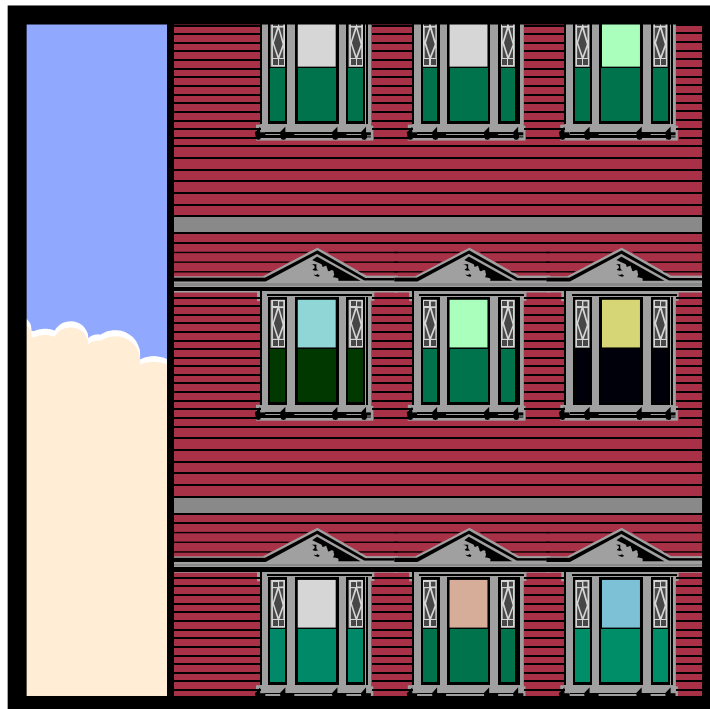


Final HUD Submission
January 15, 2015

BOSTON HOUSING AUTHORITY 2015-2019 FIVE-YEAR AGENCY PLAN



2015-2019

BACKGROUND

Boston Housing Authority's 2015 – 2019 Strategic Plan lays out five broad strategic directions that define the agency's work for the next five years.



1. Achieve and maintain high performer status for public and leased housing
2. Preserve the BHA portfolio of affordable housing by developing a site-by-site preservation strategy
3. Support resident capacity-building and self-sufficiency initiatives that help residents meet their own goals
4. Create healthy and supportive living environments through policy and partnerships
5. Continue to improve systems and customer service so the BHA is a more efficient and responsive organization

BOSTON HOUSING AUTHORITY 2015-2019 FIVE-YEAR AGENCY PLAN

BACKGROUND

The BHA is the largest public housing authority in New England and the sixth largest in the nation. Within the public housing program, BHA owns and operates 63 family and elderly/disabled developments that are home to more than 25,000 Boston residents (12,623 households), most of whom are extremely low-income, averaging about \$14,000 in annual income per household. Most of these units are federally-funded, with 2,305 state-funded units.

BHA developments are among the most diverse communities in the city of Boston across a spectrum of measures: race, ethnicity, religion, age, disability status, languages spoken, immigration/refugee status, and family status. BHA residents are roughly 42 percent Latino, 32 percent Black, 16 percent White, and 10 percent Asian. The public housing waitlist includes about 36,000 applicants at this time.

The BHA also administers Housing Choice Vouchers (Section 8 or Leased Housing) to over 11,000 families that lease apartments from private landlords. The Leased Housing Waiting List includes about 16,000 applicants at this time; however it has been closed to all new applicants except the highest priority emergencies since 2008.

The BHA is a large municipal employer, with over 800 employees, and invests over \$300 million into the local economy each year that translates into construction jobs, goods and services.

Almost one in every ten households in Boston either lives in BHA-owned housing or receives financial assistance from the BHA to rent private housing. As shown below, in some neighborhoods such as Dorchester, South Boston, and Charlestown the ratio is closer to one in six.

BHA has enjoyed a long period of continuous improvement in housing quality, vacancy reduction, innovative financing initiatives, and capital upgrades. The Authority currently has an all-time high 98% occupancy rate, and has earned a national reputation for its redevelopment efforts, energy efficiency and healthy housing initiatives.

