



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



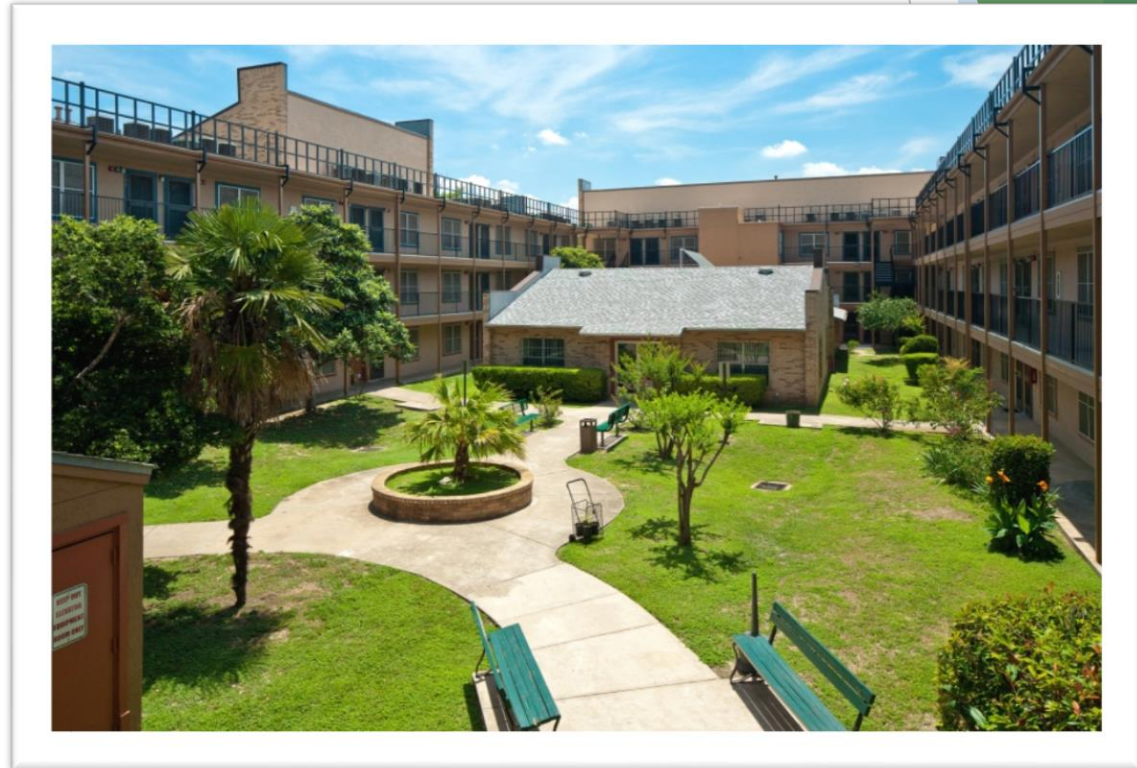
- 144 units
- Built in 1972
- \$9 million in rehab since 2014 using CFP
- RAD Scope = Upgrades to Community Room



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

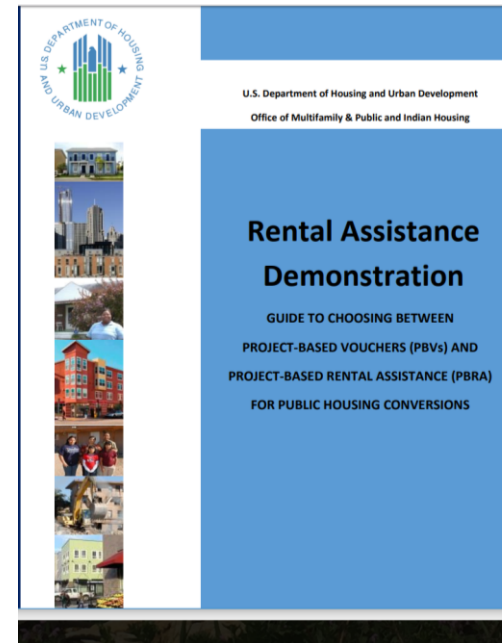
How do you plan to Finance your Conversion?



- 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!





Keys to a Successful RAD Conversion

The RAD Roadmap



The RAD Roadmap

Presented By: Will Lavy, Director, Program Administration Office, Office of
Recapitalization

Session Goal

To provide an overview of the entire RAD conversion process



HUD Objectives in Design of the RAD Conversion Process



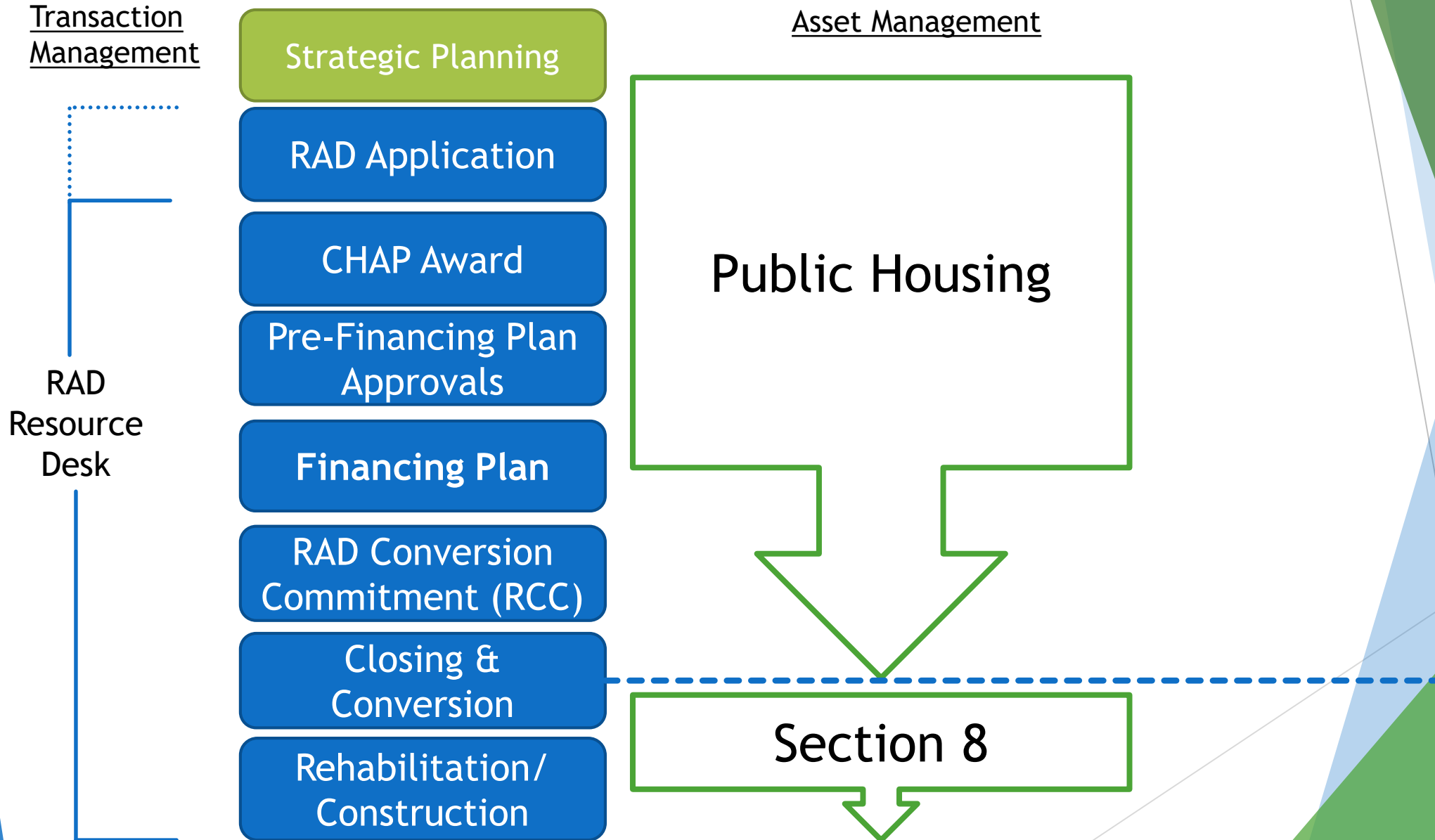
- Provide PHAs the tools to meet local objectives
- Ensure long-term physical and financial feasibility of converted properties
- Ensure residents are protected and benefit from conversion
- Satisfy all HUD statutory and regulatory requirements

The Life-cycle of a RAD Conversion



Strategic Planning	<ul style="list-style-type: none">• What do you want to do with your asset and what tools are available?
RAD Application	<ul style="list-style-type: none">• Confirm Project Eligibility• Ensure resident and Board awareness
CHAP Award	<ul style="list-style-type: none">• Reserves conversion authority under the cap• Sets forth the contract rents
Pre-Financing Plan Approvals	<ul style="list-style-type: none">• Upfront civil rights review; transfer of assistance; PHA Plan
Financing Plan	<ul style="list-style-type: none">• Demonstrate physically and financially viability and compliance with program requirements
RAD Conversion Commitment (RCC)	<ul style="list-style-type: none">• HUD approval of the Financing Plan• Sets out terms of closing and construction
Closing & Conversion	<ul style="list-style-type: none">• Removal from Public Housing• Entry into Section 8
Rehabilitation/ Construction	<ul style="list-style-type: none">• If applicable, work completed in accordance with RCC

Conducting Business During Conversion



RAD
Application

CHAP Award

Pre-
Financing
Plan

Financing
Plan

RCC

Closing

Rehab/
Construction



RAD Application

Key Contacts

- RADapplications@hud.gov
- *PIH Field office*

- New Application!
- Purpose: confirm eligibility, describe tentative conversion plan, and determine “priority category”
- Board approval
- Resident Consultation
 - 2 Meetings
 - Distribute RAD Information Notice (RIN) and General Information Notice (GIN)

