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
- What do you want to do with your asset and what tools are available?

### RAD Application
- Confirm Project Eligibility
- Ensure resident and Board awareness

### CHAP Award
- Reserves conversion authority under the cap
- Sets forth the contract rents

### Pre-Financing Plan Approvals
- Upfront civil rights review; transfer of assistance; PHA Plan

### *Financing Plan*
- Demonstrate physically and financially viability and compliance with program requirements

### RAD Conversion Commitment (RCC)
- HUD approval of the Financing Plan
- Sets out terms of closing and construction

### Closing & Conversion
- Removal from Public Housing
- Entry into Section 8

### Rehabilitation/Construction
- If applicable, work completed in accordance with RCC
Conducting Business During Conversion

Transaction Management

- Strategic Planning
  - RAD Application
  - CHAP Award
  - Pre-Financing Plan Approvals
  - Financing Plan
  - RAD Conversion Commitment (RCC)
  - Closing & Conversion
  - Rehabilitation/Construction

Asset Management

Public Housing

Section 8

RAD Resource Desk
RAD Application

- 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)

Key Contacts
- RADapplications@hud.gov
- PIH Field office

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

- 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

Key Contacts
- RAD Transaction Manager
- PIH Field office
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
Financing Plan

- 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

Key Contacts
- RAD Transaction Manager
- RAD Resource Desk
RAD Conversion Commitment

- 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

**Key Contacts**
- RAD Transaction Manager
- RAD Closing Coordinator
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

Key Contacts
- RAD Resource Desk
- RAD Closing Coordinator
- HUD Field Counsel
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

Key Contacts
- RAD Resource Desk
Questions

- Presenter Contact Information
  - HUD ([HUD@HUD.gov](mailto:HUD@HUD.gov))