

EXECUTIVE SUMMARY

PHYSICAL NEEDS ASSESSMENT: (PNA)



43 DEVELOPMENTS

PCA Prepared For:
Dayton Metropolitan
Housing Authority
400 Wayne Ave.
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Attention:
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CHS-0471

1.1 INTRODUCTION

The Dayton Metropolitan Housing Authority (DMHA) commissioned Creative Housing Solutions, Inc. (CHS) on November 24, 2004 to evaluate forty-three (43) DMHA public housing developments in Montgomery County, Ohio.

This Physical Needs Assessment (PNA) was commissioned to assist the DMHA in creating a long-term strategic plan for the agency. This assessment also assists the DMHA in their compliance with the HUD Annual and 5-year Plan requirements stipulated in Section 511 of the Quality Housing and Work Responsibility Act of 1998 (QHWRA).

The purpose of the assessment was to help the DMHA evaluate the long-term viability of their public housing inventory. The approach taken for this PNA was to determine the improvements required to achieve the following objectives.

1. Maintain the properties in a "safe, decent, and sanitary" condition. This is a major component of the DMHA Mission Statement:

"The mission of DMHA is to provide low to moderate income residents of Montgomery County access to decent, safe, affordable housing and to advocate on behalf of our clients on community issues and services that affect their ability to secure and maintain housing."

2. Elimination of undesirable (difficult to rent) units and sites.
3. Enhancements required to meet market demands, based on the separately prepared 2005 DMHA Market Study.
4. Modifications required for accessibility as described in the 2005 Section 504 Evaluation and Transition Plan.

Specific details regarding each of the subject developments can be found in the full report. This executive summary presents an overview of the process and findings.

1.2 PROCESS:

CHS in conjunction with site maintenance staff conducted the survey of the sites, buildings, and dwelling units. The following physical elements of the properties were examined and the findings are reflected in the work item descriptions and cost estimates.

- Site - The entire site was walked. Included in the inspection was landscaping, drainage, walks, parking, accessibility, etc.
- Buildings - The exterior of each building was inspected. Included in the inspection was siding, roofs, windows, doors, mechanical systems, electrical systems, etc.
- Dwelling Units - 10% or more of each unit type was inspected. The units were found to be very uniform and consistent in terms of condition. These units were randomly selected and evenly distributed throughout the property to normalize any trends.
- Environmental Factors – The assessor reviewed historical data regarding lead-based paint (LBP) and asbestos (ACM). Also, noise, flood and other hazardous conditions were observed.

In addition to the physical observations, the assessor interviewed management, residents, and maintenance staff during the inspections.

CHS met with DMHA P&D staff throughout the process. CHS presented initial findings to the Executive Staff 8/5/05 and 8/26/05. On August 29, 2005 CHS presented initial findings and recommendations to the DMHA Board of Commissioners. As a result of these meetings, adjustments and final recommendations were incorporated into the Physical Needs Assessment Report.



1.3 ASSESSMENT CRITERIA:

The criteria used to determine recommended repairs that are needed are as follows:

- Repairs / improvements that will provide a viable and satisfactory property for the next 20 years.
- Repairs / improvements that will reduce maintenance problems and costs.
- Improvements that will improve the physical accessibility of the housing.
- Repairs / improvements that will enhance the marketability of the units.
- Repairs / improvements that will improve the quality of life for the residents of the property.
- Repairs/improvements that will reduce health, security, and safety concerns.
- Repairs / improvements that will improve energy efficiency.