Application Structures

- Apply for part of AMP or “Many-to-one” Application
- Multiphase Awards
- Portfolio Awards

RAD
Application

CHAP Award

Pre-
Financing
Plan

Financing
Plan

RCC

Closing

Rehab/
Construction

CHAP Award

Key Contacts

- *RAD Transaction Manager*
- *PIH Field office*

- Reservation of authority under statutory cap
- Establishes rents
 - Rents based on Operating Fund, Capital Fund, and Tenant rents
- Rent flexibilities and CHAP Amendments (see guide)
- PIC removal application submitted once CHAP received
- Starts PHAS scoring exemption



RAD
Application

CHAP Award

Pre-
Financing
Plan

Financing
Plan

RCC

Closing

Rehab/
Construction



Pre-Financing Plan Approvals

- Front End Civil Rights Reviews
- PIC certification
- PHA Plan
- Transfer of Assistance worksheet
- EPC, CFFP, OFFP

Key Contacts

- *RAD Transaction Manager*
- *PIH Field office*
- *FHEO*
- *RAD Resource Desk*

RAD
Application

CHAP Award

Pre-
Financing
Plan

Financing
Plan

RCC

Closing

Rehab/
Construction

Financing Plan

Key Contacts

- *RAD Transaction Manager*
- *RAD Resource Desk*

- Submission of complete conversion plan and all necessary due diligence, including:
 - Capital Needs Assessment
 - Sources and Uses
 - Cash Flow Pro Forma
 - Environmental Review
- Submitted through the RAD Resource Desk
- Financing only required if needed to fund capital needs



RAD
Application

CHAP Award

Pre-
Financing
Plan

Financing
Plan

RCC

Closing

Rehab/
Construction



RAD Conversion Commitment

Key Contacts

- *RAD Transaction Manager*
- *RAD Closing Coordinator*

- Contract HUD uses to approve the Financing Plan
- Memorializes scope of work to be completed
- HUD issues RCC and PHA and new owner (if applicable) have 30 days to sign
- Relocation cannot begin until the later of the effective date of the RCC and applicable notice of relocation (30 or 90 day) has expired

RAD
Application

CHAP Award

Pre-
Financing
Plan

Financing
Plan

RCC

Closing

Rehab/
Construction



Key Contacts

- *RAD Resource Desk*
- *RAD Closing Coordinator*
- *HUD Field Counsel*

Closing

- PHA submits draft closing package (checklist available)
- RAD Closing Coordinator and OGC field counsel review

At closing:

- Release of public housing Declaration of Trust (DOT)
- Remove of units from PIC
- Execution of Section 8 HAP Contract (PBV or PBRA)
- Recordation of RAD Use Agreement

RAD
Application

CHAP Award

Pre-
Financing
Plan

Financing
Plan

RCC

Closing

Rehab/
Construction



Key Contacts

- *RAD Resource Desk*

Rehab/Construction

- Property covered under HAP contract at close of construction financing (except where Delayed Conversion Agreements used)
- Davis-Bacon and Section 3 apply
- Rehab Assistance Payments paid for vacant units during rehab/construction
- Office of Recap responsible for overseeing rehab/construction required by RCC
- Owner submits construction completion certification to RAD Resource Desk

Questions



- Will Lavy, Director, Program Administration Office, Office of Recapitalization



Keys to a Successful RAD Conversion

PHA Spotlight - Housing Authority of Baltimore City









































Questions



- Peggy Webster, Director of Planning and Development,
Housing Authority of Baltimore City



Resident Consultation, Resident Rights & Relocation

Tom Davis, Moderator

Claude Dickson

Will Rudy



Resident Consultation

Before Application

- Deliver the Resident Information Notice
- Notify the resident organization
- Assess resident needs and any temporary or permanent relocation
- Conduct at least two resident meetings to talk about plans and ideas. At a minimum, cover your current thinking on:
 - Whether to transfer assistance to a new site
 - Whether to partner with a developer
 - Whether to change the number or configuration of assisted units
 - Whether any changes might impact a household's ability to re-occupy the property following repairs or construction
 - Whether long-term vacant units will be replaced, and
 - The potential scope of construction work.



Any Time (Before or After CHAP)

- Issue the URA General Information Notice as soon as possible when URA is applicable
- Prepare relocation plans (written plans preferred and sometimes required)
- Incorporate the RAD Plans into the PHA Annual Plan
 - Annual Plan process or Significant Amendment requires standard resident consultation and public hearings
- Conduct additional meetings, particularly as the plans evolve and change
- Consult with residents regarding how the plans impact them, particularly if relocation is involved
- Consider fair housing compliance when planning all meetings and resident communication (meaningful access, language barriers, etc.)



After Issuance of the CHAP

- At least one additional meeting before submitting the Financing Plan is required
- More meetings are required if there are any material changes from the pre-application discussion
- Material changes are likely - most PHA's plans are quite rough when the application is submitted
- Best practice points to frequent and regular consultation with residents





Residents' Rights in RAD

Resident Rights During Conversion



- Right to Return - No permanent involuntary relocation
 - No new eligibility screening, including for “over-income” households under LIHTC or other programs
 - May be housed in an oversized unit initially if necessary to preserve the right to return
- Substantial replacement of units (almost 1 for 1)
- Relocation assistance beyond URA requirements
- Phase-in of any tenant rent increase
- Meetings and information about plans
- Ability to form a resident organization

Resident Rights in Continued Occupancy



- Choice Mobility
 - After 1 year for PBV conversions
 - After 2 years for PBRA conversions
- Termination notification requirements
- Grievance procedures
- Continuation of certain FSS, ROSS-SC and Jobs Plus program benefits (although note limitations)
- Ability to form a resident organization
- Resident participation funding
- Long-term public or non-profit ownership or control of the property



Relocation

Multiple Relocation Authorities

- The RAD Fair Housing, Civil Rights, and Relocation Notice H 2016-17/PIH 2016-17
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970
- Section 104(d) of the Housing and Community Development Act of 1974
- Fair housing and civil rights considerations implicated by relocation activities



Key Relocation Considerations

- Events which trigger URA or Section 104(d) Compliance
- Planning & Communication
- Notices
- Advisory Services
- Permanent Displacement under URA
 - Note - Permanent involuntary relocation is prohibited under RAD
- Relocation Payments
- Compliance Monitoring





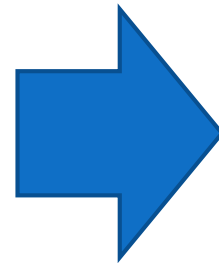
Discussion of Best Practices



Keys to a Successful RAD Conversion

Overview of the RAD Resource Desk

Introducing the RAD Resource Desk



www.radresource.net

RAD Resource Desk: PHA Portal



- PHAs control who has access to site & what type of access
 - Read-only/Upload Only/Upload & Notification
- Designate a Primary Contact
 - Adds/removes users
 - Approves/edits user rights
 - Primary POC for online communications
 - Setup as Executive Director as default
- Determine Primary Contact, Users, & User Rights early

Your Housing Authority

- PHA Primary Portal

User Administration

- Approve Pending User (o)
- [Add New User](#)
- [Edit Existing User](#)
- [Deactivate User](#)

RAD Resource Desk: PHA Portal



- List of all active/closed/withdrawn RAD conversions for your PHA

PHA Libraries - Your Housing Authority						
Print Report						
Active Properties Total RAD Units: 1058						
	Round	No Unit Convert	CHAP Issuance Date	Financing Plan Due Date	Expected RCC Date	Estimated Close Date
LENOX STREET	3	285	10/16/2017	07/14/2018	09/12/2018	11/11/2018
OLD COLONY	3	28	02/20/2018	12/31/2018	03/01/2019	04/30/2019
W. NEWTON-RUTLAND-E. SPRINGFIELD STREET	2	128	03/01/2017	06/15/2018	08/14/2018	10/13/2018
WALNUT PARK	3	163	02/20/2018	08/19/2018	10/18/2018	12/17/2018
AMORY STREET	3	189	10/16/2017	05/15/2018	07/14/2018	09/12/2018
ST. BOTOLPH STREET	3	131	02/20/2018	08/19/2018	10/18/2018	12/17/2018
AUSONIA HOMES	3	100	02/20/2018	08/19/2018	10/18/2018	12/17/2018
ORCHARD OFFSITE PHASE II - LONG GLEN	3	34	03/02/2018	08/29/2018	10/28/2018	12/27/2018
* Indicates actual date						
** Indicates alternative Financing Plan Due Date						
Closed Properties Total RAD Units: 0						
There are no closed properties						
Withdrawn Properties Total RAD Units: 35						
WHITTIER STREET (withdrawn)			CHAP Issuance Date	Withdrawn Date		
			05/06/2016	09/12/2017		

RAD Resource Desk: PHA Portal



- Transaction Landing Page
- CHAP-specific
- Key details/docs/contacts
- Roadmap of what's to come & due dates
- View status of pending reviews (FHEO, PIH)

PHA Libraries - Boston Housing Authority (Link to PHA Summary)

Property Name: ORCHARD OFFSITE PHASE II - LONG GLEN Total Units: 34 [Readiness TM Checklist](#)
PIC Number: MA002002119 Units Converting: 34 [PHA Summary Page](#)
CHAP Issuance Date: 03/02/2018
Readiness TM: Richelle Patton
Financing TM: Not Yet Assigned
Closing Coordinator: Not Yet Assigned
[Property Details](#)
Estimated RCC Issuance Date: 10/28/2018 [PIH Summary Page](#)
PIC Removal Control No.: [FHEO Summary Page](#)

