



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



CNAETool\_1\_2A\_V4 [Compatibility Mode] - Excel

FILE HOME INSERT PAGE LAYOUT FORMULAS DATA REVIEW VIEW ACROBAT DESIGN

Clipboard Font Alignment Number Styles Cells Editing

Property.A... : X ✓ fx

	B	C	D	E	F	G
3						
4		Open Form				
5		Entered (and Summary) Property Information			Assessment Scope	
7		Property Name			Relevant Agency Program	
8		Street Address			Additional Testing Indicator	
9		City			Sample Percentage	
10		State			Property ASHRAE Level 2 Energy Audit Indicator	
11		Zip Code			ASHRAE Level 2 Energy Auditor Name/Credentials	
12		Approving Agency			CNA Number	
13		Associated Agency			Additional Testing Comment	
14		USDA AMAS ID			USDA CNA Type	
15		iREMS Property ID			HUD CNA Type	
16		HUD FHA #			Date of Final Site Visit	
17		MSA/Non-MSA			Number of Vacant Units	
18		Federally Assisted Indicator				
19		Family/Elderly Indicator				
20		Seismic - SXS				
21		Seismic - SX1				
22		Property ID				
23		Year of Rehab		0 to 0		
24		Replacement Cost - New		\$0		
25		Total Number of Buildings		0		
26		Total Units		0		
27		Number of Sites		0		
28		Total Building Sq. Footage		0		
29		Year Built		0 to 0		
30		Section 504 of Rehabilitation Act/UFAS Applies		NO		
31						

Version Control Participant Information **Property** Site Information Building Common Areas Units Unit T ...

READY

# The Validation Engine

A screenshot of a web browser displaying the "Capital Needs Validation Tool". The browser's address bar shows the URL "https://webapps.hud.gov/CNAeTool/faces/CnaValidation?\_afzLoo". The page header includes the title "Capital Needs Validation Tool" and logos for the U.S. Department of Housing and Urban Development and the U.S. Department of Agriculture - Rural Development (USDA). Below the header, the text "CNA VALIDATION" is displayed. A section titled "Select CNA File" contains a text box for file selection, a "Browse..." button, and "Validate" and "Reset" buttons. A note states: "This system only accepts XLS files for import. Imported files must conform to HUD's published data standards for CNA files." At the bottom of the page, the address "U.S. Department of Housing and Urban Development, 451 7th Street S.W., Washington, DC 20410" is provided.

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

# The Validation Engine



- 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

- Robert Robinson
  - 202-789-5938
  - [robert.Robinson@fedpg.com](mailto:robert.Robinson@fedpg.com)