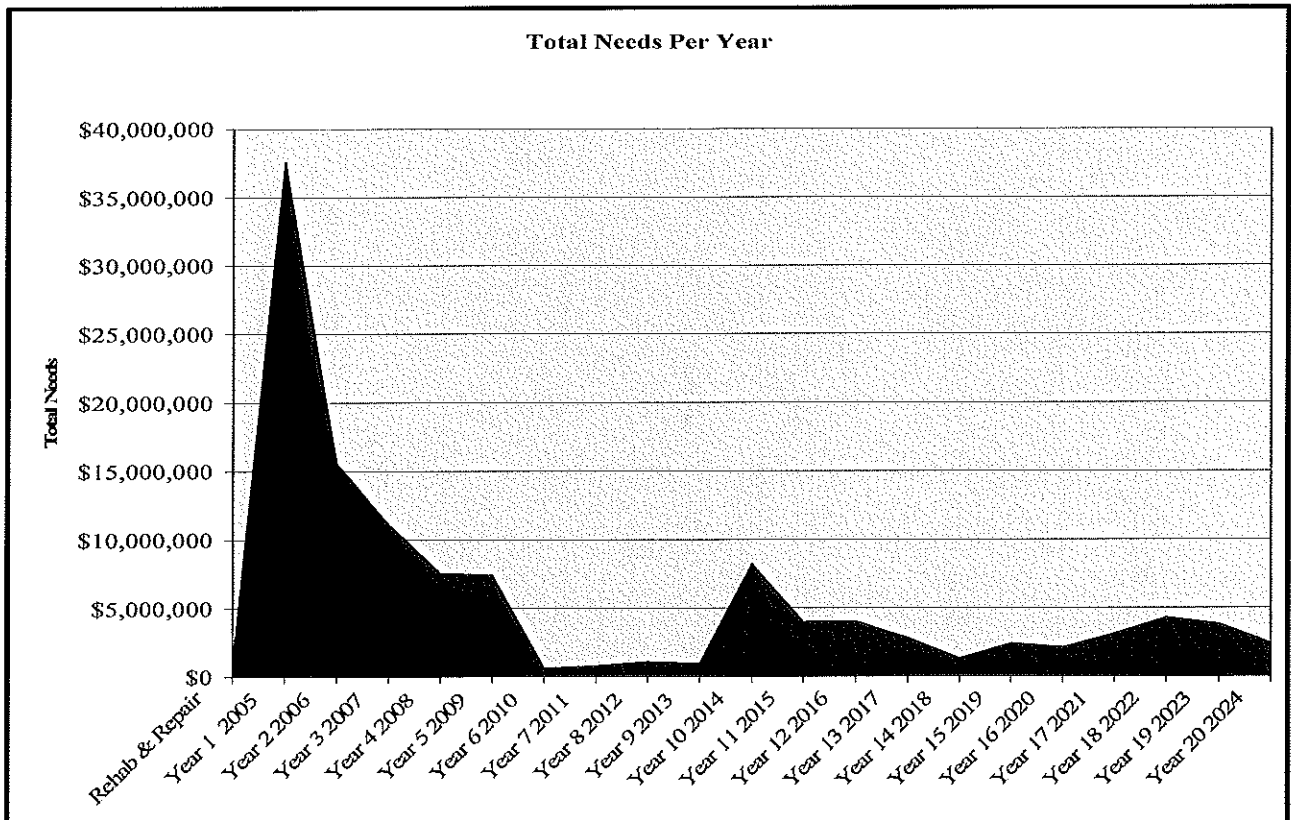
Note: Routine and preventative maintenance expenses were not identified as specific needs. The items identified as maintenance needs in this report generally represent deferred maintenance items or items that are of such magnitude that the present maintenance staff is unable to address the work while performing their routine maintenance duties.