Application Documents and Initial Comments

CHAP and Related Documents*

[View CHAP](#) ←
[View R2 Portfolio Letter](#)
OCAF Adjustment ← [Review File](#) 04/18/2018

Interim Milestones

Holds

Round 3 Property

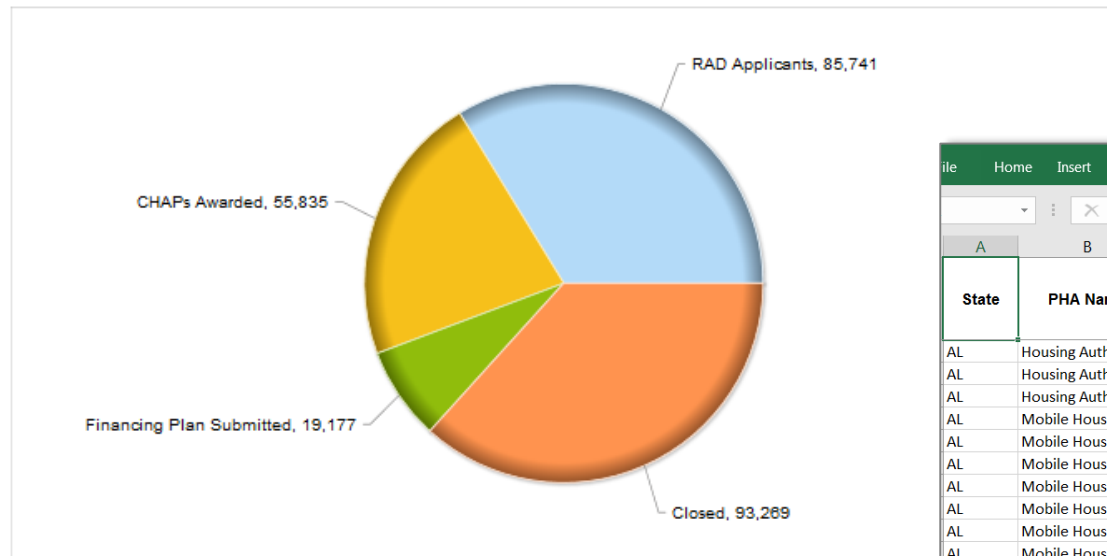
Financing Plan Milestone	Date Due:	08/29/2018	Date Submitted:	N/A	Upload Files
RCC Executed Milestone	Date Due:	RCC Ex Date + 30 Days	Date Submitted:	N/A	Upload Files
Financing Firm Commitment Milestone	Date Due:	11/27/2018	Date Submitted:	N/A	Upload Files
Closing Milestone	Date Due:	12/27/2018	Date Submitted:	N/A	
Final Closing Docket Milestone	Date Due:	01/26/2019	Date Submitted:	N/A	Upload Files
Rehab/Construction Completion Milestone			Date Submitted:	N/A	

RAD Resource Desk: Helpful Resources



- Public Facing RAD1 data - accessible to all, whether you have a CHAP or not

RAD First Component Data



To download data for each component, click the slice on the chart.

Reserved Portfolio and Multiphase units are not represented in this chart. For details on these units, click [here](#).

To create a custom export of data, use the filters below:

State: PHA Name: Status:

[Extract Data to Excel](#)

CHAP Awarded
Financing Plan Submitted
Closed

State													
A	B	D	E	F	G	H	I	J	K	L	M	N	
State	PHA Name	Development Name	PIC Dev No.	Type of Conversion	Number RAD Units	Status	CHAP Date	Transfer of Assistance	New Construction	Tax Credit	FHA Insured	Est. Construction Costs	
AL	Housing Authority o	PARK AT SYDNEY DRIVE	AL001000007	PBV	120	Closed	06/24/2014	No	Yes	4%	No	14666190	
AL	Housing Authority o	LOVEMAN VILLAGE PHA	AL001000007	PBV	100	Closed	06/24/2014	No	Yes	4%	No	17188853	
AL	Housing Authority o	FREEDOM MANOR	AL001000021	PBRA	100	Financing Plan S	03/25/2015	No	No		No	9337907	
AL	Mobile Housing Boa	OAKLAWN HOMES	AL002000001	PBV	100	CHAP Awarded	10/30/2015	No	No	4%	No	8000000	
AL	Mobile Housing Boa	ORANGE GROVE HOME	AL002000002	PBV	247	CHAP Awarded	10/30/2015	No	No	None	Yes	0	
AL	Mobile Housing Boa	ROGER WILLIAMS HOM	AL002000003	PBRA	338	CHAP Awarded	10/30/2015	Yes	Yes	Both	No	36160000	
AL	Mobile Housing Boa	GULF VILLAGE	AL002000006	PBV	200	CHAP Awarded	10/30/2015	No	No	4%	No	0	
AL	Mobile Housing Boa	JOSEPHINE ALLEN HOM	AL002000008	PBRA	271	CHAP Awarded	10/30/2015	Yes	Yes	Both	No	23360000	
AL	Mobile Housing Boa	JOSEPHINE ALLEN (COT	AL002000008	PBV	15	Closed	10/30/2015	No	Yes	9%	No	9259068	
AL	Mobile Housing Boa	RV TAYLOR PLAZA	AL002000010	PBV	450	CHAP Awarded	01/24/2017	No	Yes	4%	No	39775000	
AL	Mobile Housing Boa	CENTRAL PLAZA TOWEF	AL002000012	PBV	465	CHAP Awarded	10/30/2015	No	No		No	12500000	
AL	Mobile Housing Boa	EMERSON GARDENS	AL002000013	PBV	94	CHAP Awarded	10/30/2015	No	No	None	No	2940898	
AL	Mobile Housing Boa	DOWNTOWN RENAISSA	AL002000019	PBRA	57	CHAP Awarded	10/05/2016	No	No		No	0	

Rental Assistance Demonstration Resource Desk copyright 2012-2018



RAD Resource Desk: Helpful Resources



■ Document Library

Documents	
Sort By: Document Title or Document Date	
Document	Document Date
2017 RAD Initial Year Funding Tool	09/19/2017
2017 Year of Conversion Funding Tool - Instructions	08/03/2017
2530 Guidance for RAD Transactions	02/22/2015
2530 MF Development Compliance and Credit Requirements	02/22/2015
CHAP Amendment Overview & Contract Rent Flexibilities	04/05/2018

■ FAQs

Search Results	
Your search has returned 2 web questions that match your search criteria.	
<ul style="list-style-type: none">• May a PHA adjust or reexamine its rent bundle after conversion takes place?• Can a PHA choose to give a mixed-finance project a lower contract rent than included in the RAD Application and retain the rest?	

■ Webinars

Q&A Webinars			
Webinar Title	Date of Webinar	Video	Slides
Closing Process for RAD Public Housing Conversions	05/03/2018	webinar_show.cfm?vid=92	View Slides
HEROS Partner Submissions in RAD: for Partners	02/01/2018	webinar_show.cfm?vid=90	View Slides
CNA e-Tool Q&A Session for Non-FHA RAD Transactions	01/18/2018	webinar_show.cfm?vid=87	

RAD Resource Desk: Coming Attractions



- Online RAD Application submission to obtain a CHAP
- Online draft closing package submission
 - Submit your draft closing package to your RAD Closing Coordinator online (similar to Financing Plan submission)
- RAD Resource Desk 2.0
 - Refreshed formatting
 - Enhanced functionality
 - Streamlined navigation

RAD Resource Desk 2.0: Home Page



[RAD Home](#) [RAD Knowledge Base](#) [Contact RAD](#) [Login](#)

The logo for the RAD Resource Desk, featuring the text "RAD RESOURCE DESK" in a bold, sans-serif font, with a small house icon to the right.

PRESERVING AFFORDABLE RENTAL HOUSING

RAD is a central part of HUD's rental housing preservation strategy, which works to safeguard the long-term affordability of multifamily properties and to promote capital improvements and cost efficiencies through public-private partnerships to build strong, sustainable communities.

A photograph of a historic brick building with a fire escape, used as a background for the main heading.

TWO COMPONENTS

The Rental Assistance Demonstration Program (RAD) allows proven financing tools to be applied to at-risk public and assisted housing under two components:

A photograph of a modern, multi-story apartment building with a mix of white and grey facades.

RAD for PHAs

Allows Public Housing properties to convert, under a competition limited to 455,000 units, to long-term Section 8 rental assistance contracts.

[DATA & RESOURCES](#) [HOW TO APPLY](#)

A photograph of a modern, multi-story apartment building with a mix of white and grey facades.

RAD for Multifamily

Allows Rent Supplement (Rent Supp), Rental Assistance Payment (RAP), Mod Rehab and Section 202 PRAC properties to convert tenant-based vouchers issued upon contract expiration or termination to project-based assistance.

