

Is there anyone that has not signed the sign in sheet? If you have not done so, please go ahead and do so. We do want to report your presence. We have a volunteer going around with the sign in sheet. Please raise your hand. Everyone will get a chance to sign in.

I am John Hiscox and I work at the Macon Housing Authority. We are here to talk about RAD. A couple of months ago I had not even heard about RAD. I didn't have any idea what it was and what it meant. My guess is that there are not three people here that have heard about RAD. That's okay. Before we leave today, everyone will have a better idea. Let's dive in.

RAD stands for Rental Assistance Demonstration. The key word to remember is "Demonstration". It is a Demonstration program, not a universal program and will only cover some of the public housing in the country. We are talking about Macon Housing Authority's decision as to whether or not we want to be a part of this demonstration. Is there something in this Demonstration that is good for you so that we would want to be a part? Let's find out.

What properties will we consider for RAD? The answer is, most of them. If you take a look at the list, we have a whole bunch. It may be easier to tell you what is not on the list. That would be Tindall Heights. Tindall Heights would have to be done in four phases. The demonstration's criteria will not allow us utilize any properties that were used with the HOPE VI grants. They will not let us apply this toward any properties a part of the HOPE VI program, which includes Tattnall Place and 2009 Vineville. We might be able to do some Scattered Sites, or we may not.

What is "RAD"? Rad is a program that will let us convert public housing to Project-Based Section 8. Everyone that hears Section 8 thinks "Section 8 vouchers". We are talking about Project-Based Section 8. What does Section 8 Project-Based mean? Does anyone know where Anthony Arms is located? That is project-based Section 8. How about Colony West in Bloomfield? It is like public housing except the property is owned by a private owner or not-for-profit corporation. A good example of senior housing that is Section 8 Project Based is Vineville Christian Towers and St. Paul Apartments. It works much like public housing in that the people paying rent based on their income, but it is not owned by the housing authority

The main thing it would mean is that we would be able to enter into a contract with HUD for 20 years. That is known as a HAP Contract. If we get into a HAP Contract, we get a guaranteed contract for 20 years. Our funding is guaranteed for twenty years. They cannot touch our funding. Can anyone here imagine why that is important? We will have funding they cannot reduce funding for 20 years. That is extremely important.

How many folks here think that Uncle Sam will have more money next year than Uncle Sam has this year? I didn't think so. We just got word this morning that our proration of operation subsidy for public housing next year may be down as low as 70%. Anything that gets us a fixed stable income to run our public housing is a good thing. Unfortunately, in fact, if it is such a good thing, why don't we convert all of our public housing? First of all, this is just a demonstration, not a program. Only 60,000 units will be approved through the demonstration, meaning, it is probably going to be very competitive.

Why “RAD”? It makes the regulatory requirements somewhat less, although there is good resident protection. Because we have stable money, it will allow us to borrow monies against the properties. If someone has a nice stable source of income, year after year, the banks are happy to loan money. We hope you will stay with us, but it offers you more choices. It guarantees permanent affordability of the units. It doesn't do any good for you if we make improvements, but the rent goes so high that you cannot afford it. RAD guarantees affordability.

Can everyone see this graph? This is our public housing funding since 1981, okay. Since 1981, that number right there represents 100% of the funding we are eligible to get. You can see there are quite a number of years there. Look what has happened since. Up and down. Way down to 82%. They passed the stimulus bill in 2008. Next year, it's going to be in the neighborhood of 70%. It's not even on the chart. When we made up this chart, we could not imagine that they would cut us down to 70%. That is a good reason to make the change.

Another reason is the Capital Fund. Here we were 11 years ago in 2001. In 2008 we picked up stimulus money and jumped back up. The MHA was getting around 4.5 million to modernize public housing. Now it's around 2.7 million.

“PBRA” stands for “Project-Based Rental Assistance”. If you look back 30 years, you see a flat line. In 30 years, not one single owner of Section 8 Project-Based Rental Assistance got shorted one penny. They have gotten 100% of their money for the last 32 years. Do you think we ought to do that? I think so.

What does it mean for you? First, because RAD would let us borrow some money, we may be able to do some minor upgrades right away on some of the units. For example, I'll pick on Anthony. Anthony was pretty well modernized about 15 years ago. But we have had 15 years of people living in the units. Kitchen cabinets are still pretty nice, but some things after 15 years need to be replaced, like new water heater, new floor covering, new heating and air conditioning system, etc.