1.4 SUMMARY DATA:

Total Cost Per Year

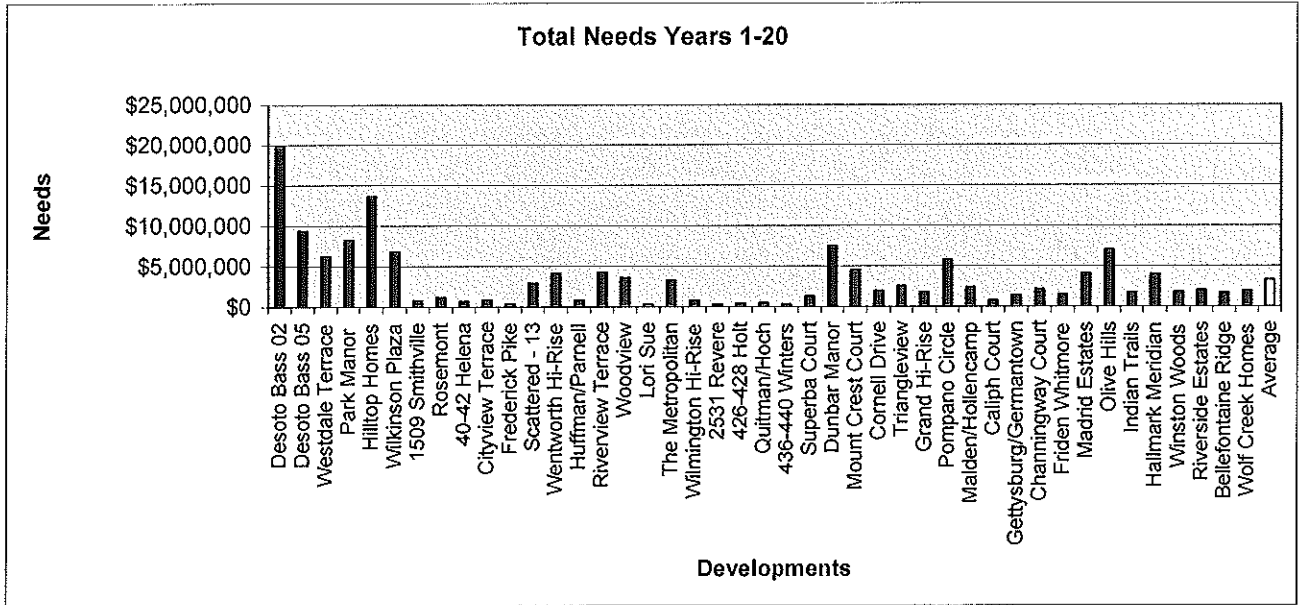
The following graphic illustrates the estimated *total per year cost* for capital improvements (excludes routine maintenance and operations). The spike in Years 1-5 is primarily due to the recommended Market Improvements, and Comprehensive Modernization activities. It is possible to distribute a majority of these costs over a longer period of time, however, the implications of delaying market enhancements may be decreased marketability and competitiveness.

It is noteworthy that after 2009 (5th year of plan) the overall agency capital improvement needs drop to approximately \$1,000,000 per year and remain at this level for four years of the 20-year plan. In other words; after a large infusion of capital in years 2005 – 2009 (approximately \$80,000,000), the agencies infrastructure will have a 20-year viability.