NEIGHBORHOOD HOUSING STOCK THAT IS BHA OWNED OR ASSISTED

Neighborhood	Total Households	Public Housing Units	BHA Vouchers (All Programs)	% HHlds BHA-Assisted
DORCHESTER	31,098	1,238	4,343	18%
SOUTH BOSTON	15,815	2,476	195	17%
CHARLESTOWN	7,939	1,192	71	16%
ROXBURY	23,413	1,763	1,345	13%
SOUTH END	14,639	1,440	452	13%
MATTAPAN	12,065	295	870	10%
ROSLINDALE	12,720	527	742	10%
JAMAICA PLAIN	17,177	1,128	392	9%
EAST BOSTON	14,832	669	537	8%
HYDE PARK	11,948	445	543	8%
ALLSTON/BRIGHTON	29,320	1,051	360	5%
CENTRAL	16,979	99	432	3%
BACK BAY/BEACON HILL	13,342	130	255	3%
FENWAY/KENMORE	13,797	0	326	2%
WEST ROXBURY	12,537	170	142	2%
CITYWIDE	247,621	12,623	11,005	10%

CHALLENGES

BHA now faces an unprecedented lack of support at the federal level. This reduced funding is expected to continue. The funding shortfalls threaten to severely impact the public housing program, and will constrain the BHA's ability to continue on the positive trajectory it has established in the past 20 years.

CHALLENGES

The Authority now faces an unprecedented lack of support at the federal level. This reduced funding is expected to continue. The funding shortfalls threaten to severely impact the public housing program, and will constrain the BHA's ability to continue on the positive trajectory it has established in the past 20 years. The funding context is not the typical cyclical adjustments that are common in the public sector depending on which party controls the Legislature and/or Executive branches of the federal government. This is, rather, a more structural change to the public housing program, with HUD increasingly encouraging housing authorities to find alternative funding mechanisms, including private sector funding, to sustain their portfolios.

The BHA and other housing authorities are confronting long-term budget deficits to their federally-subsidized housing portfolios. The budget deficit is due to chronic underfunding, sequestration cuts, and the ongoing federal budget battles in Washington D.C. The future of the public housing program and the viability of the physical buildings themselves remain threatened. The Leased Housing budget has stabilized for the time being--avoiding the need to take families off of the program—however, the BHA is emerging from one of its worst deficits in history with this program.

