



RAD CASE STUDY

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

The Housing Opportunities Commission of Montgomery County in Maryland develops housing; manages housing rental units; and administers rental subsidy programs, including over 7,000 Housing Choice Vouchers. HOC has completed the conversion of all its public housing developments.

We talked with Stacy Spann while he served as Executive Director of the Housing Opportunities Commission of Montgomery County (he has since left his position at HOC). This interview has been lightly edited for clarity.



What brought you to the PHA? What was your background and goals when arriving?

I am a graduate of Columbia University School of International and Public Affairs and a former investment Banker in Wall Street. Despite the prestige of working on Wall Street and the financial reward that comes with it, I knew my place was not there. I always wanted to use my talents and acquired skills to help others. The public housing sector is a natural choice considering my personal experience living in the public housing in Columbia, New York.

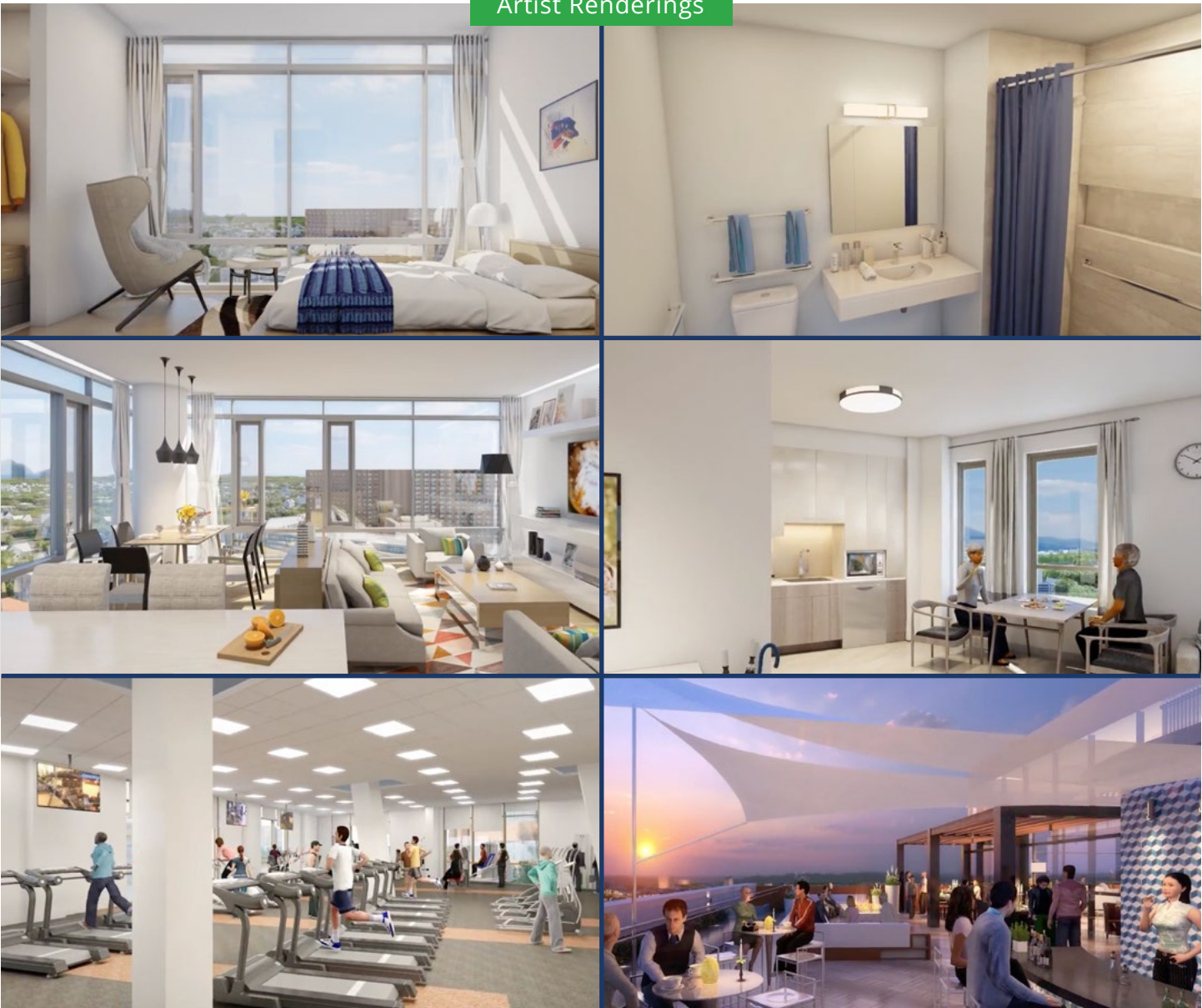




What were your goals for the agency while undergoing a RAD conversion?

It is the right of any human being, not a privilege, to live with dignity and respect. And I wake up every morning with a sense of urgency that I have to do everything in my power to provide world class communities to the most vulnerable in our community. They deserve the best like anybody else, regardless of income, and we intend to provide a community with a superior design, amenities rich, energy efficient, mixed-income, multi-generational, and self-sustaining. And of course, affordable.

Artist Renderings





? How did you hear about RAD?

I have heard about RAD as soon as it was authorized by Congress and I did not hesitate to immediately ask our Director of Real Estate Development to research and learn more about the program and how it can benefit our agency. The conditions and the standards of living in many of the public housing properties have always been a challenge to any Housing Authority. The HUD RAD program is another tool at our disposal to use in combination with others to provide a better living conditions to our residents and the dignity they deserve.

? You decided you wanted to reposition your property using RAD, what other elements were in your strategy to recapitalize your property?

The conversion of Elizabeth Square through RAD is in fact one of our last public housing conversions. Our agency has acquired a lot of expertise in the RAD conversion and knows how best to recapitalize the loan. We were able to fund this project by combining multiple financing sources. We used tax exempt bonds issued by us, some construction loans, loan provided by the county, and finally a loan originated by our agency.

? Have you dealt with mixed finance multifamily transactions before this project? What were the steps taken to organize your funding sources (in addition to RAD)?

