

projecthome

MEMORANDUM

DATE: August 5, 2010
TO: CDBG Commission
FROM: Jan Reek, Director of Programs
SUBJECT: Prairie Crossing Resident Services Coordinator Program

1. 2-3 years ago this project restructured their financing to improve their financial position. Since this happened and the project received 30 vouchers, what is the financial position of the housing project?

We restructured the financing of Prairie Crossing to improve our financial position in 2007. We paid off our permanent financing, which had an interest rate of 8.5%, using a combination of capital contributions from Project Home and the tax credit investor, grant funding from the City, and a low interest loan from WHEDA. We also obtained 20 (not 30) project-based vouchers for the property.

While the property's financial position has improved, the tax credit investor and Project Home continue to make operating deficit contributions. In 2008, Project Home contributed \$36,293 to cover operating deficits, including the loan reserve deposit. In 2009, Project Home contributed \$22,660, our best year to date.

2. What is the current occupancy rate and are there funds available to assist with support of this project?

We currently have 32 occupied units out of 47, for an occupancy rate of 68%. We do not anticipate that funds will be available to support this project. The project is very important. Providing supportive services to residents is a HUD requirement if more than 25% of the units in a property have project-based vouchers. HUD, in effect, is saying that services must be provided to residents to help them to solve problems that otherwise might threaten their ability to maintain their housing. It acknowledges the potential destabilization of families and neighborhoods when there is a concentration of households having very low income.

3. In 2010 the City funded only 63% of the total project costs. The 2011 budget proposes that the City fund 100% of the project. What happened to the “other funds” that supported this project in 2010?

There are no other funds except for Project Home’s discretionary cash. We are asking for 100% of the program costs because Prairie Crossing is having a difficult year due to the low occupancy rate and the special needs of the residents. After 10 years of operation, it appears that Prairie Crossing will fill up and empty out on an annual basis, which is a time-consuming and expensive proposition.

One of the reasons exacerbating the turnover at Prairie Crossing is that project-based voucher holders are eligible to receive a tenant-based voucher at the end of 12 months. This is a HUD requirement. If the tenant is in good standing, they may take the tenant-based voucher and move away. Many of our residents have chosen to do this. Identifying and qualifying applicants to fill the vacant units is a time consuming process.

4. Please clarify the dollar amount of your CDBG request.

We are requesting \$21,352 per year for both 2011 and 2012.

5. Please discuss your program in the context of interrupting generational poverty.

The assistance provided to residents by the Resident Services Coordinator is more than a “hand out” to solve an immediate financial problem. Working with the Resident Services Coordinator enables residents to develop new skills and knowledge about resources that are available to them. The residents can then transmit these new ideas and perspective on life to their children, who can benefit in turn. In this way, the joint work of the Resident Services Coordinator and the residents can be a positive influence in interrupting generational poverty.