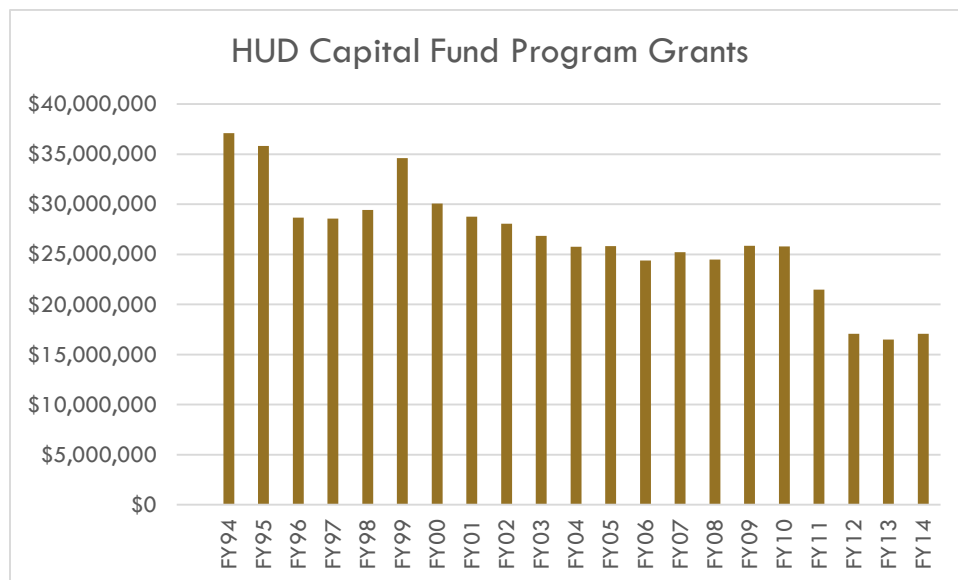
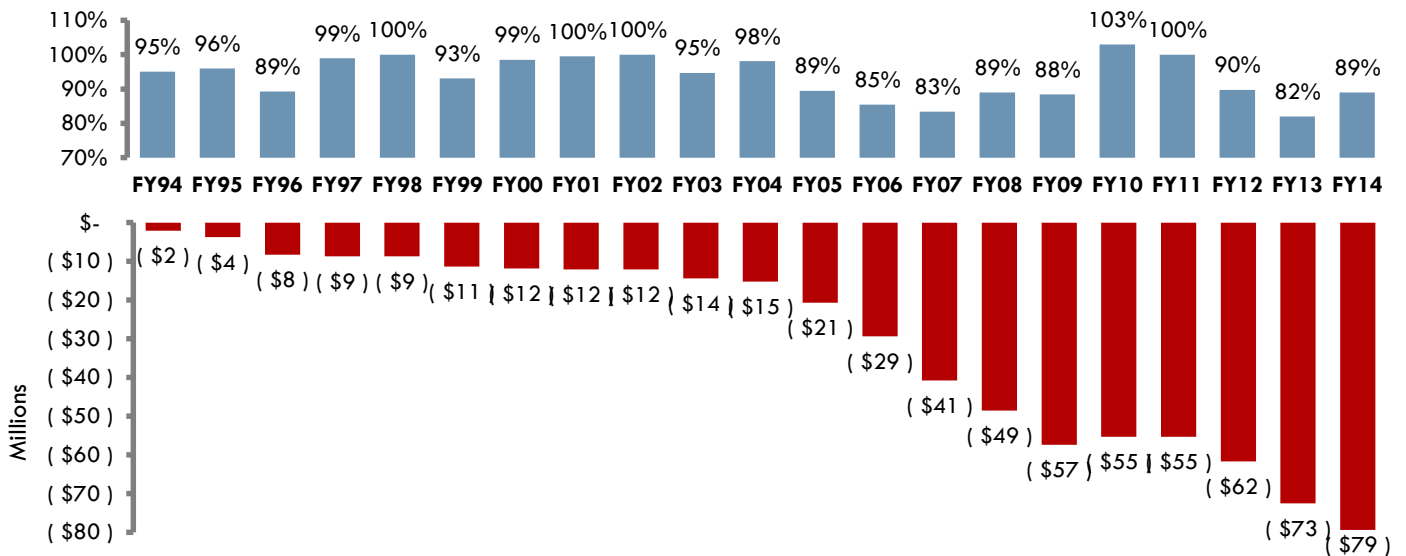
Key Issues:

HUD Funding Levels: In recent years, HUD, as a result of reduced congressional appropriations, has provided PHAs with anywhere from 80 – 95 percent of PHA annual eligible funding. In the current calendar year, PHAs (including the BHA) expect to receive between 87 and 89 percent of their eligible funding. For the BHA, in the current year, this underfunding means that the BHA will not receive \$6.8 million of operating subsidy for which it is eligible based on *HUD's own funding formula* and which HUD acknowledges is needed to operate the property. See the cumulative impact of this long-term under-funding below.

Capital funding has also been drastically reduced alongside operating funding, with an allocation to BHA of just over \$16 million annually, compared to nearly \$30 million annually a decade ago. Of that allocation, approximately \$6.7 million annually is committed to repayment of a capital bond issuance until the year 2028. BHA estimates its overall capital need at about \$500-750 million.

A growing deficit exists in funding for security and protective services, which costs the BHA \$5.9 million annually, with no dedicated funding source from HUD. In previous years, the BHA received supplemental security funding, which has been eliminated.

BHA Annual Operating Subsidy Proration and Cumulative Funding Loss



Spending Levels: Current spending in the federal operations program is \$97 million, of which \$62 million is for non-utility expense categories (i.e., maintenance and operations). This equates to a per unit month (PUM) cost of \$515, which is comparatively low relative to other large urban PHAs around the country as well as other housing providers in Boston. It is also below HUD's own formula expense level derived specifically for the BHA. In addition, the BHA is not always reimbursed dollar for dollar for its utility expenses, further straining the non-utility budget.

Personnel/Staffing: The BHA has reduced its workforce by over 100 employees in the past two years through attrition, retirements and reductions in force, an overall 11% reduction. The BHA has taken very deliberate and challenging steps to reduce personnel costs in order to confront its budget challenges.

