



The Public Housing Authority Issue

Considerations for PHAs Thinking About Partnership with Developer on RAD Transaction

One of the most important decisions for a PHA considering RAD is whether to partner with a private developer.

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HISTORIC TAX CREDIT TOOL BOX 🌿

HTCs and RAD: Ten Years of Positive Impacts



CINDY HAMILTON, HERITAGE CONSULTING GROUP

Ten years ago, Congress passed the Consolidated and Further Continuing Appropriations Act, which established the Rental Assistance Demonstration (RAD) program. RAD allows public housing authorities (PHAs) to leverage public and private debt and equity in order to reinvest in the public housing stock. Through RAD conversions, public housing units move to a Section 8 platform with a long-term contract that, by law, must be renewed in perpetuity.

Over the past decade, RAD conversions have grown to become an invaluable tool in the public and affordable housing worlds. In that time, RAD has secured billions of dollars in construction improvements for public housing units across the country. RAD conversions enable PHAs to access additional funding to renovate affordable housing units. Among the available additional funding sources are historic tax credits (HTCs). Over the past decade, numerous examples of RAD conversions using HTCs have been completed and speak to the growing trend in historic preservation to tell the history of underrepresented resources including public housing.

Coffelt-Lamoreaux Homes, Phoenix

The Coffelt-Lamoreaux Homes opened in 1954 as the first example of public housing in not only Phoenix or Maricopa County, but the entire state of Arizona. Designed to house veterans returning from the Korean War, the 150 duplexes have been the home to thousands of Phoenicians. In 2012, the complex was in need of significant capital improvements and was at risk of closing. Following the institution of RAD, Gorman & Company, a private real estate development



Image: Courtesy of Heritage Consulting Group
Williamsburg Houses in Brooklyn, New York, a New York City Housing Authority-operated property, was recently rehabilitated using historic tax credits.

company that specializes in the creation of affordable and workforce housing, partnered with the Housing Authority of Maricopa County to rehabilitate the complex. At the time, Gorman's use of HTCs in the

renovation was considered revolutionary as very few public housing sites were listed in the National Register of Historic Places. The company's experience in both the HTC and low-income housing tax credit (LIHTC) worlds led them to connect the dots and combine the two resources, with RAD enabling it.

On the surface, the complex does not have the appearance of a traditional historic resource. As designed, each of the buildings in the campus featured a similar utilitarian design with minimal architectural ornamentation. Though simplistic in design, the complex was built at a time when affordable and quality housing was in high demand in cities across America, not just Phoenix. This design used materials typical for the region and most importantly to its success, met the typical design guidelines of public housing at the time, which required use of economical materials to ensure enough units could be constructed.

The Coffelt-Lamoreaux Homes Historic District was listed in the National Register in 2014 and was the first RAD conversion to utilize HTCs.

Public Housing Building Types

As the Coffelt-Lamoreaux Homes set a precedent for public housing's ability to use HTCs, additional examples of RAD conversions using HTCs followed suit. Coffelt-Lamoreaux serves as an example of a multifamily multibuilding complex designed in the garden apartment style, meaning the buildings were one-story set around shared open spaces. The garden apartment style is among the most popular types of public housing developments. Similar examples of garden style multibuilding complex RAD conversions that used HTCs include Liberty Square and Liberty Village in Groesbeck, Texas, and Clark Courts and Carver Courts in Lake Charles, Louisiana.

In the mid-20th century period, PHAs across the country transitioned to building high-rise towers, in addition to multibuilding complexes. In its earliest phases, the tower building type was used primarily by PHAs in larger cities, such as New York and Chicago. In the mid-1950s, however, federal housing legislation

mandated dedicated units specifically for elderly individuals. The tower building type quickly became the preferred model for elderly housing, with towers built throughout the country in small towns, big cities and everywhere in between.

Like the multibuilding complexes, recent RAD conversions of public housing towers have been successfully rehabilitated using HTCs. From the Carolyn Mosby Senior High Rise in Gary, Indiana, to the trio of Cumberland Towers, Parris Towers, and Jesse Powell Towers in Little Rock, Arkansas, PHAs, private developers and HTC consultants have effectively proven that these seemingly unassuming buildings have an important story to tell. Perhaps more importantly, their renovations highlight the significant impact affordable housing has at a time when rental prices increase throughout the United States.



Image: Courtesy of Heritage Consulting Group
Rehabilitated unit at Williamsburg Houses.

Lessons Learned and Looking Ahead

Over the past 10 years, dozens of PHAs have converted their portfolios through RAD and completed capital improvements to their housing units with HTCs. With each completed example, further lessons are learned about how former and current public housing developments are evaluated by the National Park Service through the HTC and National Register reviews. Among the most important lessons learned has been the overall importance of public housing in the history of the United States and its use as a

response to the crisis of substandard housing in the early- to mid-20th century, which was ubiquitous throughout the country. Through the middle of the 20th century, government efforts to provide quality and affordable housing to those who needed it most reshaped the built environment of cities and towns. The story of public housing remains largely unwritten and the buildings associated with it remain under represented in the National Register.

In recent years, the ability to use HTCs through RAD conversions has caught on with PHAs and private developers. This trend is evident in small and large cities. Even the largest PHA in the country, the New York City Housing Authority (NYCHA), is undertaking rehabilitations using HTCs. NYCHA, which operates more than 177,000 housing units across the five boroughs, began its first foray into HTCs in 2020. Williamsburg Houses in Brooklyn was among the first sites selected. Completed in 1938, Williamsburg Houses is comprised of 20 buildings with 1,630 units occupying four superblocks. The site is significant both for its history, but also its unique modern architecture designed by notable architects Richmond Shreve and William Lescaze. The capital improvements that are being made through the RAD conversion include updated finishes, utilities and amenities in each of the complex's 20 buildings.

According to Marissa Schaffer, vice president, transactions in NYCHA's Real Estate Development Department, NYCHA's use of the HTC program has been limited due to the agency's status as a tax-exempt entity. Through its Permanent Affordability

Commitment Together (PACT) program, which was initiated in 2020, NYCHA created a system that is "a great match for HTCs," as Schaffer noted. She explained that through PACT, "the transaction structure aligns with the requirements of the HTCs, as does the goal of the PACT program, which is to preserve not only physically but also socially significant properties in New York City."

Schaffer also noted that NYCHA is excited at the continued use of HTCs, saying, "we are looking forward to continuing to utilize HTCs for our PACT projects, which will continue to facilitate these comprehensive rehabilitations." In addition to Williamsburg Houses, NYCHA is undertaking HTC projects at singular towers, such as Audubon Houses and Bethune Houses in Harlem, and at their scattered sites, such as the Frederick Samuel Apartments.

With NYCHA and many other PHAs engaging in RAD conversions using HTCs, the two programs continue to successfully coexist, even opening the door to twin HTCs with the LIHTCs. As the programs continue to evolve, however, a greater understanding of the historical importance of public housing is needed in order to justify their significance for National Register listing purposes. The completed rehabilitations of Coffelt-Lamoreaux and the Little Rock housing towers, among numerous other examples, convey the ability to rehabilitate public housing with HTCs. Beyond that, they set a precedent for future projects that will significantly impact the lives of many in both urban and rural settings. ❖

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Cindy Hamilton is president of Heritage Consulting Group.

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