

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 ongoing replacement reserve draws
 - If self-financed, can PHA fund rehab up front with existing resources, or does rehab need to be funded primarily though replacement



What is a PCA for RAD

Two components:

Narrative report:

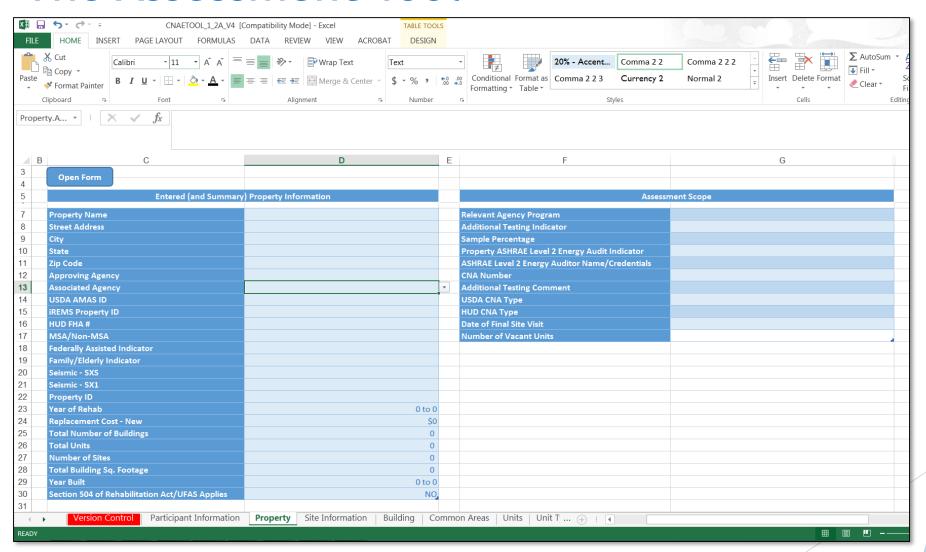
- > Part 1 = Physical Conditions Assessment Identifying Needs and Comparing Traditional and Green Requirements
- ➤ Part 2 = Energy Audit
- > Part 3 = Utility Consumption Baseline

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





The Validation Engine





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

The Validation Engine

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- 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

TOR HOUSING ING THE PARK DEVELOR

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