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## **F in finance means OHA overall gets a D-minus**

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The **Omaha Housing Authority** is a D-minus student because it continues to spend more than it takes in, according to its latest federal report card. The report measured four areas: finance, physical condition, management systems and tenant response.

The agency earned decent grades in the latter three but a low F in finance for the 2009 fiscal year. The finance score measures net income and access to cash, among other things.

OHA's overall score, 66 out of 100 points, is the lowest it has received in a dozen years and is a red flag for the U.S. Department of **Housing** and Urban Development.

It puts OHA close to troubled status, which triggers heavy HUD scrutiny and penalties. The last time OHA was "troubled" was in the late 1990s, when its books were so bad, auditors couldn't make heads or tails of the numbers.

The scores don't account for the latest financial crises to befall OHA: dealing with a retroactive cut in its federal subsidy and paying back two internal debts.

Complicating matters is board turmoil and turnover. OHA's board chairman, Phil Wayne, resigned over the weekend, citing deep divisions within the seven-member board. Mayor Jim Suttle on Monday announced a replacement.

On Wednesday, the OHA board will be briefed on the agency's financial status.

The report card was released by HUD in January and obtained by The World-Herald.

HUD's Debra Lingwall, an **Omaha** official who works with OHA, said she couldn't pinpoint one reason for the low finance score and does not expect it to improve much between 2009 and 2010.

"They're spending more money than they bring in," she said.

OHA's finance director, Tim Bohling, attributes the low 2009 score to a number of things, including HUD cuts and aging properties with more maintenance needs.

In addition, OHA added tax-credit properties to its public **housing** roster in 2006. These had complex financial structures with high debt service and real-estate taxes that tenant rents, ranging from \$50 a month to a third of tenant income, won't begin to cover. **Housing in Omaha Inc.**, OHA's nonprofit affiliate, manages these properties at a loss and has been loaned \$2.5 million over several years from the agency to run them.

The low grade underscores that the agency is not liquid and that the long-term cash forecast is not promising.

Two weeks ago the OHA board proposed cutting employee pay and benefits. But a union representing about half of the agency's 200 employees balked, and the agency hasn't moved on cuts yet.

The 2009 report card is based on unaudited numbers. The **housing authority** still had not turned in its audited figures for 2009, which could result in an adjusted number.

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