[DATA & RESOURCES](#) [HOW TO APPLY](#)

RAD Resource Desk 2.0 - PHA Landing Page



[RAD Home](#) [RAD Knowledge Base](#) [Reports](#) [Contact RAD](#) [John Smith](#)

RAD RESOURCE DESK

[Home](#) / [PHA Home Page](#)

MY NOTIFICATIONS SINCE LAST LOGON

5

Email from TM

2

New CHAP Issued

2

New CHAP Amendment Loaded

6

RCC Issued

3

MY PROPERTIES WITH CHAPS ISSUED

Property	Units Converting	Financing Plan Due	Expected Closing Date	Status
JESSIE WRENCH D	50	6/11/2018	9/1/2018	FP Not Subm
JESSIE WRENCH	284		8/4/2018	FP Submitted
BRYANT WALKWAY APTS	54		4/15/2018	Approved
BRYANT WALKWAY APARTMENTS II	36		4/1/2018	RCC Issued
BEAR CREEK	77		5/30/2016*	Closed
OAK TOWERS	147		3/31/2018	RCC Expired
JESSIE WRENCH (Withdrawn)	284			Withdrawn

USER ADMINISTRATION

New Requests

Smith, Jane

Active PHA Users

User	Type	Status
Steinhaus, Phil	PHA Primary	Active
Duda, Tom	Upload	Active
Hess, Rick	Unotify	Active
Jeffrey, Susan	Read	Active
Wallis, Tammy	UNotify	Active

RESERVED UNITS

Transaction Type

[Portfolio](#)

[Multiphase](#)

[CAT Chaps](#)

Questions



- Presenter Contact Information
 - Liane Houseknecht (Liane.Houseknecht@fedpg.com)

www.radresource.net
resourcedesk@radresource.net



Keys to a Successful RAD Conversion

The Building Blocks to a Successful Financing Plan



The Financing Plan

What Encompasses the Financing Plan

THE FINANCING PLAN

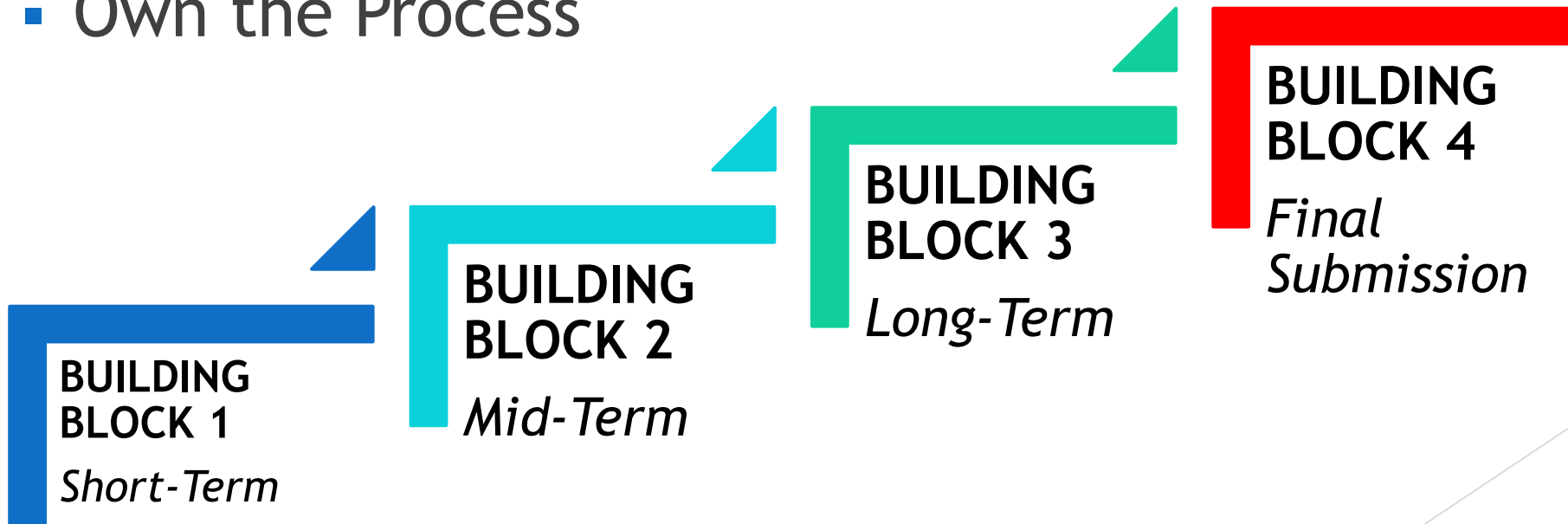
ITEM	RAD FINANCING PLAN REQUIREMENT
1	Conversion Overview
2	Conversion Type
3	Resident Comments
4	eCNA Tool and Scope of Work
5	Environmental Review
6	Development Budget
7	Development Team
8	Proposed Financing
9	LIHTC Award/Allocation Letter
10	Subsidy Layering Review
11	Operating Proforma
12	Title Report
13	Evidence of Approval of PHA/MTW Plan or Significant Amendment
14	Approved Amendment to Attachment A of the MTW Agt
15	Initial Year Funding Tool
16	RAD Fair Housing, Accessibility Relocation Plan Checklist
17	Evidence of Submission: AFHMP
18	Transfer of Assistance Worksheet
19	FHEO Upfront Civil Rights Review: Unit Reconfiguration
20	FHEO Upfront Civil Rights Review: Change in Occupancy
21	FHEO Upfront Civil Rights Review: New Construction
22	Financing Plan Certification

- **RAD RESOURCE DESK**
 - No Debt/Conventional Financing
 - Non-FHA LIHTC
 - FHA
- **WHERE TO START?**
 - Timing of Materials
 - Building your Financing Plan
 - Successful Submissions
 - “Insider” Tips



THE FINANCING PLAN

- **BREAK IT DOWN**
 - Start Early!
 - Building Blocks
 - Thoughtful Sequencing
 - Own the Process



SUBMIT FINANCING PLAN

Conversion
Overview

Financing
Plan
Cert.

Financing
(LOIs)
Template

LIHTC
Award
Letter*

AFHMP*
(PBRA)

Initial Yr.
Funding
Tool

Dev.
Budget

Dev.
Team

20-Year
Proforma

PIH

- PIC Removal
- Conversion Type
- Significant Amendment
- Attachment A (MTW)*
- CHAP Conditions*
- Existing Debt*

RESIDENT RIGHTS

- Resident Comments
- Relocation Checklist
- TOA Worksheet*
- FHEO Upfront CRRs*
- Relocation Plan*

DUE DILIGENCE

- eCNA Tool/Narrative
- Phase 1 or Part 58
- Title Report
- Appraisal*
- Market Study*





The Building Blocks

Strategies to Effectively Build Your Financing Plan

BUILDING BLOCK 1

Short-Term

PIH

- PIC Removal
- Conversion Type
- Significant Amendment
- Attachment A (MTW)*
- CHAP Conditions*
- Existing Debt*

RESIDENT RIGHTS

- Resident Comments
- Relocation Checklist
- TOA Worksheet*
- FHEO Upfront CRRs*
- Relocation Plan*

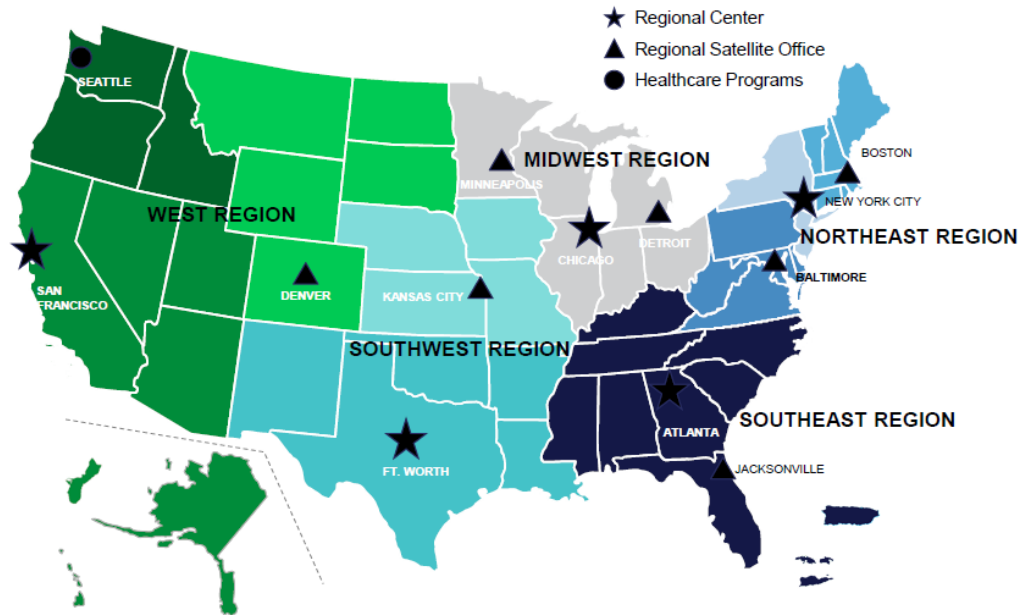
DUE DILIGENCE

- eCNA Tool/Narrative
- Phase 1 or Part 58
- Title Report
- Appraisal*
- Market Study*



BUILDING BLOCK 1

Short-Term



PIH CONSIDERATIONS

- What is PIC?
- Submit PIC Removal within 30 Days
- Eligible Units
- EPC, OFFP, CFFP and Other Existing Debt
- Annual Plan
- Conversion Type
- Communication!



