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**Allentown Housing Authority Wins HUD Approval To Convert
Cumberland Gardens Public Housing To Section 8 Rentals**

*New Designation Will Help AHA Finance Upgrades, Renovations To Allentown's
Largest Public Housing community*

Allentown, Pa. – Seventy apartments in Cumberland Gardens have been designated as eligible for a change from traditional public housing to Section 8 – Housing Choice Voucher Program – designation under a new Rental Assistance Demonstration (RAD) project launched by the U.S. Dept. of Housing and Urban Development (HUD), Allentown Housing Authority Executive Director Daniel R. Farrell announced today.

The RAD designation and the switch to Section 8 rentals creates a stable and long-term financing base that will be used for renovations, upgrades and quality improvement for public housing properties by allowing public housing authorities to access private financing for reconstruction and renovation projects unavailable under the current structures, according to HUD.

Farrell said the change, which will eventually encompass all 200 units at Cumberland Gardens, will allow AHA to complete a comprehensive reconstruction of Allentown's largest public housing community. The initial 70 units are among 60,000 nationwide designated for the RAD approval.

“Section 8 properties can carry debt service so we can actually borrow money to finance the upgrades and renovations. It’s a whole other financing source that hasn’t been available to us in the past.” Farrell said, noting that housing authorities are typically unable to float loans or issue bonds for reconstruction projects. “It’s a new way HUD is looking to fund the work and we want to be part of that.”

AHA in 2011 began a comprehensive overhaul of the 40-year-old Cumberland Gardens community and in October 2012 celebrated the completion of the first phase of the project, which involved 74 units. The \$15.1 million first phase was funded through a combination of Low Income Housing Tax Credits from the Pennsylvania Housing Finance Agency, and financing from the Pennsylvania Redevelopment Assistance Capital Program (RACP), American Recovery and Reinvestment Act (ARRA), City of Allentown and AHA.

The authority has secured an award of Low Income Housing Tax Credits from HUD for Phase 2 and is now working to secure financing for Phase 2, which will involve 70 units, and will begin in October 2011.

“We don’t have a significant amount of debt and we anticipate that we will be able to do this without taking on any other debt,” Farrell said.

Residents won’t notice a change in the rental structure because they will still pay approximately 30 percent of their income for total rent.

In announcing the RAD project, HUD officials said it was part of the department’s rental housing preservation strategy, which works to preserve the nation’s stock of deeply affordable rental housing, promote efficiency within and among HUD programs, and build strong, stable communities.

HUD’s goals are to:

- Improve the quality of affordable housing: PHAs and owners will be able to leverage substantial public and private funding to address critical capital needs and improve the condition of their properties.
- Preserve affordable housing: Once placed on a more stable Section 8 funding platform, converted properties will have long-term rental assistance contracts and use restrictions, which will survive foreclosure or bankruptcy.
- Leverage private debt and equity: RAD will stretch federal funds by leveraging them with private debt and equity investments, enabling owners to make needed capital repairs.
- Enhance housing choice and mobility: PHAs and owners will offer residents the choice to move with tenant-based vouchers after a reasonable tenure following the conversion of assistance, with a limited good-cause exemption.
- Bring Public Housing into the affordable housing mainstream: Long-term, Section 8 project-based assistance has proven to be an effective, reliable, and safe mechanism to fund affordable housing for over 30 years.
- Create jobs: Physical revitalization of assisted housing involves large-scale construction and infrastructure projects that create jobs and stimulate the local economy.

- Ensure opportunities for resident participation: Owners of converted properties must recognize resident organizations. In addition, all conversions will be subject to resident review and comment.
- And encourage green building standards: RAD encourages PHAs and owners to pursue green building and energy efficiency by using industry-recognized standards for green building, rehabilitation, and operation.

Farrell said the changeover from traditional public housing rents to Section 8 will occur over the next several years.

To learn more about RAD, please go to <http://portal.hud.gov/hudportal/HUD?src=/RAD>

For more on the Allentown Housing Authority, please go to <http://allentownhousing.org/>

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