Every time we start improvements, the first question is, “Is my rent going to go up? The answer for most people is that your rent will not go up at all. It should turn out that if your income does not go up, your rent should not go up. How many people here pay the “flat rent”? There are less than 1/3 of you here that pay the flat rent. RAD does away with flat rent. Those of you on flat rent may see that your rent may go up. What happens if it does? We have up to five years to phase that in your rent increase a little bit at a time so that there is a strong protection for people that pay flat rents.

We also have something that is really important that if you like where you are living now, but think you might someday want to do better for yourself. It's called the Section 8 voucher program. If you want to stay with us forever, as long as you are income eligible and adhere to your lease, you can stay with us forever and we are glad to have you. We are glad to have you. RAD will allow you to go to the waiting list and get a voucher and use the voucher to move where you want to. You do not have to, but if it is what you want, you have that choice. The amount of vouchers we can give out each year is formulated. You may be at the top of the waiting list or at the bottom. You can use the voucher wherever you want to.

Question: Is that Section 8 voucher portable?

Answer: Yes, you can take the voucher and move anywhere you want to.

Question: So, I can use it for Atlanta, too?

Answer: Yes, you can. You can go to Hahira, Georgia, or New York City, or anywhere you want. We are not trying to run you off, but the RAD program does have vouchers that you have the choice.

Now, let me be clear. If we do RAD conversion, someone is going to say that if we go to RAD, we will get vouchers. The amount of vouchers we can give each year is regulated by a formula and has to be administered through a waiting list. If everyone moved out at the same day, we would go broke. If half the people moved out, we couldn't take care of the other half. It is designed so that people can move, but not everyone cannot move at once.

Question: What does that mean that RAD does not force you to move?

Answer: Forget RAD. What happens if you don't pay your rent now? We love you but you can't live here anymore. What happens if you tear your apartment up faster than our guys can nail it back together and you have a fight with your neighbor every night? What if you win the lottery and you have 110 million dollars? Well, I don't know why you would want to live here if you had 110 million dollars, but you're over income. Forget RAD. All you have to do is remain eligible by income and adhere to the lease, you can remain there, regardless of RAD. If you meet the eligibility requirements and adhere to the lease, we will not force you to move.

We have a lot of special considerations for RAD. First, those housing authorities that have resident associations, those resident associations will not go away. We will continue to work with those associations. Secondly, we have special rights for residents that many other housing authorities do not have. Our residents have a right to a grievance procedure. You have a right to due process. You have a right to have someone to hear the grievance that does not work for the housing authority. You also have a right in that hearing to be represented. You have a right, it's not a court trial, but you have a right to these processes.

Here's another thing that has not changed. That most people, if we have a RAD conversion, most people would never notice the difference.

What happens next? First we have to figure out which developments we are going to submit a RAD application for. First, is financial feasibility. We have all of these worksheets we have to do. We have to figure out what work needs to be done, where the money is going to come from. We also have to remember that even if the numbers add up, we have not seen all of the final documents from the government. We are like anyone else that is going into this. We are not making a final decision to go into RAD until we know what we are getting into. We are going to read everything to make sure everything is the way it should be.

We will have an individual meeting in *every* neighborhood where we are planning on converting to RAD. If we want to do one for Anthony Homes, we will have a meeting at Anthony Homes. If we want to do one for McAfee, we will have a meeting at McAfee. This will be coming up fast. Unless this changes, October 24, 2012 is the deadline and we will ask the Board to approve the application at our October Board Meeting, which is October 11, 2012.

When we send in the RAD applications, we don't know what will happen next. If we send in an application for five neighborhoods, we might get all five, or we may get none. We do not even know how many other housing authorities will apply or for how many properties they will apply for. What happens if only 50,000 applications are sent in? They will fund them all providing they are eligible. We just do not know.

There is no guarantee that we will be awarded RAD. We may be approved for a couple of properties, or none at all. We just do not know. The other thing is, suppose we are selected? All that does is get us to the next stage of the process. It can take up to one year to do the final conversion. Altogether, it could take up to six years to wrap everything up. We can decide we don't like the way it is going and we can withdraw.

If we don't use the flat rent, nobody pays more than 30% of your adjusted income like most people in public housing like they do now. There is a minimal total tenant payment of \$50. That would not change. It may change in the future, but not because of RAD.