BUILDING BLOCK 1

Short-Term



RESIDENT RIGHTS

- Residents' Right to Return (RINs/GINs)
- Resident Comments
- Relocation Checklist
- TOA Worksheet*
- FHEO Upfront CRRs*
- Relocation Plan*



**BUILDING
BLOCK 1**
Short-Term



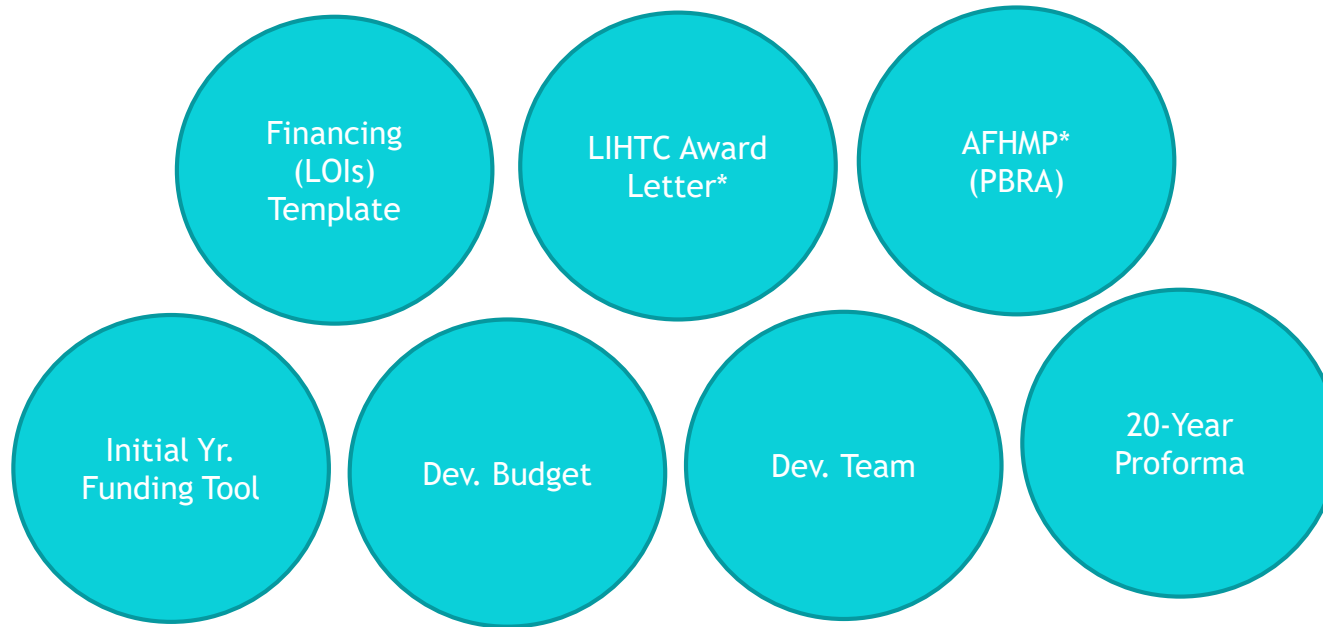
DUE DILIGENCE

- eCNA Tool/Narrative
- Scope of Work
- Environmental
- Title Report
- Appraisal*
- Market Study*



BUILDING BLOCK 2

Mid-Term



BUILDING BLOCK 2

Mid-Term

DEVELOPMENT PLAN

- Development Team
- Development Budget
- 20-Year Proforma
- Initial Year Funding Tool



Purchase Price	\$400,000	Downpayment	20%	# of Units	0	Cost/Unit	\$52,250
Land Value (25%)	\$100,000	Finance Amt	\$320,000	Total Rent/Month	\$4,500	Capitalization Rate	8.89%
Building Value (75%)	\$300,000	Downpayment Amt	\$60,000	Other Rev/Month	\$200	GRM	7.41
Improvements	\$10,000	Interest Rate	7.0%	Gross Rev / Month	\$4,700	Cash ROI	11.86%
Closing Costs	\$8,000	Mortgage (Years)	30	Gross Rev / Year	\$56,400	Total ROI	23.71%
Total Cost	\$418,000	Mortgage Payment	\$2,129	Vacancy Rate	12%	DSCR	145.49%
Selling Costs	7%	Cash Outlay	\$98,000			Annual Cash Flow	\$11,621

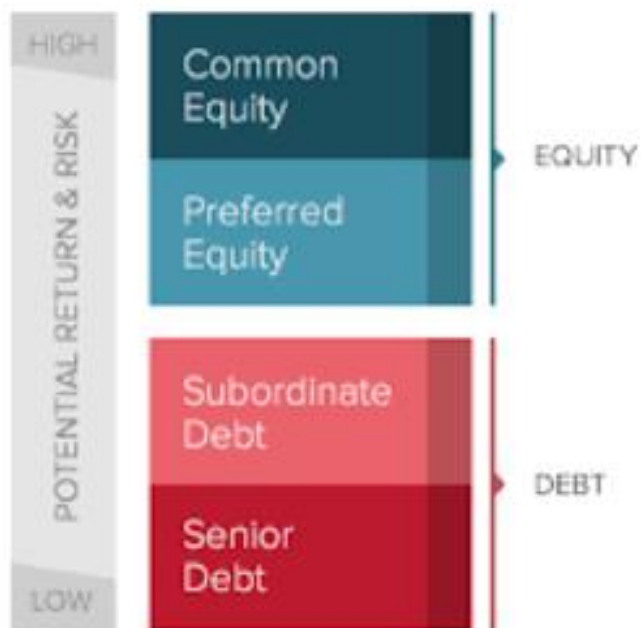
Annual Revenue Increase	3%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Annual Operating Expense Increase	3%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Annual Appreciation	2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

	Monthly	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Revenues												
Rental Income	4,500	54,000	55,620	57,269	59,007	60,777	62,601	64,479	66,413	68,408	70,458	72,571
Vacancy Rate	12.0%	(6,480)	(6,674)	(6,875)	(7,081)	(7,293)	(7,512)	(7,737)	(7,970)	(8,209)	(8,455)	(8,709)
Net Rental Income	3,960	47,520	48,946	50,414	51,926	53,484	55,089	56,741	58,444	60,197	62,003	63,863
Other Income	200	2,400	2,472	2,546	2,623	2,701	2,782	2,866	2,952	3,040	3,131	3,225
Gross Income	4,160	49,920	51,418	52,960	54,549	56,185	57,871	59,607	61,395	63,237	65,134	67,088
Expenses												
Property Taxes	Annual 4,000	4,000	4,120	4,244	4,371	4,502	4,637	4,776	4,919	5,067	5,219	5,376
Insurance	Annual 600	600	618	637	656	675	696	716	738	760	783	806
Property Mgmt (% Rent)	8%	2,851	2,937	3,025	3,116	3,209	3,305	3,404	3,507	3,612	3,720	3,832
Maintenance & Repairs	Annual 3,000	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914	4,032
Advertising	Annual 300	300	309	318	328	338	348	358	369	380	391	403
Utilities	Annual 2,000	2,000	2,060	2,122	2,185	2,251	2,319	2,388	2,460	2,534	2,610	2,688
Other 1	Annual 0	0	0	0	0	0	0	0	0	0	0	0
Other 2	Monthly 0	0	0	0	0	0	0	0	0	0	0	0
Other 3	Monthly 0	0	0	0	0	0	0	0	0	0	0	0
Total Expenses		12,751	13,134	13,528	13,934	14,352	14,782	15,226	15,682	16,153	16,637	17,137
Net Operating Income (NOI)		37,169	38,284	39,432	40,615	41,834	43,089	44,381	45,713	47,084	48,497	49,952
Cash Flow												
NOI (Cash Available)	3,097	37,169	38,284	39,432	40,615	41,834	43,089	44,381	45,713	47,084	48,497	49,952
Mortgage	2,129	25,548	25,548	25,548	25,548	25,548	25,548	25,548	25,548	25,548	25,548	25,548
Total Cash Flow	968	11,621	12,736	13,885	15,068	16,286	17,541	18,834	20,165	21,537	22,949	24,404
Cash ROI		11.86%	13.80%	14.17%	15.38%	16.62%	17.90%	19.22%	20.58%	21.98%	23.42%	24.90%
Equity Accrued	3,251	3,486	3,738	4,006	4,297	4,608	4,941	5,298	5,681	6,092	6,533	7,004
Appreciation	8,360	8,527	8,698	8,872	9,049	9,230	9,415	9,603	9,795	9,991	10,191	10,396

BUILDING BLOCK 2

Mid-Term

THE CAPITAL STACK



FINANCING

- Financing Templates
- Financing LOIs
- LIHTC Award Letter*
- AFHMP*



BUILDING BLOCK 3

Long-Term

Conversion
Overview

Financing
Plan Cert.



BUILDING BLOCK 3

Long-Term



SUM OF THE PARTS

- Conversion Overview Memo
- Financing Plan Certification





**BUILDING
BLOCK 4**

*Final
Submission*



Submit Financing Plan



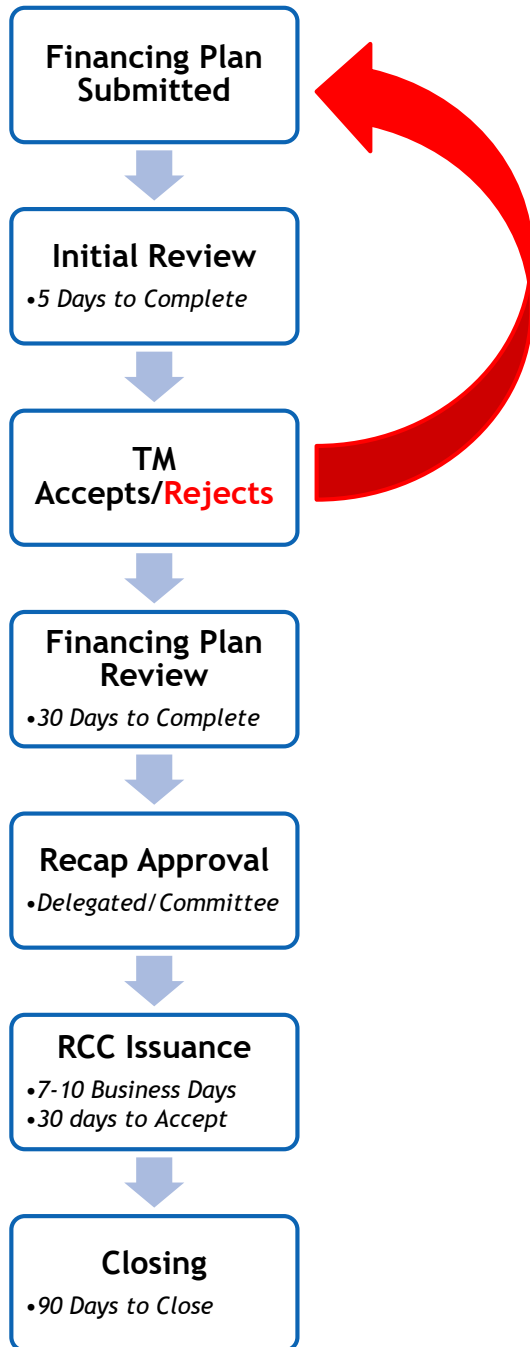
Financing Plan Life Cycle

What to Expect After Your Financing Plan Submission



FINANCING PLAN LIFE CYCLE

- 30 Days from Submission to Approval
- 30 Days to Accept RCC
- 90 Days to Close
- Timely Communication
- Know Your Transaction



