

\$1.5M later, new gamble for a housing program: With renovations complete, DeKalb complex may be razed

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Taxpayers have shelled out about \$1.5 million in recent years to renovate Tobie Grant Manor, a DeKalb public housing complex of brick single-family homes and duplexes in what's described as a park like setting.

Federal stimulus money paid for new heating and air conditioning units, mailboxes, kitchen light fixtures and stainless steel range hoods and for installing new bath tubs, driveways, sidewalks and interior doors. Other tax money paid for new kitchen cabinets and countertops, ranges, refrigerators and exterior doors; painting foundations; and tuck-pointing the brick.

"If anyone drives into Tobie Grant right now, they would say, 'Wow, it looks good.' And it does," said Pete Walker, executive director of the Housing Authority of DeKalb County.

Now, with the work completed last year, the authority is hoping to tear all the homes down.

The problem, Walker said, is that there's no assurance the authority will continue to get enough federal dollars to maintain the 104 prairie-style buildings, which provide 200 housing units and date to the 1960s. And even with all the improvements in recent years, the homes still need to be updated, said Norris Reid, 66, a longtime resident. Among the problems, he said, is that they are difficult to heat and cool. "It's not modern. It's not up to code," he said.

So the housing authority hopes to tap a new federal program to demolish the homes, then partner with a private developer to build a \$34 million complex with 400 apartments.

Other housing authorities across Georgia also are turning to the Department of Housing and Urban Development pilot program --- so much so that the state will essentially be HUD's guinea pig. Georgia has one of every four housing units in the nation proposed for the Rental Assistance Demonstration program, which is seen as the ticket for better housing for very low-income people.

The DeKalb proposal, though, may be unique in the state, an Atlanta Journal-Constitution examination found. Others were pitched as renovations or additions to existing public housing complexes, rather than demolitions and rebuilds.

And the plan for Tobie Grant Manor may have some unique risks, with tax money at stake. Success of the plan will hinge on attracting middle-income residents to live with some of the county's poorest residents.

About 110 of the new units would be set aside for those making no more than 30 percent of the area's median income, or around \$33,150 for a family of four. Current Tobie Grant families would be first in line

to get those, if they choose. About 240 apartments would be for those making about 60 percent. For the remaining 50 apartments, the goal is to attract wealthier residents who could pay rents in line with comparable units elsewhere in the metropolitan area.

"We must have a majority making above 30 percent," Walker said.

Will renters who can pay market rates want to move there? That's one of the questions HUD's Patrick Costigan said the agency will consider as it reviews the plans and decides whether to approve them.

The 55-acre complex is in a blighted area off North Decatur Road near I-285, served by a struggling public elementary school. The neighborhood lacks nearby amenities that might make new apartments a choice for families who can afford to live elsewhere.

Walker hopes those families will be attracted by the quality of the new complex and its location on North Decatur Road, which offers quick access to Emory University. He believes the new housing would spur additional development nearby.

Reid sees the possibilities. "When they start building these apartments, they'll attract all kinds of businesses up North Decatur Road," he said.

Make life easier

The program was devised as Housing and Urban Development officials struggled with \$26 billion in renovation needs at public housing around the country.

"Every year it seems housing authorities have less and less ... but properties get older and older," said Michael Austin, director of asset management and housing assistance with the Housing Authority of Macon.

His agency won initial approval to convert half of its public housing to RAD long-term contracts --- more units than any other housing authority in the nation. RAD provides 20-year, Section 8 contracts to the project to lock in rent assistance payments, with yearly percentage increases. With that guarantee, he said the authority can leverage loans for renovation and repairs.

But around the state, the projects proposed for the program are almost all ones that were already in good shape. That's because RAD payments won't be enough to cover upgrades at projects with deeper repair and renovation needs, Austin said.

That's ironic, notes Ray Bouday Jr., executive director of the Housing Authority of Marietta, since HUD announced the program as a way to address the \$26 billion funding gap.