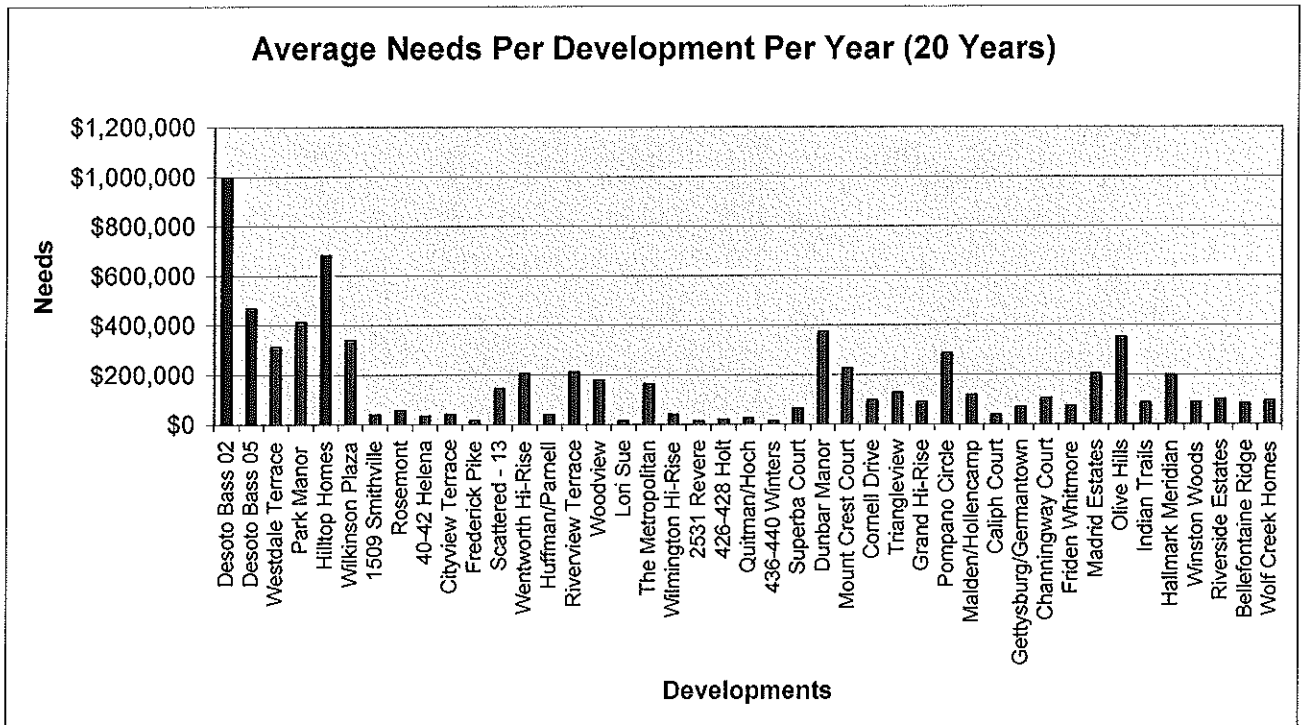
Total Cost by Development

The following graphic illustrates the estimated *total 20-year per development cost* for capital improvements according to development. You will notice that Desoto Bass, Hilltop, and Dunbar are the most costly developments. Refer to the specific needs assessment for each development for additional information and recommendations.