Final Take-Aways

- Alan
- Chad
- Darryl
- Arnold
- Onawa
- Kara



Questions



- Kara Williams-Kief
 - HUD (Kara.S.Williams-Kief@hud.gov)
- Alan Kaufmann
 - HUD (Alan.M.Kaufmann@hud.gov)



Keys to a Successful RAD Conversion

Environmental Reviews and HEROS Submissions

Purpose of Environmental Review



- An environmental review is the systematic process of reviewing a project and its potential environmental impacts to determine whether it meets Federal, state, and local environmental standards.
- For HUD, this process is required for all HUD-assisted projects.
- Every project's environmental impact must be examined, but the extent of this examination varies.
- Every project must be in compliance with NEPA and other related Federal and state environmental laws.

Purpose of Environmental Review



- Each Federal agency is required to develop National Environmental Policy Act (NEPA) procedures. For HUD, these are located in the following regulations:
 - 24 CFR 50 - HUD Review: Environmental review requirements for HUD staff
 - 24 CFR 51 - HUD Standards: Noise, Explosive or Flammable Hazards, Runway Clear Zones
 - 24 CFR 55 - Floodplains & Wetlands
 - 24 CFR 58 - Local Government Review: Environmental review requirements for units of general local government
 - Program-Specific Requirements (i.e. MAP Guide)

Part 50 and Part 58



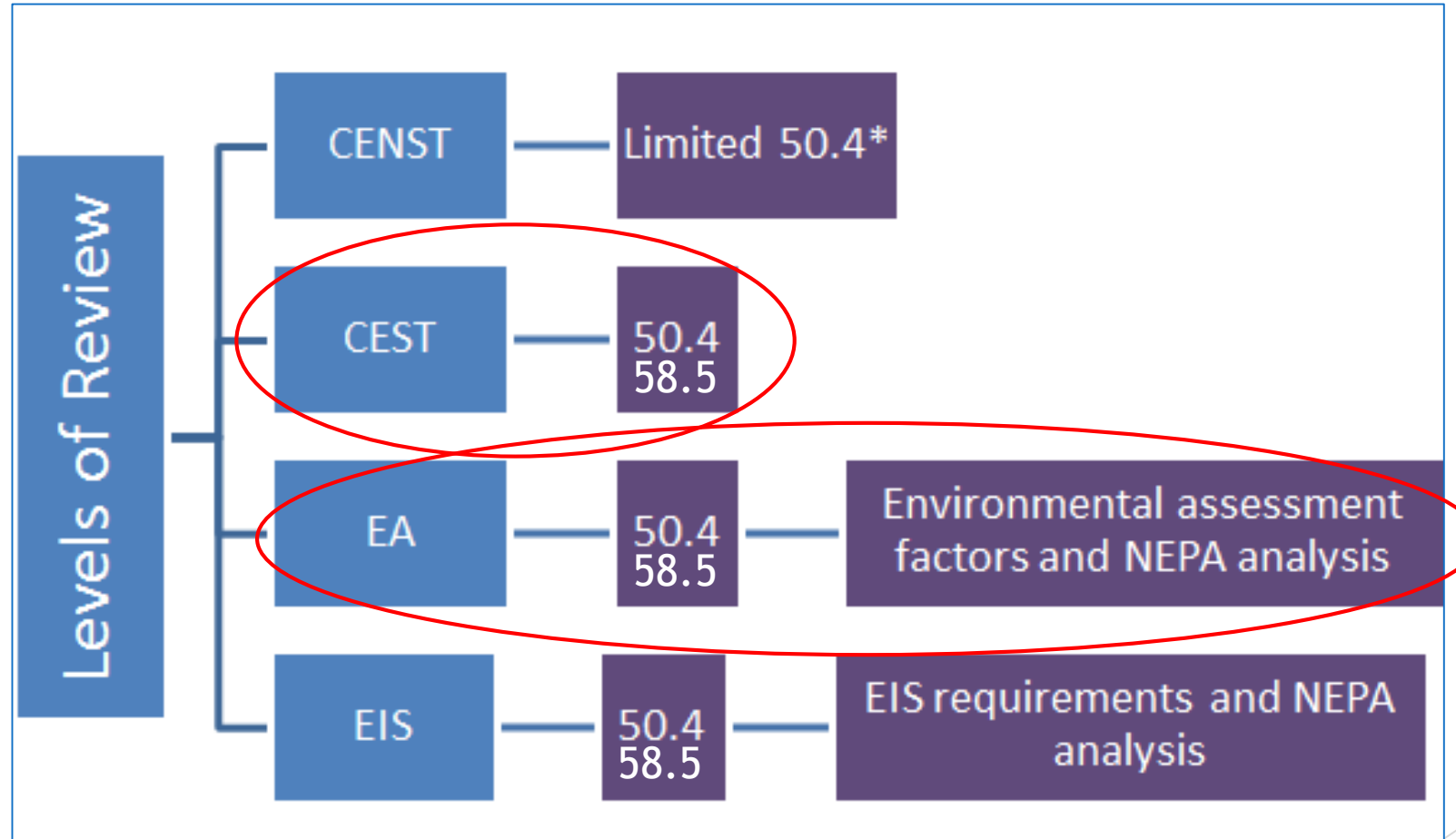
- A HUD assistance program either falls under Part 50 review requirements (HUD performs) or Part 58 review requirements (Responsible Entity performs).
- For RAD:
 - PBV conversions - Part 58
 - PBRA, FHA-insured - Part 50 (FHA performs)
 - PBRA, not FHA-insured - Part 50 (RAD TM performs)
 - 24 CFR 58.11(c) allows for HUD to conduct a Part 50 review in place of a Part 58 review, on the basis of performance, timing or compatibility of objectives

Level of Review



- The level of review is determined by HUD/Responsible Entity, but drives to what levels of compliance the Environmental Report (provided by the PHA) must adhere.
- For RAD, the Levels of Review are:
 - Categorically Excluded from NEPA, subject to the Related Laws and Authorities (CEST)
 - All RAD projects are initially CEST
 - Density not increased >20%, land use is not changed, estimated cost of rehab is <75% of total estimated cost after replacement
 - Environmental Assessment (EA) - All other projects not Categorically Excluded
 - New construction, demolition, other major physical impacts
 - Exempt (Part 58 only)
 - Converts from CEST to Exempt when all Related Laws and Authorities require no compliance

Level of Review



How is Environmental Review implemented for RAD?



- The MAP Guide (Chapter 9) and the RAD Environmental Review guidance (Environmental Review Requirements for First Component RAD Conversions) together form RAD's 'Program-Specific Requirements' for environmental review.
- However, RAD guidance deviates from the MAP Guide in a few ways:
 - Radon testing not required, but strongly recommended
 - In lieu of Phase I ESA (ASTM E 1527-13), participants can provide a Transaction Screen (ASTM E 1528-14)
 - If any concerns are identified, a Phase I ESA must be provided anyway

When should Environmental Reviews occur within the RAD timeline?



- The PHA submits an Environmental Report to HUD/Responsible Entity to assist in the environmental review process.
 - Environmental Report should contain a Phase I ESA/Transaction Screen, along with other materials to support compliance with the Related Laws and Authorities (all transactions) and Environmental Assessment Factors (if required, for EA Level of Review).
- PHAs should ensure that materials are prepared timely in conjunction with the transaction's timing requirements.
 - However, a Phase I should be no less than 1 year old upon submission (can be updated if aged).
- If you have any debt financing, work through your lender to order required third-party environmental reports to avoid having to pay for a second report later.

When should Environmental Reviews occur within the RAD timeline?



- Part 50 and Part 58 differ in timing of submission and completion of the Environmental Review.
 - Part 58 - Up to the Responsible Entity's requirements, but Environmental Review 'completion' is evidenced by either:
 - a signed HUD Form 7015.16 or
 - a finding of Exempt activity (signed by RE).
 - These should be uploaded to the RAD Resource Desk.

When should Environmental Reviews occur within the RAD timeline?



- Part 50 and Part 58 differ in timing of submission and completion of the Environmental Review.
 - Part 50 (FHA and non-FHA) - Environmental Report submitted as part of the Financing Plan.
 - Part 50 Environmental Review is then initiated by the respective responsible party.
- In summary, Part 58 reviews are complete prior to Financing Plan submission, while Part 50 reviews are completed after Financing Plan submission.

Introduction to HEROS



- The HUD Environmental Review Online System (HEROS) is used to electronically capture Environmental Review Records (ERRs).
- For Part 50 reviews, HUD staff use HEROS to conduct the review.
- Access to HEROS by PHAs and partners (environmental consultants producing environmental reports for PHAs) is now available, so that PHAs/partners can directly enter information for the review.

