

Standard & Poor's Says PHA Is Stable and Maintains Its Investment Grade Rating

(PHILADELPHIA, March 23, 2015) – The Philadelphia Housing Authority (PHA) has retained its AA-investment grade credit rating from Standard and Poor's (S&P) Rating Services. The credit rating agency also said the outlook for the housing authority is stable.

“We are thrilled that the agency has maintained its high credit rating,” said PHA President and CEO Kelvin A. Jeremiah. “The AA- rating is on a par with a number of well-known companies in the private sector. We believe that the rating is a reflection of PHA’s strong financial management actions, which included the implementation of internal controls and reformed spending and management practices that have resulted in more fiscal discipline, balanced budgets, and the agency becoming a better steward of the public’s money. With strong support from Mayor Michael Nutter, Council President Darrell Clarke, the City Council, and an engaged and committed Board of Commissioners, PHA is stable and on a path for long-term success. S&P’s current rating reaffirms that notion.”

S&P reported that the strong rating is based on PHA’s stand-alone credit profile for government-related entities. The rating reflects S&P’s view of the housing authority’s strengths, including:

- A very strong risk profile, supported by low-cost rental housing, high average population growth in the region, high occupancy rates, and a high percentage of rent collected;
- A very strong financial risk profile, evidenced by extremely strong debt and liquidity profiles, along with strong financial policies;
- Very strong overall management and financial flexibility;
- Strong demand for PHA housing, evidenced by a waiting list of roughly 100,000 applicants for public housing and Housing Choice Voucher (Section 8) units; and
- An experienced management team, which is implementing new policies and procedures designed to increase PHA’s transparency and efficiency.

The credit report goes on to note that PHA’s financial performance was strong in fiscal year 2013. S&P said PHA’s approximate 7.5x debt-to-earnings ratio (three-year average) reflects the authority’s strong debt management policy. The housing authority has also had relatively stable senior management since 2012.

“The stable outlook reflects our view of PHA’s very strong enterprise and financial profiles, strong liquidity, low debt burden, and high interest coverage ratio,” S&P said in its report. “PHA also maintains financial flexibility associated with the [Moving to Work] contract, and a clear, strategic plan to maximize its role in Philadelphia.”

The rating agency also said that PHA had successfully come out of receivership by the U.S. Department of Housing and Urban Development (HUD) two years ago after making significant policy and structural reforms, and that it believed that the housing authority will continue to comply with and meet all HUD requirements.

The Philadelphia Housing Authority is the nation’s 4th largest housing authority, serving nearly 80,000 rental residents. Learn more at www.pha.phila.gov.