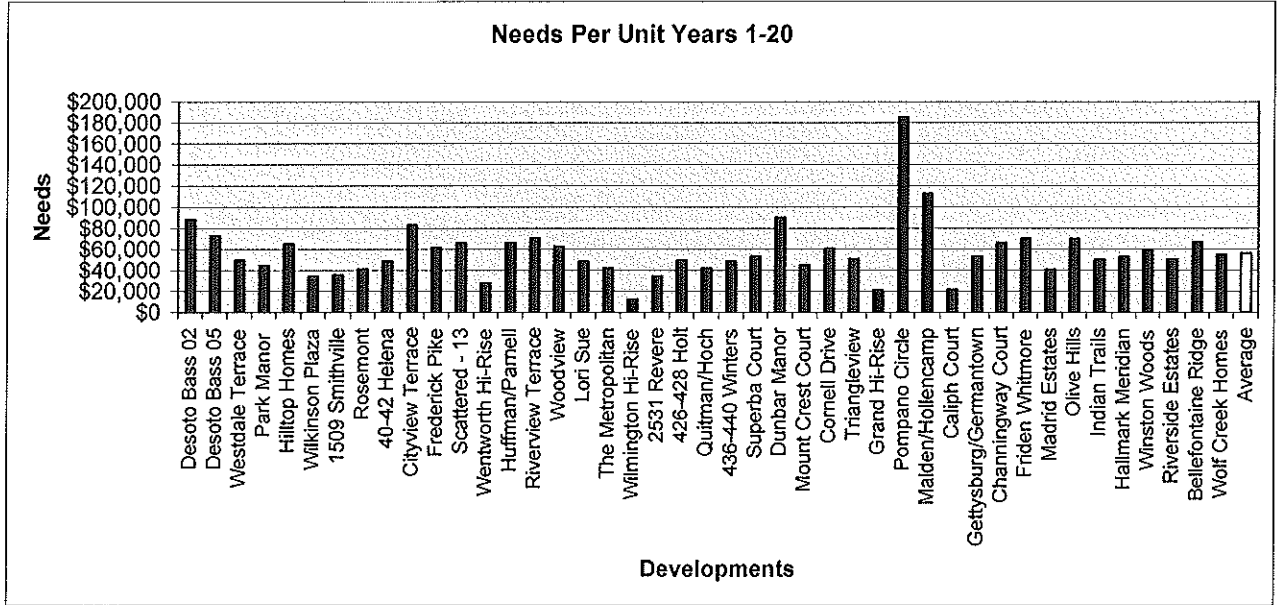
Average Annual Cost by Development

The following graphic illustrates the estimated *average per year cost* for capital improvements per each development.



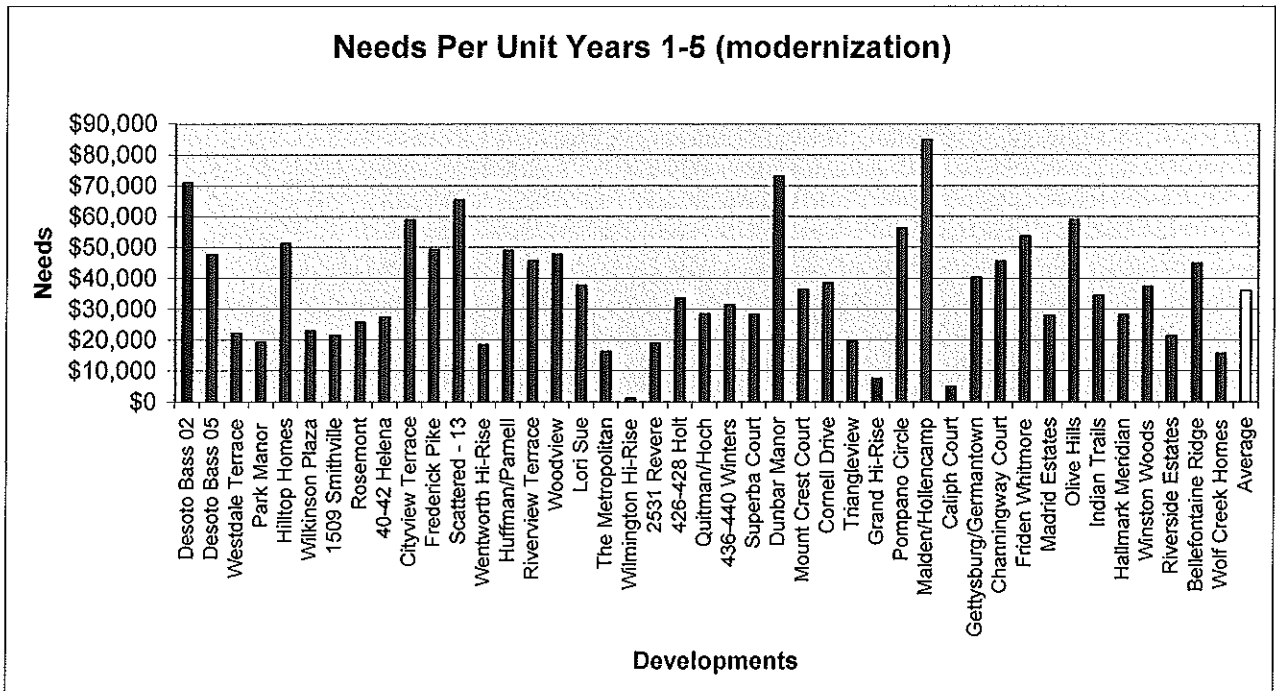
Average Per Dwelling Unit Cost by Development

The following graphic illustrates the estimated *average 20-year cost per unit per year* for capital improvements by development. It is interesting to note that Pompano and Malden-Hollencamp are the most costly on a per unit basis. This is due to the additional costs to provide extra handicap accessible units to make up for other DMHA developments.



