

The contents of this document, except when based on statutory or regulatory authority or law, does not have the force and effect of law, and is not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.

Public Housing Agencies (PHAs) will often incur costs associated with repositioning (e.g., resident relocation, unit rehabilitation, new construction, replacement reserve funding). This document provides a description of the common types of funding sources used to pay for these repositioning costs, whether through the Rental Assistance Demonstration (RAD) program, Section 18, or Streamlined Voluntary Conversion (SVC). This list is only intended to highlight common financing sources, it does not recommend a specific source or include all potential sources a PHA may utilize. PHAs should be aware that each program has regulations or requirements that apply and may affect the ability to combine sources of funding.

	Funding Source	Description	Where to go to find out more
<b>PHA Funds</b>	Non-Restricted Funds	A PHA may contribute any funds that are not federally restricted for any repositioning action.	PHA Accountant
	Non-Tenant Program Income <sup>1</sup>	Non-tenant rental income (for example a laundry room lease or telecommunications agreement), may be used for low-income housing, which would include Section 8 development activities.	Local PIH Field Office
	Section 18 Proceeds	Proceeds from the sale of public housing property may be used to support public housing or Section 8 activities and, can therefore support most repositioning efforts.	Special Applications Center (SAC)
	Other PHA Public Housing Funds, MTW, or Section 8 funds	See <a href="#">Repositioning and Public Housing Funds</a> on the HUD Repositioning Website, <a href="https://www.hud.gov/program_offices/public_indian_housing/repositioning">https://www.hud.gov/program_offices/public_indian_housing/repositioning</a> .	Local PIH Field Office
<b>Other Federal Sources</b>	HOME	HOME Investment Partnerships Program (HOME) funds can be used to support a RAD or any PBV transaction.	Contact your local government
	CDBG	Community Development Block Grant (CDBG) funds can be used to support a RAD transaction or any PBV transaction.	Contact your local government
	Housing Trust Fund	HUD distributes formula-based grants to each State's designated entity, which must use at least 80% of the funding for rental housing benefiting extremely low-income families. The States then establish their own allocation plan for awarding the funds.	Contact your local and State governments
	Choice Neighborhoods	The PHA may be eligible for a Choice Neighborhoods Planning or Implementation Grant. These grants are awarded once a year by HUD based on Congressional appropriation.	<a href="https://www.hud.gov/cn">https://www.hud.gov/cn</a>
	USDA	USDA provides affordable multifamily rental housing in rural areas by financing projects and guaranteeing loans geared towards low-income, elderly and disabled individuals and families, as well as domestic farm laborers.	<a href="https://www.rd.usda.gov/programs-services/all-programs/multi-family-housing-programs">https://www.rd.usda.gov/programs-services/all-programs/multi-family-housing-programs</a>

<sup>1</sup> Specified by Section 9(k) of the Housing Act of 1937.



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<b>Mortgage Proceeds</b>	FHA Mortgage Proceeds	All Federal Housing Administration (FHA) loan products are eligible sources of funding.	<a href="https://www.hud.gov/program_offices/housing/mfh">https://www.hud.gov/program_offices/housing/mfh</a>
	Private Lenders	A PHA may use private mortgage proceeds to support a rehab/redevelopment related to a repositioning. Please note that the RAD program has restrictions on certain loan products, such as no adjustable rate mortgages or balloon loans with payoff dates of less than 17 years.	Contact local lenders
<b>Tax Credit Equity</b>	4% Low-Income Housing Tax Credits	4% credits are generally a source of funding for projects requiring moderate-to-major rehabilitation. There is no competition for these credits, which are allocated in conjunction with Private Activity Bonds (tax-exempt bonds). Requirements are outlined in a Qualified Allocation Plan (QAP).	Contact your State Housing Finance Agency
	9% Low-Income Housing Tax Credits	9% credits are generally a source of funding for projects involving substantial rehabilitation or new construction. They are generally awarded in a competitive process, though some States provide a preference or set-aside for public housing projects. Requirements are outlined in a QAP.	Contact your State Housing Finance Agency
	New Market Tax Credits (NMTCs)	Funding is targeted to low-income communities (census tracts with poverty rate of at least 20%). Although NMTCs cannot be directly combined with Low-Income Housing Tax Credits, the NMTCs generally support economic development where jobs are created (not for affordable housing developments) and usually associated retail or commercial development. The Community Development Financial Institutions (CDFI) Fund holds annual competitions and makes allocations to Community Development Entities (CDEs), which then make the credits available to projects that meet their programmatic priorities (e.g., type of project, geographic location, qualified non-metropolitan counties).	<a href="https://www.cdfifund.gov/NMTC">https://www.cdfifund.gov/NMTC</a>
	Federal Historic Tax Credits	The Historic Tax Credit provides a 20% Federal tax credit to property owners who undertake substantial rehabilitation of an historic building, while maintaining the building's historic character.	Contact your State Housing Finance Agency
	State Historic & Low-Income Housing Tax Credits	Many States have their own Low-Income Housing Tax Credit or Historic Tax Credit program, which is managed separately from the Federal programs.	Contact your State Housing Finance Agency



	<b>Funding Source</b>	<b>Description</b>	<b>Where to go to find out more</b>
<b>Other Private and Public Sources</b>	Federal Home Loan Bank Affordable Housing Program	Each of the eleven Federal Home Loan Bank regions has funds available under the Affordable Housing Program (AHP), which can provide grants and soft loans together with competitive loan products originated by member banks.	<a href="http://www.fhlbanks.com/affordable-housing.html">http://www.fhlbanks.com/affordable-housing.html</a>
	Housing Assistance Council	A national nonprofit that provides loans and other resources to support housing in rural areas.	<a href="http://www.ruralhome.org/">http://www.ruralhome.org/</a>
	Seller Take-Back Financing	Mostly in connection with tax credit transactions, PHAs sell the buildings to the project partnership and then offer “seller take-back financing” for substantially the same amount. This seller take-back financing is a way to increase the tax credit basis and can raise investor equity. This seller take-back financing is often provided as a “soft note,” meaning that payment is only required if there is available cash flow after the payment of other debt which is in a higher position.	Consult your tax credit consultant or financial advisor
	Deferred Developer Fees	Mostly in connection with tax credit transactions, PHAs may contribute (or need to contribute) a portion of their allowable developer fee as a funding source in the transaction, mostly by “deferring” their fee to close a funding gap. Deferred fees are usually repaid with available cashflow. State QAPs typically limit the percentage of fee that can be deferred.	Contact your State Housing Finance Agency
	Tax Increment Financing Districts (TIF)	Local taxing authorities can create tax increment financing districts that generate funds for infrastructure and public improvements that support housing authority redevelopment efforts. This is also known as <i>revenue anticipation financing</i> , since bonds are typically issued to support the public improvements that will stimulate development of taxable properties, with the projected increase in property tax revenue used to retire the debt.	Contact your local government or redevelopment agency
	Other State/Local Funds	PHAs may have access to other State or local funds, e.g., a local “surtax” program on all real estate transactions that supports affordable housing (conveyance tax), General Obligation Bonds, Transit Consortium Housing Funds, or Affordable Housing Loan programs.	Contact your local jurisdictions (city and county) and State Housing Finance Agency
	Philanthropic Funds	A philanthropy or charity may contribute to a project if the project serves that philanthropy’s core mission. Very few philanthropies provide funding for capital development projects.	Search for philanthropies that support some of the project’s supportive services, such as childcare, disability services, health, and wellness.