HOC has extensive experience in mixed finance multifamily transactions. Our agency has a mortgage finance division which takes the lead on finding the proper financing blend to fund our projects.



? Who was part of your team to complete the conversion (consultants, local developers)? What steps did you take to form your team?

Our conversion team was composed of members of our real estate team, some consultants, and the developers we have hired. The developers and the consultants were hired through the issuance of an RFP. Upon completion of the job they were hired for, these contractors will be placed in our pool of vendors and will have to bid for any future contracts in order to be considered for new businesses.

? What challenges did you need to overcome to complete the property conversion?

Our biggest challenge was our ability to find the right mix of financing and close on the loan.

? Please describe how the property is performing now. Physical, Occupancy rates, Financial?

Elizabeth Square is currently under construction but as always, our goal is to reach and maintain an occupancy rate that is well above 90% rate.



What comments have you received from tenants before and after the conversion?

When we first presented the project to the residents, most of them were initially worried about losing their subsidies and/or the possibility of a rent increase. Our team really work hard to communicate the details of the RAD program, the implication of the conversion on their rent payments on a case-by-case basis, and how our agency intends to move them to temporary housing until the project is fully completed. The majority of the residents were very receptive to the idea as they learned more about the program and the process and especially all the new amenities that will come with the new property.



What would you say to Executive Directors, other PHA senior staff, and Board members that are considering RAD? Do you have any particular advice you would like to share?

The time is now to figure out ways to use the RAD program to serve your communities. We owe it to them and we all should seize this opportunity to change forever the narrative around public housing. If you need help to navigate the process, reach out to your fellow PHAs who have gone through the process. We, at HOC, will be more than happy to provide anyone with our services.



What are current and future goals for your PHA?

Our goal is to continue to work hard and to use all available tools to provide more world class affordable housing to the residents of our great county. And I am glad that we have completed the conversion of all our public housing. We cannot stop, we cannot pause, we cannot slow down, we cannot even feel good about ourselves. Somewhere out there, there is a mother, a child, a family who is desperately in need of a safe place to call home.