Comprehensive Modernization/ Market Improvements Average Per Dwelling Unit Cost by Development

The following graphic illustrates the estimated *average cost of modernization activities during the 5-year initial capitalization period* according to development. It is interesting to note that Desoto Bass, Dunbar, and Malden-Hollencamp are the most costly on a per unit basis.



For comparison, attached is the most current HUD published Total Development Costs (TDC) for Dayton, OH. These figures reflect the HUD calculated costs to develop public housing units. Costs vary by location of development, configuration of unit, and size of unit.

| Dayton, Ohio | Zero Bedroom | One Bedroom | Two Bedroom | Three Bedroom | Four Bedroom | Five Bedroom |
|------------------------|--------------|-------------|-------------|---------------|--------------|--------------|
| Detached/Semi-Detached | \$89,023 | \$117,574 | \$153,394 | \$185,001 | \$218,577 | \$239,508 |
| Row House | \$80,040 | \$105,118 | \$136,326 | \$164,006 | \$193,064 | \$211,528 |
| Walk Up | \$67,165 | \$90,227 | \$114,826 | \$152,513 | \$188,806 | \$212,940 |
| Elevator | \$66,240 | \$92,736 | \$119,232 | \$158,976 | \$198,720 | \$225,216 |

Note that the average per unit cost exceeds 90% of TDC for only 1 and 2-bedroom units in Malden-Hollencamp and Pompano Circle. Therefore a case for demolition or disposition based on TDC is not reasonable.

However, other needs and management issues may justify demolition or disposition. These matters are not addressed in this PNA. Additional information regarding Long Term Public Housing Viability can be found at the following HUD website:

http://www.hud.gov/offices/pih/centers/sac/section_202/

Redevelopment

Several of the developments assessed are recommended for density reduction, partial demolition, reconfiguration, redevelopment, or some combination of this. The developments affected include Desoto Bass Courts 02, 02A, and 05, Scattered Sites 13 I,K,P,Q,R,T,U,W, Mount Crest Court, Cornell Ridge, and Olive Hills. CHS assessed 43 of DMHA developments containing 2,652 units. The unit breakdown before and after redevelopment are shown in the chart below. It should be noted that these numbers are subject to change based on architect’s final designs.

| | DMHA (all Developments) | 43 Developments (Existing) | 43 Developments (Post Redevelopment) |
|------------------|-------------------------------|----------------------------------|--|
| Zero Bedroom | 20 | 14 | 8 |
| One Bedroom | 1514 | 1224 | 1146 |
| Two Bedroom | 1086 | 784 | 617 |
| Three Bedroom | 737 | 499 | 423 |
| Four Bedroom | 158 | 112 | 92 |
| Five Bedroom | 19 | 17 | 17 |
| Six Bedroom | 4 | 2 | 2 |
| Total | 3538 | 2652 | 2305 |

Summary Table

Refer to the attached Summary Table for cost information for each development according to year. You will notice that both un-inflated and inflated costs are indicated. An inflation factor of 1.5% per year was used. At the bottom of the table an estimate of soft costs is included for budgeting purposes.



1.6 MARKET DRIVEN NEEDS:

Low Income Housing Tax Credits

The Low Income Housing Tax Credit (LIHTC) program will cause continued competition for DMHA in the short and long run. We estimate that over the past ten (16) sixteen years, there have been over 3,500 Low Income Housing Tax Credit units developed including new construction or acquisition rehabilitation in Montgomery County. That is an average of 219 rental housing units per year that are competing directly and indirectly with DMHA for tenants. Most of these developments have an on-site clubhouse, activity center and laundry area. Most all of the units had an amenity package that had the following amenities:

- Range
- Refrigerator
- Dishwasher
- Garbage Disposal
- Air Conditioning
- Carpet
- Washer/Dryer Hook-up
- Club House/Community Room

In addition, these Low Income Housing Tax Credit and Conventional Apartment Communities all have on-site leasing agents and managers. Not having on-site managers and leasing managers puts DMHA in a non-competitive position with regards to leasing of units.

