

Amendment to CHA's FY 2017 MTW ANNUAL PLAN Updated Draft – 11.18.16

The Cambridge Housing Authority over the past decade has been diligent in its work to preserve public housing in Cambridge. As outlined in its FY 2017 MTW Plan, the CHA has used various old and new programs to protect and preserve these units, and to complete the much needed, long delayed rehabilitation work required to restore these units to decent, safe and sanitary condition. These efforts have included a portfolio wide conversion of 2,130 units through HUD's Rental Assistance Demonstration (RAD) program, disposition of 297 units under Section 18 of the U.S Housing Act of 1937 (as amended) and use of the State of Massachusetts' High Leverage Asset Preservation Program (HILAPP) to revitalize the last of CHA's state public housing developments.

CHA PUBLIC HOUSING PRESERVATION PLAN: RAD CONVERSIONS

CHA obtained HUD's approval in December 2013 to convert its entire federal public housing portfolio, with the exception of one property, to the Project-Based Voucher subsidy platform through HUD's Rental Assistance Demonstration (RAD) Program.

CHA has used already RAD and its MTW flexibility to convert 1,150 units, or approximately 54% of its units approved for RAD, between December 2014 and February 2016.

Over the past nine months, CHA has been working to complete updated capital needs assessments and existing conditions reports on the remaining 980 units approved for RAD conversion while working on developing financing plans with limited access to 4% credits given the scarcity of that resource in Massachusetts. CHA recently concluded that solely relying upon RAD as the mechanism to fund the needed renovations and ensure the long-term viability of the remaining 980 units in its portfolio wide RAD conversion was no longer practical given the capital needs of the projects.

OBSOLESCENT PROPERTIES

Based upon updated capital needs assessments completed in accordance with the requirements set forth in Section 18 of the U.S. Housing Act and PIH Notice 2012-7 the CHA has concluded that there are additional federal public housing properties that are obsolete as to their physical condition and other factors, making them unsuitable for their intended purpose; and that regrettably no reasonable program of modification or public housing resources from the U.S Department of Housing and Urban Development is available, including RAD, to return or restore these developments to their useful life, other than the Housing Choice Vouchers that may become available through the disposition process. CHA plans to fully renovate and preserve the properties

through the disposition process coupled with project-basing the anticipated Tenant Protection Vouchers. No units will be lost and no tenants will be permanently displaced.

The chart below details the current estimated capital needs for each of the RAD Phase 2 sites as a comparison to the calculated HUD Total Development Cost (*as of the numbers available as of 11/18/16 – to be updated prior to presentation to board*):

Development	# of Units	HUD TDC Total	Construction	Contingency and Soft Costs	Total Cost	% of Total Cost to TDC
Burns Apts	198	\$ 35,651,283	\$ 34,742,000	\$ 6,600,980	\$ 41,342,980	115.96%
Jefferson Park Fed	175	\$ 55,460,735	\$ 48,536,182	\$ 9,221,875	\$ 57,758,057	104.14%
Corcoran Park	153	\$ 49,337,371	\$ 33,625,000	\$ 6,388,750	\$ 40,013,750	81.10%
Roosevelt Towers	124	\$ 37,195,414	\$ 26,900,000	\$ 5,111,000	\$ 32,011,000	86.06%
Truman Apts	59	\$ 13,007,081	\$ 9,500,000	\$ 1,805,000	\$ 11,305,000	86.91%
Russell Apts	51	\$ 11,243,409	\$ 9,500,000	\$ 1,805,000	\$ 11,305,000	100.55%
116 Norfolk St	37	\$ 5,826,390	\$ 3,700,000	\$ 703,000	\$ 4,403,000	75.57%
St. Paul's	20	\$ 4,367,126	\$ 2,220,000	\$ 421,800	\$ 2,641,800	60.49%
Linnaean	20	\$ 3,149,400	\$ 2,500,000	\$ 475,000	\$ 2,975,000	94.46%
Weaver	20	\$ 3,842,279	\$ 2,000,000	\$ 380,000	\$ 2,380,000	61.94%
Misc. Scattered Site	123	\$ 27,900,000	\$ 11,685,000	\$ 2,220,150	\$ 13,905,150	49.84%
	980	\$ 246,980,488	\$ 184,908,182	\$ 35,132,555	\$ 220,040,737	89.09%

HUD's threshold for obsolescence is 57.14% for buildings with no elevators and 62.5% for buildings with elevators.

The CHA is proceed with submitting five dispositons beginning in December 2016, and could possibly submit additional applications should the capital financing plan require. The five being submitted beginning in December 2016 are: Jefferson Park Federal, Burns Apartments, Corocran Park, Roosevelt Towers and Russell Apartments.

Any filing of disposition applications either the ones specifically referenced in this amendment or any ones thereafter will only occur after notification of the affected residents, and after a 30-day disposition application review period. Any disposition plan submission requires the authorization and approval of the Board of Commissioners of the Cambridge Housing Authority.

FINDINGS

Given the aforementioned determination of obsolescence, the CHA is amending its MTW Plan to include its plans to proceed with submitting disposition plans for at least five properties beginning in December 2016.