Reserves: The BHA has responsibly generated and safeguarded public housing operating reserves over the past many years. Unfortunately, in order to confront these budget deficits, it is spending down these operating reserves and is unable to keep the reserve at the HUD recommended level.

OPPORTUNITIES

In spite of these serious challenges, new opportunities are available and continue to arise. The BHA is committed to acting upon these opportunities.

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BHA's primary short-term goal is to raise awareness of the scale of the challenges we face, and grow local support for a variety of preservation strategies. After moving from a mode of incremental, continuous improvement, BHA is threatened with a backslide that could result in units being slowly taken off line as uninhabitable.

Within this context, the Authority proposes the following initiatives:

Strategic Focus: Achieve and maintain high performer status for public and leased housing:

Maintain 97% or higher Occupancy Levels: Consistent with the City's *Housing a Changing City* strategy, BHA's top priority is keeping units available and occupied. Functions and activities that do not directly support this goal will be reviewed first to address funding shortfalls.

Maintain 100% Utilization of Section 8 Resources: We will continue to maximize vouchers "on the street", seek all available housing voucher resources, and ensure that those resources are being fully utilized.

Strategic Focus: Preserve the BHA portfolio of affordable housing by developing a site-by-site preservation strategy

Ensure alignment between BHA priorities and the City's Housing Strategy (*Housing A Changing City*). It is critical that public housing preservation is prioritized within the broader City context, as reflected in Mayor Walsh's recently released housing plan.

Explore Federal Legislation to Allow Funding Flexibility between the Public and Leased housing programs: This flexibility would promote efficiencies and better decisions about how to apply scarce resources to local conditions. Currently PHA's are restricted from using public housing operating, public housing capital, and Section 8 funds except within highly regulated silos of spending.

Develop a site-by-site preservation strategy that optimizes for local markets and opportunities:

The BHA will initiate a review of all properties to develop or affirm approaches to ensure long-term viability and optimize strategies to close budget shortfalls.

Where appropriate, we will utilize Choice Neighborhoods, Rental Assistance Demonstration, Energy Performance Contracting and other approaches that can help preserve the portfolio for future generations of low-income residents.

Strategic Focus Area: Support resident capacity-building and self-sufficiency initiatives that help residents meet their own goals

Support BHA's Center for Community Engagement: Established in March 2014, the Center for Community Engagement and Civil Rights (CCECR) is designed to support sustainable communities that are economically, environmentally and socially vibrant. One of CCECR's key roles is engaging residents to participate in and lead a wide range of programs. In the next five years, CCECR will build its capacity incrementally and integrate an infrastructure by which residents and applicants could easily and readily access information and services.

Link efforts to Education, Jobs, Public Safety and Health: Federal funding for these sectors can be more available than public housing funding and BHA must tie its housing programs to these sectors in order to optimize funding potential. BHA will also continue to seek ROSS, Family Self-Sufficiency and other federal funding when available.

Strategic Focus: Create healthy and supportive living environments through policy and partnerships

Formalize Partnerships to deliver an equitable baseline of services across all BHA sites:

Implement a consistent and strategic approach to partnerships across the portfolio which brings a baseline level of defined services to every BHA site. Develop measurement tools to enable tracking and ensure progress.

Establish resident health, energy-efficiency and sustainability as priorities in the planning process for new initiatives consistent with the BHA's Strategic Sustainability Plan:

The BHA issued a Strategic Sustainability Plan in January, 2014 outlining an overall goal to reduce energy and water consumption by 25% by 2020 in addition to several other goals. The BHA will continue to track and report on its progress.

Strategic Focus: Continue to improve systems and customer service so the BHA is a more efficient and responsive organization

Raise awareness of the challenges that BHA faces: Consistent with the City's *Housing a Changing City* strategy, in order to position the BHA for a future with less federal subsidy, it will be important for the community and all stakeholders to understand the BHA's situation and decision-making.

Analyze Wait List practices and develop strategies to streamline placements while communicating more effectively with applicants: The BHA must consider all options to reduce its 36,000 waiting list, manage applicant expectations, and optimize staffing resources toward placements.

Continued Customer Service and Efficiency Enhancements: Formalize a customer-service function within BHA to improve satisfaction and responsiveness. Provide training to maintain professional staffing and expertise in a changing environment.