The Future of RAD

Tom Davis, Director, Office of Recapitalization
Overview and Introductions

Ben Mann, Deputy Director,
Office of Recapitalization
Planning for Success

Keys to a Successful RAD Conversion Conference for New Awardees
May 17 -18, 2018
7 Key Strategic Questions

1. How do you define your RAD project?
2. What are trying to do with the asset?
3. How do you plan to finance this conversion plan?
4. What form of Section 8 will you choose?
5. Will you self-develop?
6. Will you self-manage?
7. Will you go RAD, Section 18, or some combination of the two?
Meet Our Panelists

- **Ann Gass**, Director, Strategic Housing Initiatives, Housing Authority of the City of Austin
- **Sandra Hudson**, Executive Director, Northwest Georgia Housing Authority
- **Jane Hornstein**, Director, Special Applications Center, Office of Public and Indian Housing, HUD
- **Greg Byrne**, Director, Affordable Housing Transaction Division, Office of Recapitalization
Housing Authority of the City of Austin (HACA)
HACA Overview

- 1,839 public housing units
  - >10,000 on WL
- 6,149 Vouchers
  - >1,000 on WL
- Choice Mobility starts in December
HACA RAD Overview

- 1,058 converted since November 2016
  - 457 units: 4% LIHTC rehabs
  - 601 units: Debt/Light rehab
- 781 under CHAP
  - 220 units: 9% LIHTC awarded or applied for
  - 561 units: Debt/Light rehab
Debt - Light Rehab - Thurmond Heights

- 144 units
- Built in 1972
- $9 million in rehab since 2014 using CFP
- RAD Scope = Upgrades to Community Room
4% LIHTC Rehab - Gaston Place

- 100 units
- Built in 1978
- $7.5 million in rehab
- RAD Scope
  - Full Interior Unit Rehab
  - Common Area Rehab
  - New Roof/Paint/Siding
Gaston Place

Before

After
9% LIHTC Redevelopment - Goodrich Place

- 40 units -> 120 units
  - 40 PBRA
  - 80 LIHTC
- Built in 1973
- No A/C
- High opportunity area
Pathways at Goodrich Place
Housing Authority of the City of Austin
Resident Protection Team

9% LIHTC

Redevelopment - Goodrich Place

Advisory Group

- Austin Tenant’s Council
- Austin Travis County Integral Care
- Austin Independent School District
- Boys & Girls Club
- Capital Metro
- Family Eldercare
- Austin Energy
- Austin Interfaith
- ADAPT
- Communities In Schools
- HACA Residents
Northwest Georgia Housing Authority (NWGHA)
**NWGHA Overview**

**Public housing**
- 923 total units pre-RAD
  - 96 Converted to RAD-PBV at Willingham Village (financed with 4% credits)
  - 201 with CHAPs (financed with 4% credits; closing June 2018)
  - 76 units on waiting list (Willingham Village Phase II)
  - 550 units under further consideration

**Housing Choice Voucher**
- 741 total vouchers
  - 78 mainstream
  - 23 VASH
  - 203 project based
  - 437 “regular” vouchers
NWGHA RAD Projects

Charles Hight Homes
- 101 unit Elderly high-rise
- Renovate with 4% credits
- 24 units will be designated for Personal Care Home participants
- Property will have a commercial kitchen
NWGHA RAD Projects

Park Homes
• 100-unit “general occupancy”
• Renovate with 4% credits
NWGHA RAD Projects

Willingham Village - Phase I
Possible RAD Conversion

Joe Wright Village
Replacement housing for Fairgrounds Homes
(still under construction)
Other Potential RAD Projects

Willingham at Division

Village Green

Jackson Square

Hight Homes at Avenue B
How do you define your RAD Project?

- RAD conversion not necessarily equated existing AMP (Asset Management Project)
- Single manageable, marketable entity
- You might be:
  - combining AMPs,
  - splitting up AMPs, or
  - mixing and matching.
- Determine the right grouping of properties early in the process
- The challenge of scattered sites
What are you trying to do with the asset?

- Types of Conversion Models
  - Preserve
  - Rehab
  - Redevelop
  - Transfer assistance
How do you plan to Finance your Conversion?

- Major Financing Types
  - Public Housing-only funds (PH-only), also referred to as no-debt
  - Debt
  - Tax Credits
  - Combination
What form of Section 8 will you choose?

- Two options
  - Project Based Vouchers (PBV)
  - Project Based Rental Assistance (PBRA)
Self-Develop and/or Self-Manage?

Ownership Models
- No change in ownership
- Transfer to a PHA affiliate
- Transfer to other Non-Profit/Public Body
- Transfer to a For-Profit (LIHTC)
  - Ground lease,
  - PHA maintain control of partnership or LLC, or
  - Control Agreement

Driving Factors
- Lenders or investors
- Capacity
- Organizational implications
RAD and Section 18

- A PHA has 90 days after the CHAP award to decide Section 18 vs RAD.
- A PHA can combine Section 18 and RAD in a single project.
- When eligible, typically PHAs will go RAD for the units that were vacant and, thus, not eligible for TPVs.
RAD/Section 18 Flavors

- All RAD
- All Section 18, including:
  - Obsolescence - Physical or locational
  - Health and Safety
  - More Efficient/Effective
  - Scattered sites
  - Very Small PHAs (50 units or less),
- RAD/Section 18 Blends
  - Traditional
  - 75/25 (substantial rehab without 9% tax credits)
Tenant Protection Vouchers and Proceeds

Two kinds of Vouchers - Relocation and Replacement

Proceeds used for the provision of low-income housing or benefit residents:

- Modernization or operation of existing public housing
- Development of public housing
- Construction/rehabilitation/acquisition of RAD or PBV units
- Funding of homeownership units under Section 32 Plan
- Services that benefits residents of PHA

- Presently, SAC approval required for all proposed uses of proceeds.
- Remember: Proceeds may maintain their federal restrictions depending on the use of funds!