Rental Assistance Demonstration

Presentation to
TRACS Industry Working Group
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RAD Public Housing Conversions – Status*

88,039 Public Housing Units
converted from Public Housing to Section 8.

$5.08 Billion
(roughly $58K per unit)
in construction investment** in RAD Component 1 properties. It would have taken participating PHAs 46 years to accumulate enough public housing Capital Funds to complete a similar amount of construction.

10,347 Public Housing Units
in the final stages of the RAD Component 1 conversion pipeline – with RCCs issued or with Financing Plans submitted

85,741 Public Housing Units
on the RAD Component 1 waiting list

* Data through December 31, 2017.
** This figure doesn’t include items such as acquisition, soft costs, reserves & developer fee.
PH Conversions – Financing*

- 42% of transactions involve significant work – from $25K to new construction
- 39% of transactions involve either 4% LIHTC or 9% LIHTC
- A major driver of the deeper-investment transactions, particularly those using 4% LIHTC, is accessing the value of the existing real estate (most significantly, by tapping into acquisition credits).

* Data through December 31, 2017.
PH Conversions – Where it works

Note: This data reflects the inventory of RAD public housing applications ("projects") received compared to the inventory of public housing projects existing in each region prior to any RAD conversions.
Legacy Program Conversions – Status

Rent Supp/RAP Transactions:
• 25 properties remaining in portfolio
• 25 active transactions in the RAD 2 Pipeline
• 12 properties have contracts that expire in 2018
• We hope to wind down the Rent Supp & RAP programs in the next few years

Mod Rehab Transactions:
• 19 active transactions in the RAD 2 Pipeline
• Substantial opportunities for Mod Rehab properties

NOTE: Data derived from RAD 2 closed transactions only through December 31, 2017.
Current Implementation Topics

• **Tools & Guidance, for example:**
  – February, 2018, implementation of CNA e-tool
  – Site & neighborhood standards mapping tool
  – Guidance on delayed conversions
  – Guidance on converting mixed-finance transactions
  – Working on improved guidance for PHAs new to PBRA systems

• **Establishing compliance monitoring protocols**
  – Completion certification portal addresses construction, lead-based paint, Section 3 and relocation compliance
  – Relocation risk flags and watch list

• **Asset Management**
  – Ensuring the set-up in the OAMPO systems goes smoothly so payments aren’t disrupted
  – Procedures for approving new liens, refinancings, etc.
Current Big-Picture Initiatives

• Statutory changes under consideration in FY2018 Appropriations
  – Administration and Senate have proposed to eliminate the cap on public housing conversions
  – Administration, Senate and House have proposed RAD for Section 202 PRACs

• Expanding the impact of RAD
  – Eliminating the cap on public housing conversions would allow streamlining of the process, which currently has deadlines and requirements designed to manage a scarce resource
  – HUD is exploring modifications to make conversion easier, especially for lesser-capacity PHAs and owners
    – Small/rural PHAs
    – Mod Rehab owners
  – Considering ways to make RAD work for more properties, particularly where the numbers don’t currently pencil out

• Outreach, especially to the Mod Rehab community
Thank You.

For more information and case studies visit

www.hud.gov/rad