His agency has won initial approval to convert its last two public housing complexes to RAD. "We see this as an excellent opportunity to get out of the public housing business and get these units fixed up," he said. "We're all in."

It's not only the funding that makes the program attractive, he said. By getting out of the public housing program, known as Section 9, and into the project-based voucher contracts, under the Section 8 program, housing authorities also get out of a lot of legal requirements, Bouday said. "All I can say is, life will be easier."

Less red tape should mean significant cost savings, he said.

HUD also has said RAD will cost no more than the public housing program. That was key in selling it to Congress.

Break poverty cycle

The only other Georgia housing authority apparently contemplating using RAD funding to demolish and rebuild a housing project is Savannah's, but it's not clear if the finances can work, said director Erline Davis. "It would depend on who we could get to go in on the deal with us," she said.

She's eyeing a 300-unit complex that needs extensive repairs. The project is near the city's historic areas, which may make it attractive to market-rate renters, she noted.

Those renters would effectively subsidize units for low-income residents.

That also would be the case for the DeKalb project. Walker points to its former Johnson Ferry East public housing complex as an example of success in attracting renters to mixed-income projects. That complex was demolished and redeveloped for mixed-income housing, spurring a nearby market-rate development as well as single-family homes and retail, he said.

Atlanta Housing Authority had similar success in the East Lake neighborhood of DeKalb after tearing down the notorious Meadows public housing complex.

But the Johnson Ferry site, north of Peachtree Golf Club, is in an area with a poverty rate under 10 percent. The East Lake area, with a poverty rate of about 25 percent, is near East Lake Golf Club and offers historic bungalows near downtown as well as a successful charter school.

Tobie Grant is in an area with a poverty rate of around 40 percent, in unincorporated Scottdale.

If new apartments don't attract a mix of residents there, the authority could be on the hook for funding shortfalls.

The way financing for the deal could be sliced, anywhere from 40 to 70 percent of the \$34 million would come from an investor. That investor would be a limited partner who scoops up millions of dollars in annual federal tax breaks in return for providing affordable housing units.

The housing authority would borrow much of the rest with an FHA-backed mortgage and kick in some money HUD allocated for replacement housing. As general partner in the project, the housing authority would own the complex.

"We have all the rights --- and all the liabilities," Walker said.

While there may be risks, if Tobie Grant Manor isn't torn down, in the long run it will be too expensive to maintain, Walker said. And attracting a mix of residents, he said, is the best way to break the cycle of poverty.

As for those who would question demolishing a complex so recently renovated, Walker would tell them this: "You never, ever let people live in substandard housing. ... To those who say, well, the money was wasted, I would disagree. The housing is as good as it can possibly be."

Appliances will be salvaged for use at other housing authority complexes, he said. And Walker said the

site is large enough to eventually allow for development of other apartments and, potentially, up to 90 single-family homes.

The agency's RAD plans are "evolving," Walker said, but if it doesn't receive financing to redevelop the site, it will still convert to the RAD way of receiving funding. If the redevelopment proceeds, the agency will provide vouchers to residents of all 200 Tobie Grant homes so they can move. Because the new complex will have just 110 RAD units, 90 units will be moved to other locations, Walker said.

Georgia awards, Rental Assistance Demonstration program

Macon Housing Authority 932 units

Savannah Housing Authority 872 units

DeKalb Housing Authority 266 units

Northwest Georgia Housing Authority 172 units

Marietta Housing Authority 164 units

Douglas Housing Authority 110 units

Roswell Housing Authority 103 units

Houston Housing Authority 40 units

Note: The Columbus Housing Authority was initially awarded RAD funds for 192 units but later backed out of the program to pursue another HUD initiative.

Total initial awards nationwide: 12,253

Georgia share: 23 percent

How we got the story

After federal housing officials announced that Tobie Grant Manor in DeKalb County was selected for the initial round of funding under a pilot housing program, The Atlanta Journal-Constitution requested records about plans for the complex. The AJC also requested records showing expenditures for renovations at the DeKalb housing units in recent years, and contacted housing authorities throughout Georgia to gather information about their projects under the new program.

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