

MEMORANDUM

December 4, 2015

TO: Planning, Housing, and Economic Development Committee

FROM: Linda McMillan, Senior Legislative Analyst *LM*

SUBJECT: **Update:** Housing Opportunity Commission (HOC) Rental Assistance
Demonstration (RAD): Redevelopment of Elizabeth House and Holly Hall

Expected to attend this session:

Stacy Spann, Executive Director, HOC
Kayrine Brown, Director of Mortgage Finance
Zachary Marks, Assistant Director for New Development

At this session the Committee will receive an update on the Rental Assistance Demonstration (RAD) program being implemented by HOC with specific updates on the redevelopment of Holly Hall and Elizabeth House. PHED Chair Floreen requested this update so that the Committee could have time to understand not only the building aspects of these projects but the plans for relocating the current residents. Elizabeth House is a senior building and Holly Hall houses primarily seniors but also some adults with disabilities. Chair Floreen has asked HOC to inform the Committee about the assurances that those who are currently tenants in these building have regarding relocation to a building/unit that serves their needs and financial security in that their level of affordability/percentage of income paid for rent will not change.

The PHED Committee last had an update on the RAD program on March 16th.

In general, the RAD is a HUD program that allows Public Housing Authorities to convert public housing units to Project-based Section 8 Vouchers or Project-based Rental Assistance. This gives Public Housing Authorities full ownership of these units which means that they can leverage the value of the asset to renovate or redevelop the housing, which could not be done under the Public Housing program. The Public Housing Authority retains a subsidy for the same

number of units, retaining affordability for residents. The Committee has previously been informed about the age of HOC's public housing and the need for renovations or redevelopment.

Where HOC is redeveloping RAD properties, there is also an opportunity to increase the overall inventory of affordable units as more density is available. It also allows the new developments to house people at different income levels. At the last update, HOC estimated that the overall RAD program would result in over 200 additional affordable units. The Committee has discussed many times the shortage of affordable senior housing for very low income seniors. Adding to the number of affordable units and potentially to the number of units that are affordable to very low income seniors is an important policy goal. Two senior buildings that are undergoing full renovations but not redevelopment, Arcola Towers and Waverly House, will remain 100% affordable.

The redevelopment of the current Elizabeth House is a piece of the redevelopment that is known as Elizabeth Square. It will include not only a new Elizabeth House but also renovation of Alexander House and then construction of a new building where the current Elizabeth House is located. Because a new Elizabeth House is being built, residents may choose to relocate there, but it is also expected that some may choose to move to other available properties. With regard to Holly Hall, HOC is working to expand its inventory of senior housing units in partnership with senior housing providers as all Holly Hall residents will need to relocate from the current site.