Introduction to HEROS



HUD Environmental Review Online System (HEROS)

HEROS Home

Assign Review

Initial Screen
Project Summary
Level of Review Determination
Project Justification
Related Laws and Authorities
Environmental Assessment Factors
Environmental Assessment Analysis
Mitigation Measures and Conditions
Environmental Finding
Package
Certifications
Complete and Archive
Mitigation Follow-Up
Reevaluation

My Environmental Reviews Search Reports Admin Logout

2005 – Related Federal Laws and Authorities Summary (50/58)

Directions: Click on the Compliance Factor links in the first column in the chart below. The links automatically return to this screen to continue.

Compliance Factors	Are formal compliance steps or mitigation required?
STATUS	
Airport Hazards [Clear Zones and Accident Potential Zones; 24 CFR Part 51 Subpart D]	<input type="radio"/> Yes <input checked="" type="radio"/> No
Coastal Barrier Resources [Coastal Barrier Resources Act, as amended by the Coastal Barrier Improvement Act of 1990 [16 USC 3501]]	<input type="radio"/> Yes <input checked="" type="radio"/> No
Flood Insurance [Flood Disaster Protection Act of 1973 and National Flood Insurance Reform Act of 1994 [42 USC 4001-4128 and 42 USC 5154a]]	<input type="radio"/> Yes <input checked="" type="radio"/> No
STATUS	
Air Quality [Clean Air Act, as amended, particularly section 176(c) & (d); 40 CFR Parts 6, 51, 93]	<input type="radio"/> Yes <input checked="" type="radio"/> No
Coastal Zone Management [Coastal Zone Management Act, sections 307(c) & (d)]	<input type="radio"/> Yes <input checked="" type="radio"/> No
Contamination and Toxic Substances - Multifamily and Nonresidential Properties [24 CFR 50.3(i) & 58.5(i)(2)] (HUD Standard)	<input type="radio"/> Yes <input checked="" type="radio"/> No

Best Practices



- If you encounter an issue while preparing your environmental report(s), do not hesitate to reach out to your Transaction Manager, PIH Field Office staff contact, and/or HUD Environmental staff.
- Do not take any actions prior to receiving environmental review approval.
 - If there are issues that need to be remedied, the review will be completed, conditioned on mitigation.
- Provide all materials to speak to all Related Laws and Authorities so that your review is completed timely.
 - HUD Exchange has Partner Worksheets to assist in your preparation.

Resources



- HUD Exchange
 - Partner Worksheets
 - EA Factors
 - General information on Related Laws & Authorities
 - WISER Modules
- RAD Resource Desk
 - RAD Guidance on Environmental Reviews (and any updates)
- MAP Guide
 - Housing Requirements (Lead-based paint, Asbestos)

Questions?



- Presenter Contact Information:
 - Amanda Nogic (Amanda.J.Nogic@HUD.gov)



Keys to a Successful RAD Conversion

May 17, 2018



Fair Housing and Civil Rights Reviews

Will Lavy

Celia Carpentier

Danielle Garcia

Director, Program Administration Office, Office of Recapitalization

Program Analyst, Office of Fair Housing and Equal Opportunity

Division Director, Office of Fair Housing and Equal Opportunity

RAD Fair Housing, Civil Rights, and Relocation Notice (Notice H 2016-17/PIH 2016-17 (HA))



Front-End Civil Rights reviews for certain activities:

- New construction in an area of minority concentration
- Transfer of assistance
- Reduction in the number of units with two or more bedrooms or reduction in UFAS units
- Increase in the number of UFAS mobility units above 10% of the units at the project or increase in the number of UFAS sensory units above 4% of units at the project
- Change in occupancy type
- Relocation more than 12 months
- New construction or substantial alteration, as those terms are defined under Section 504 of the Rehabilitation Act of 1973
- HUD may also review, at its discretion, projects that are subject to a remedial agreement or where HUD has identified potential fair housing and civil rights concerns or a history of such concerns



Keys to a Successful RAD Conversion

Getting the Most from your Physical Condition
Assessment

Why is a Physical Condition Assessment Important



- HUD needs to be sure that the RAD project can address all physical needs for the 20 years after conversion from public housing to project-based Section 8:
 - Immediate needs;
 - Rehab;
 - 20 year needs.
- PCA determines the project scope of work, development budget as well as the initial and annual deposits to replacement reserves
- If the capital needs in the PCA are too large for the proposed financing, the PHA will need to pursue LIHTC and/or other gap financing OR return the CHAP

How does a PCA Impact Project Plans

- **Sets the RAD development budget and financing plan**
Impact of Financing on rehab/upgrades timing:
 - If LIHTC, maximize up front rehab budget (to maximize basis) and minimize replacement reserve requirements (to enhance loan leveraging)
 - If debt-only, lender may have requirements for what systems must be replaced up front and which can be funded with on-going replacement reserve draws
 - If self-financed, can PHA fund rehab up front with existing resources, or does rehab need to be funded primarily through replacement



What is a PCA for RAD

Two components:

Narrative report:

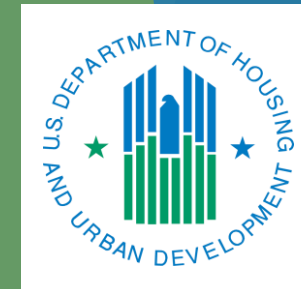
- Part 1 = Physical Conditions Assessment Identifying Needs and Comparing Traditional and Green Requirements
- Part 2 = Energy Audit
- Part 3 = Utility Consumption Baseline

Specialized Excel spreadsheet (CNA e-Tool):

- Immediate, rehab (year one) and 20 year needs, cost and timing (EULs)
- Size initial deposit (IDRR) and annual deposits (ADRR) to replacement reserves



The Assessment Tool



CNAETool_1_2A_V4 [Compatibility Mode] - Excel

FILE HOME INSERT PAGE LAYOUT FORMULAS DATA REVIEW VIEW ACROBAT DESIGN

Clipboard Font Alignment Number Styles Cells Editing

Property.A... : X ✓ fx

Entered (and Summary) Property Information			Assessment Scope	
Property Name			Relevant Agency Program	
Street Address			Additional Testing Indicator	
City			Sample Percentage	
State			Property ASHRAE Level 2 Energy Audit Indicator	
Zip Code			ASHRAE Level 2 Energy Auditor Name/Credentials	
Approving Agency			CNA Number	
Associated Agency			Additional Testing Comment	
USDA AMAS ID			USDA CNA Type	
iREMS Property ID			HUD CNA Type	
HUD FHA #			Date of Final Site Visit	
MSA/Non-MSA			Number of Vacant Units	
Federally Assisted Indicator				
Family/Elderly Indicator				
Seismic - SXS				
Seismic - SX1				
Property ID				
Year of Rehab		0 to 0		
Replacement Cost - New		\$0		
Total Number of Buildings		0		
Total Units		0		
Number of Sites		0		
Total Building Sq. Footage		0		
Year Built		0 to 0		
Section 504 of Rehabilitation Act/UFAS Applies		NO		

Version Control Participant Information **Property** Site Information Building Common Areas Units Unit T ...

READY

The Validation Engine

A screenshot of a web browser displaying the "Capital Needs Validation Tool". The browser's address bar shows the URL "https://webapps.hud.gov/CNAeTool/faces/CnaValidation?_afLoo". The page header includes the HUD and USDA logos. Below the header, the text "U.S. Department of Housing and Urban Development" and "U.S. Department of Agriculture - Rural Development" is displayed. The main section is titled "CNA VALIDATION" and contains a form with a dropdown menu labeled "Select CNA File". Below the dropdown, a message states: "This system only accepts XLS files for import. Imported files must conform to HUD's published data standards for CNA files." There is a text input field followed by "Browse...", "Validate", and "Reset" buttons. At the bottom of the page, the address "U.S. Department of Housing and Urban Development, 451 7th Street S.W., Washington, DC 20410" is listed.

Note: The Validation Engine is a publicly available tool requiring no certification or user account.

The Validation Engine



- Must be “Validated” prior to upload;
- Flags created, no “S” (Severe Flags) can exist;
- Flag Notes need to be created by the assessor, and comments provided;
- Assessment Summary Report to be created by the assessor;
- Flag Notes (with Comments) and Assessment Summary Report included with the PHA’s upload.