More specifically, the CHA finds:

- CHA RAD Phase 2 properties offer the benefit of deeply affordable low income housing in a desirable community with very low surrounding poverty rates, and access to public transportation and superb medical facilities. CHA has the capacity to overcome the systematic and structural obsolescence of these properties resolving the problems of extensive capital needs in a high value public housing location.
- Consistent with the standards in 24 CFR 970.17 (b) and (c), the disposition is in the best interest of the residents and CHA since it would allow for the rehabilitation of the properties that will be more effectively operated as low-income housing, and again is consistent with the goals of the CHA, its Annual Plan, and the United States Housing Act of 1937.

TIMELINE FOR DISPOSITION APPLICATION

In accordance with the Amended and Restated Moving to Work Agreement, Section V.B, executed on January 15, 2009, and extended in 2016, CHA conducted a public process that involved the following:

Tentative schedule is as followed --- to be updated with actual schedule as dates are confirmed

October 28, 2016	Public notice of the Proposed Amendment to CHA FY 2017 MTW Annual Plan and Filing of Two Disposition Application. Draft Amendment available for review.
October 31, 2016	Notice to each resident at Jefferson Park Federal and Burns Apartment of the CHA's proposed plan to file a disposition application with HUD.
November 2, 2016	Resident meeting at Jefferson Park to discuss existing conditions findings and proposed plan to file a disposition application.
November 3, 2016	Resident meeting at Burns Apartments to discuss existing conditions findings and proposed plan to file disposition application.
November 4, 2016	Drafts of the disposition applications for Jefferson Park Federal and Burns Apartment are available for review.
November 15, 2016	Notice to each resident at Corcoran Park, Roosevelt Towers Low-Rise, and Russell Apartments of the CHA's proposed plan to file a disposition application.
November 15, 2016	Follow-up resident meeting at Burns Apartments to answer any additional questions residents have regarding the existing conditions findings and proposed plan to file a disposition application.

November 16, 2016	Follow-up resident meeting at Jefferson Park to answer any additional questions residents have regarding the existing conditions findings and proposed plan to file a disposition application.
November 17, 2016	Resident meeting at Russell Apartments to discuss existing condition findings and proposed plan to file disposition application.
November 21, 2016	Resident meeting at Corcoran Park to discuss proposed plan to file disposition application.
November 22, 2016	Resident meeting at Roosevelt Towers to discuss proposed plan to file disposition application.
November 22, 2016	Drafts of the disposition applications for Corcoran Park, Roosevelt Towers and Russell Apartments are available for review.
November 29, 2016	Public hearing on the MTW Annual Plan and Planned Disposition Applications. Written comments on the MTW Annual Plan are due by this date.
December 5, 2016	Written comments on the actual disposition applications for Jefferson Park and Burns Apartments are due by this date.
December 8, 2016	A written response to the oral comments received at the public hearing and written comments received by the November 29 and December 5 deadlines.
December 8, 2016	Follow-up resident meeting at Russell Apartments to answer any additional questions residents have regarding the existing conditions findings and proposed plan to file a disposition application.
December 12, 2016 (if needed)	Follow-up resident meeting at Corcoran Park to answer any additional questions residents have regarding the proposed plan to file a disposition application.
December 13, 2016 (if needed)	Follow-up resident meeting at Roosevelt Towers to answer any additional questions residents have regarding the proposed plan to file a disposition application.
December 14, 2016	CHA Board of Commissioners will meet to review and approve the MTW Annual Plan Amendment as well as Planned Disposition Applications for Jefferson Park and Burns Apartments.
December 22, 2016	Written comments on the actual disposition applications for Corcoran Park, Roosevelt Towers and Russell Apartments are due by this date.
December 27-29 Date to be determined	CHA Board of Commissioners will meet to review and approve Planned Disposition Applications for Corcoran Park, Roosevelt Towers, and Russell Apartments.

CHA anticipates submitting the disposition applications as quickly as possible after the board authorization is obtained to allow for the planning of the needed modernization to proceed without delay. Once a disposition application is approved, the CHA will

apply for tenant protection vouchers which the CHA would then utilize as part of the project's financing. Disposition will be contingent upon the receipt of sufficient Tenant Protection Vouchers. In the event sufficient Tenant Protection Vouchers are not awarded, the CHA would consider this to constitute a change in circumstances, and would expect that HUD would rescind any prior disposition approval based on that.

Public Comments and CHA Responses:

Commenter: On November 17, 2016, CHA received a written comment supporting the submission of the disposition applications for Jefferson Park and Burns Apartments. The comment included a question asking if CHA had reviewed the other RAD Phase 2 sites to determine if they too might meet HUD's definition for obsolescence. The commenter further noted that if there are additional properties that meet that definition would the CHA consider submitting additional disposition applications.

CHA Response: CHA completed a review of its developments and determined that there were at least eight RAD Phase 2 developments that meet that threshold. On November 18, 2016, CHA has added this information to the proposed MTW amendment. CHA further concluded that it would be beneficial to submit at least three additional disposition applications beginning in December 2016 after consultation with the residents and Board authorization. Further, the CHA revised the proposed MTW Annual Plan amendment to allow for additional disposition applications should the financing needs of the RAD Phas 2 sites warrant it and the specific property meet HUD's definition.

Other public comments and CHA responses will be added after the November 29th public hearing and comment deadline.