Question: Will RAD costs hundreds of thousands of dollars to apply for like it did for HOPE VI?

Answer: We have spent \$30,000 to \$35,000 so far. It costs us a half a million dollars each time we applied for HOPE VI for Tindall. The RAD deal itself will pay for the expenses.

Question: Will recently renovated properties be considered first, last or in the middle?

Answer: There is a very good reason for us to consider those properties even though they have been recently renovated. When we apply those numbers to RAD, that really works financially. Properties that require a lot of work, they work well too. What it does not work for are the places where you have to do an enormous amount of work. Tindall needs a whole lot more money than we can get out of RAD.

What happens if we apply and we get turned down or we decide for some reason that RAD is not good for a particular development? We would drop it and continue to operate as public housing.

Does anyone have any questions?

Question: Does this apply to 2009 Vineville? No it does not apply to 2009 Vineville. If you got to be out of luck, 2009 Vineville is a pretty good place to be. Does

anyone know where 2009 Vineville is? It's at 2009 Vineville. It has won a lot of awards and it is really pretty. I wish all of our properties could look like that.

Answer: With Felton Homes having been remodeled, would RAD affect us in any way? Felton Homes has been more than remodeled. We are going to try to get the development in anyway. Why are we going to ask for it? Because of the guaranteed funds. We need to make sure the money is coming in to the developments.

Question: For those who do not make it on the RAD conversion, if the money continues to go down, what is going to happen to those properties?

Answer: Please understand that I am not trying to scare you. I am concerned. Here's the scary part. You will not see a bumper sticker on the back of my car. The only person that knows how I vote is my wife. So, I am not making a political statement. The bad news is that it is not just Republicans that don't want to give us any money. The Democrats in this administration do not want to give us any money either. The people we have been talking to, appointed by the president, they don't want to give us any money. That is not good news.

I do have a tiny bit of scrap of good news. There are 3,400 housing authorities in the US that administer public housing. We are in better shape than 9 out of 10 of them. We are in pretty good shape in a lot of ways. Our dwellings are in good shape. The building structures, electrical, roofs, we have been very conscious over the years and our units are in good shape. Also, we are financially strong. We are lean and mean. Lots of housing authorities have lots of people working for them that they are not going to be able to afford. We are lean and mean and are not overstaffed. We are down to less than 100 employees. We are tight already. Does that mean we can last forever if we get less than 70% for several years in a row? No. We would eventually go broke. A lot of other cities will go broke before we do. We will live longer than most. I say this to public housing residents so please don't misinterpret what I mean. What I am about to say is a very sophisticated concept. The Macon Housing Authority's mission is not to run public housing. Our mission is to offer good affordable housing opportunities for those that need it. We are eager to convert public housing to RAD if it helps us do a better job with our mission. It doesn't make any difference whether it's public housing or Section 8 to us as long as the housing is good and you can afford it. Does anyone know where Pearl Stephens and Baltic Park is? Neither has any public housing, but it's affordable housing. We plan on using every tool in the tool box to help people obtain affordable housing.

Question: Why 2009 Vineville was invited?

Answer: We are hoping this Demonstration will eventually become a program and we can figure out a way to add 2009 Vineville in the future.

Question: Will this create any jobs here?

Answer: Probably not. It's going to cost about the same to run the properties as it does now. In fact, it cannot cost any more. The most money we can get out of RAD is what we are getting now. We are just trying to get what we have now. We are getting pretty skinny.

Question: If RAD is not going to get us any more money, it's simply going to keep us where we're at, correct?

Answer: Yes. In the long run, we can freeze our funding where we are now.

If you have questions, do not worry. You can send your questions to us in writing and for any neighborhood we pick, before we send in that application, we will have a meeting in your neighborhood. We want to get all of this out in the open.

Question: Can properties be added ten years down the road as needed or do we need to nominate them now.

Answer: As part of the demonstration, we have to do it now. Hopefully, if it becomes a program, we can hopefully add neighborhoods later.

Do you think the RAD Demonstration is something we should do? How many folks think that RAD would be a good idea?

I want to thank you for being here and for the lively participation. We will take the necessary steps to proceed. If RAD occurs, we are counting on you to help.

Remember Frank Mack? As he would end each meeting, how about all of you give yourself a hand. Thank you for coming.