



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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