



## Dane County Housing Authority

---

6000 Gisholt Dr, Suite 203, Monona, WI 53713

Ph: (608) 224-3636 ■ Fax: (608) 224-3632

### Dane County Housing Authority – Troubled Status and HUD Recovery Plan

Dane County Housing Authority (DCHA) was designated as a Troubled Public Housing Authority (PHA) by HUD in the fall of 2019. The Troubled designation was the result of a low score on a physical inspection of DCHA's 86 units of public housing, as well as concerns about the financial performance of the public housing as well as the overall financial condition of the Housing Authority. These concerns were based on the financials for 2018. (DCHA's fiscal year end is 12/31).

DCHA's public housing is located within four communities within Dane County (Sun Prairie, Monona, Stoughton, and Mazomanie) and many of the units are duplexes or single-family homes, which are expensive to operate and maintain. Like many housing authorities, DCHA has struggled to maintain and operate its public housing on the amount of funding HUD is able to provide annually. This funding challenge has resulted in HUD creating several avenues for PHA's to convert their public housing to other affordable housing platforms that would allow higher rents and/or private financing to raise capital for repairs (public housing is not able to be mortgaged to raise capital).

These challenges with having adequate funding to cover the cost of operating and maintaining DCHA's public housing did not begin in 2018/2019. DCHA had been working with HUD on possible solutions to the problem for several years and had been leaning toward HUD's Rental Assistance Demonstration (RAD) alternative. During the years that DCHA was working on a solution that involved the RAD program, it was not evaluated and scored in the same manner as it was in 2019. If it had been, DCHA would have been designated as a Troubled agency prior to 2019.

Instead of the RAD pathway out of public housing, DCHA chose to focus on HUD's Section 18 Repositioning option that would involve converting the housing to what would essentially be an affordable development utilizing project-based vouchers (tenant protection vouchers that DCHA would project base). This repositioning plan is the most critical component of the Recovery Action Plan drafted by HUD and is the key to DCHA being upgraded from a Troubled PHA to a Standard Performer.

The strain of operating the public housing at a loss for many years has impacted the overall financial performance and strength of DCHA. The Authority has attempted to develop new sources of revenue over the past decade and diversify its income, but over 80% of the Authority's revenue still comes from HUD and it has been difficult to find a sustainable strategy to compensate for the public housing losses. While DCHA is actively managing its operating expenses and is still seeking additional sustainable funding sources, solving the public housing operating and maintenance issues are the most pressing issue facing the Authority.