The development of Low Income Housing Tax Credit sites has forced many 2nd and 3rd generation apartment complexes to renovate and upgrade their units and communities to compete with the Low Income Housing Tax Credit developments. This has and will continue to cause development pressure and force DMHA to either upgrade their units and communities to stay competitive, or continue to be negatively impacted by increasing vacancy rates and longer turnover to rent units.

The application cycle for the Low Income Housing Tax Credit program is scheduled for Spring 2006. Also, HUD is going to be coming out with a tax credit program for homeownership. It will be targeting low and moderate income households. This is going to continue to add development pressure to DMHA's existing portfolio of public housing.

HOUSEHOLD DEMAND CONCLUSIONS

The family and elderly public housing and Section 8 waiting lists represent an opportunity and a challenge for DMHA in an effort to reduce its vacancy rate to levels that are acceptable. Based on the overall vacancy rate for all DMHA properties, the existing housing products being that DMHA has to offer do not meet the needs of the applicants on the waiting lists, or DMHA is not properly marketing its communities to the waiting list applicants. This needs to be quantified and integrated into the PNA (as a future capital need) and/or the strategic plan (marketing public housing developments to a target audience). It is going to be important for DMHA to start to develop target audiences and profiles. One of the target audiences that DMHA needs to focus on is single-parent female headed households. In 1970, it was estimated that the number of single-parent households (SPFH) in the United States with children under the age of 18 was 3.8 million. By 2000, the number of households had more than doubled to 9.7 million.

According to Olson & Banyard, "single mothers with dependent children have the highest rate of poverty across all demographic groups". They estimate, "that approximately 60 percent of U.S. children living in mother-only families are impoverished, compared with only 11 percent of two-parent families". Research has also documented the fact that children from single-parent families are more likely to experience less healthy lives, on the average, than children from intact families. The median annual income for female-headed households with children under six years old is roughly one-fourth that of two-parent families.

However, the number of children per family unit is generally comparable, approximately two per household. One of the major expenditures of single parents is child-care. The SPFH is likely to spend 32 percent of her total weekly income on child-care. Approximately 53 percent of single mothers are not in the work force because they are unable to find affordable, quality, child-care.

Single Parent Household Amenities

- Increased lighting program in the parking areas and common hallways for safety and security.
- Development of a leasing and management office that has flexible office hours for 2nd and 3rd shift single parent female headed households.
- On-site laundry areas
- On-site daycare, child care facilities (3rd party managed), and after school programming
- Central heat and air conditioning units
- Kitchen: frost-free refrigerator, range, garbage disposal
- Cable television outlets.
- Low pile carpet for the living area
- New tile in the bathroom and kitchen.
- Vanity replacement program in the bathroom.

The second target audience we would recommend targeting are extremely low, low, and very low income independent elderly households 55 to 64 years of age. The households in the City of Dayton and in Montgomery County are both projecting positive household formations for this household audience. These seniors are still independent and prefer single-story 2 and 3 bedroom ranch style apartment units. With the exception of the Southeast submarket (Madrid Estates, Rosemont, and Smithville), DMHA has only 140 elderly housing units that support this demographic. In addition, we would recommend integrating or start planning extended care in existing elderly high rise buildings. Competitors like Mercy Health Care and Catholic Health Partners are developing comprehensive care communities that allow a elderly to age in place. DMHA should investigate and determine if any of their existing elderly housing developments could be converted (through rehabilitation or demolition/new construction) to support this growing affordable household population.

Elderly -- Frail / Aging in Place Amenities

- Reduction of units through an on-going conversion program (floor-by-floor). Efficiency units into 1 and 2 bedroom units.
- The two bedroom units would allow for a caretaker, which includes the probability of the tenant staying low in the facility.
- air conditioning units
- Kitchen: frost-free refrigerator, range, garbage disposal
- Cable television outlets.
- Low pile carpet for the living area
- New tile in the bathroom and kitchen.
- Vanity replacement program in the bathroom.