Questions

- Robert Robinson
 - 202-789-5938
 - robert.Robinson@fedpg.com





The Housing Authority of Cook County

2016-2018 RAD Conversion



















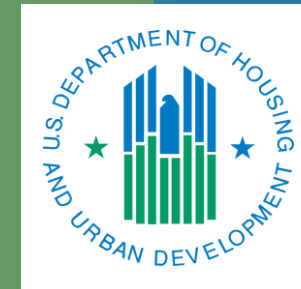




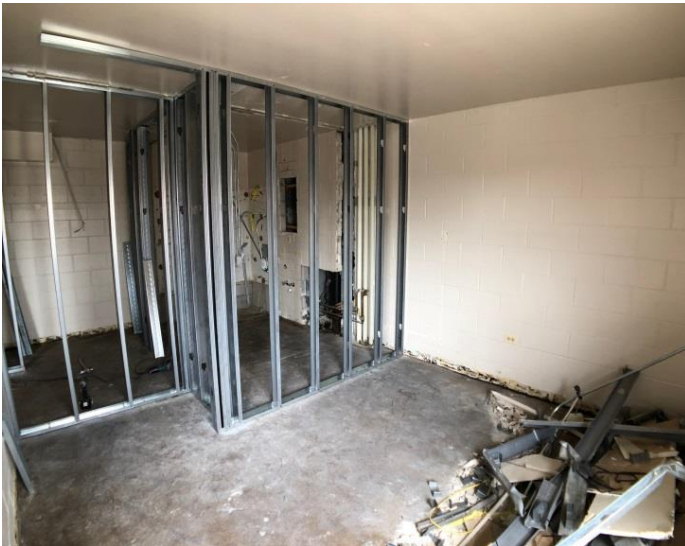




















Questions



Genie Calma | Director of Project Development

Gcalma@thehacc.org, (312) 542-4745



Closing Remarks

Tom Davis, Director, Office of Recapitalization



Keys to a Successful RAD Conversion

Fixing Problems Before They Fix You:
Anticipating Organizational Change

Guest Panelists



- Sheila Jones, President, Selenium Properties & Board of Commissioners, Charlotte Housing Authority
- Joyce Floyd, Vice President of Strategic Planning and Development, Knoxville's Community Development Corporation
- Nicole Wickliffe, Director of Asset Management, Fairfax County Redevelopment and Housing Authority

RAD at the 30,000 foot view



- The PHA makes the decision to pursue RAD
 - Completed a feasibility analysis and evaluated other options
 - Talked to lots of other PHAs and attended lots of conferences
 - Decided on RAD Guiding Principles
 - Re-defined the Agency's Mission Statement

RAD at the 30,000 foot view



- ❖ *Critical Next Step that can determine a successful conversion:*

- ❖ Communicate early, often, and effectively with Stakeholders:

- ❖ The Board
 - ❖ The Residents
 - ❖ Local government officials, and
 - ❖ PHA staff
 - ❖ Get BUY-IN.



Panel Interviews



RAD at the 10,000 foot view



- The PHA has Board approval and support from residents and community stakeholders
- Developed Project priorities and time lines
- Evaluated the need to partner (or not) with developers
- Perhaps have decided whether to self-manage or hire a third-party



RAD at the 10,000 foot view



- *Critical Decision Point: Which Section 8 Platform to choose, Project-Based Vouchers (PBVs) or Project-Based Rental Assistance (PBRA)*



Project-Based Vouchers (PBV)

Regulations at 24 CFR Part 983 (with some exceptions)



Advantages

- Remain under HUD's Office of Public and Indian Housing (PIH)
- Most PHAs already operate a Housing Choice Voucher Program and many operate a PBV program
- Tenant Certifications and Waitlist Management remain with the PHA
- PHA earns a PUPM Administrative Fee

Disadvantages

- Congressional Appropriations: HCV renewal funding is often pro-rated
 - Not a direct impact on the RAD projects, but how will the rest of the HCV program absorb the impact?
- Choice Mobility provision caps turnover vouchers to RAD residents to $\frac{3}{4}$ of turnover voucher inventory - if because of RAD, the PBV program exceeds 20% of authorized units

Project-Based Rental Assistance (PBRA)

Regulations at 24 CFR Part 880 (with some exceptions)



Advantages

- Congressional Appropriations viewed as a more stable funding source. HUD has never failed to fully fund or renew a PBRA HAP Contract.
- Rent cap is the lower of current funding and FMR rent cap - 120% of FMR. This can go up to 150% of FMR if supported with a rent comp study.
- Choice Mobility: PHA can request a good cause exemption. Voucher turnover cap for RAD projects can be 1/3 of turnover voucher inventory. Project turnover cap can be limited to 15% of total units a year.

Disadvantages

- Switching from PIH to Multifamily Housing is a significant commitment of time and resources and involves a greater level of organizational change.
- Onboarding to Multifamily Secure Systems, particularly converting from PIC to TRACS - Tenant Rental Assistance Certification System can be challenging.
- PHA must master new Management and Occupancy policies - lots of new HUD Handbooks.

Panel Interviews



RAD at the 5,000 foot view

Post-RAD Organizational Changes to Plan Ahead for:

- Partners chosen and Section 8 Platform decided
- Underwriting Completed: deal is viable
- Lenders and Investors on board

❖ *As the PHA heads toward Financing Plan Submission and to Closing, what pieces of the conversion will likely present the biggest organizational challenges or changes?*



RAD at the 5,000 foot view

Post-RAD Organizational Changes to Plan Ahead for:



■ Post-Conversion Staffing

- PHA salary expense levels higher than in the private affordable market (PHA Benefit Packages, AMP level staffing)
- Likely need to reduce or “redistribute” staff
- How can the PHA preserve jobs
 - Train personnel in other areas of the organization
 - Educate and teach new skills required for HUD and investor occupancy compliance
 - Encourage hiring by third party mngt agent or employee contract

Panel Interviews



RAD from the 5,000 foot view

Post-RAD Organizational Changes to Plan Ahead for:

- Financial Operations and Budgets

- Maintain the PILOT
- Property Insurance
- Reserve for Replacement deposits
- To fund (or de-fund) CoCC
- Recuperate PHA Fees
- Unrestricted Cash flow
- Expense Ratio should be 65%



Panel Interviews



RAD from the 5,000 foot view

Post-RAD Organizational Changes to Plan Ahead for:

- Converting from Public Housing to Multifamily Section 8 PBRA
 - Use of Multifamily Web Access Security Subsystem (WASS)
 - APPS: Active Partners Performance System
 - TRACS: Tenant Rental Assistance Certification System
 - iMAX: Integrated Multifamily Access Exchange
 - EIV: Enterprise Income Verification
 - FASS: Financial Assessment Subsystem
 - PASS: Physical Assessment Subsystem



RAD from the 5,000 foot view

Post-RAD Organizational Changes to Plan Ahead for:

- Converting from Public Housing to Multifamily Section 8 PBRA
 - Software Change: PIC to TRACs
 - Get a reputable vendor
 - Significant learning curve
 - Get training or hire third party
 - Prepare Owner/Agent Documentation
 - Set up legal Entities
 - Previous Participation - HUD 2530 Approval for Owner and Agent
 - DUNS and SAM registration
 - 1199A to set up operating account
 - Management Agent Forms and Docs



RAD from the 5,000 foot view

Post-RAD Organizational Changes to Plan Ahead for:

- Converting from Public Housing to Multifamily Section 8 PBRA
 - Occupancy Related Items
 - Keep track of Existing RAD Residents
 - Different occupancy provisions
 - No rescreening
 - Under-occupied units
 - Rent phase in
 - Preferences
 - Wait List
 - Occupancy Standards
 - Affirmative Fair Housing Marketing Plan
 - Lease requirements and executing new leases
 - Tenant Selection Plan



RAD from the 5,000 foot view

Post-RAD Organizational Changes to Plan Ahead for:

- Converting from Public Housing to Multifamily Section 8 PBRA
 - Prepare for Funding
 - Move existing households from PIC to TRACS
 - Transmit Vouchers beginning the HAP effective date
 - Rehab Assistance Payments



Panel Interviews



RAD on the Ground

Post-Conversion Changes

- HAP Contract Related Items
 - Operating Cost Adjustment Factor (OCAF)
 - UA adjustments
- Reserve for Replacement requirement
 - Need HUD approval of repairs not considered routine
 - Don't have direct access to the funds
- Management and Occupancy Review (MOR)
- REAC - physical inspection
- Financial reporting - FASS



Panel Interviews



Questions



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Closing Process

Help!



- Closing activity starts when HUD issues your RCC
- PHA will receive a PDF to countersign RCC and upload to RAD Resource Desk within 30 days
- Remember - at least one resident meeting must be held after RCC issuance
- RAD Closing Coordinator is the Point of Contact for Closing
- OGC Field counsel are assigned and will review various transaction documents and advise on legal issues
- Transaction Manager, PIH Field Office and Multifamily Field Office

Closing Checklist

We can work it out



- Follow PBV or PBRA Closing Checklist (Exhibit E of RCC)
- The draft closing documents package is a DRAFT submission for HUD to review - nothing is executed at this stage
- Best practice - Submit draft package within 2 weeks of RCC issuance
- Package should be submitted to HUD no later than 2 months following RCC issuance

Think about Logistics

Eight Days a Week



- Make sure HUD knows your deadlines
- RAD Closing Coordinator completes final program review
- HUD Counsel completes final legal review
- Closing Timelines
- Leave time for Signatures by HUD Headquarters and for moving PAPER documents
- Year-End Closing Requirements

Helpful Hints from *Across the Universe*



- HAP effective date
- Pay attention to the money
- One chance to convert funds for the project at closing
- Confirm PIC data
- Logistics, again
- Last units to convert? See PIH Notice 2016-23
- Communicate!!

Tips from the Legal Perspective

Don't Pass Me By



- About those draft documents, what legal reviews-- especially DOTs/DORCs
- Legal Description
- Existing debts (EPC, CFFP, OFFP, Section 30)
- One chance to convert funds, again
- Leases and Tenancy Requirements
- Communicate!!

Post Closing Responsibilities

Get Back



Immediately after Closing - Submit these pdfs via email to your RAD Closing Coordinator

- recorded RAD Use Agreement(s)
- recorded DOT/DORC Release(s)
- fully executed HAP contract(s) with all exhibits
- fully executed RCC amendment(s)

Within 30 days of recording, all final transaction documents must be uploaded- “Final Closing Docket Milestone”

- Send a CD of the final closing docket to HUD Counsel

RAD and Capital Funds

Ticket to Ride



4 Possible Capital Fund Uses in RAD Transactions

1. Predevelopment Expenses
2. Rent Boost
3. Housing Assistance Pmts in the Initial Year-BLI 1503
4. Development Expenses-BLI 1504

Don't forget Obligation End Date Extensions if needed

Possible Operating Fund and Operating Reserves Uses in RAD Transactions

Questions?

Ask me why



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Your Financing Toolkit: Innovations to Consider

Tom Davis, Moderator

Pat Amerson

Tamieka Green

Mary Rodriguez