



# RENTAL ASSISTANCE DEMONSTRATION

RAD Spotlight on Broward County, Florida

U.S. Department of Housing and Urban Development

*Secretary Julián Castro*

## RAD Spotlight on Broward County, FL:

### Effective Resident Engagement is Key to Successful Conversion

The Broward County Housing Authority (BCHA) is in the process of converting its entire public housing inventory to RAD, totaling 374 units. The first two developments were converted in May 2014 and the remaining developments are expected to close this fall. For the agency, some of the major reasons for converting include: creating a more stable funding platform, developing a system of replacement reserve funding that will allow it to preserve its assets over the long-term, and reducing the regulatory burden. Ultimately, these changes are anticipated to translate into better housing for residents. Effective resident engagement and outreach has been key to the agency's conversion efforts.

#### Initial Resident Outreach

Prior to submission of a RAD application, a PHA is required to hold two meetings with the residents of each affected property. Rather than simply seeing this task as a requirement that needed to be "checked off," BCHA embraced the notion of getting feedback into the agency's plans. The first BCHA applications were for conversion of two senior housing developments. BCHA felt that these conversions necessitated a higher level of opportunity for resident feedback because of the needs of the population. BCHA decided to conduct the Resident Advisory Board Meetings at the senior sites to obtain comments and recommendations on the Annual Plan. Having the meetings at these sites in particular, assured maximum resident involvement and afforded the best opportunity for involved seniors to participate in the discussion.



In addition to holding the required meetings at each site specifically addressing RAD, BCHA included the topic in monthly resident meetings. At the RAD kick-off meeting, BCHA used a PowerPoint presentation to explain the basics of the conversion process and how residents would be affected. At each monthly site meeting, from the time of initial application until the RAD closing, conversion was continuously discussed. In this way, BCHA was able to reach the maximum number of residents.

Notices regarding RAD and changes to the lease were mailed to each resident. They were discussed in the resident meetings and posted on the bulletin boards at each site with a draft copy of the lease. The notices advised residents to speak with management staff about their questions and to review the new lease. Staff was regularly updated about the application progress so that they could answer questions and respond to residents' concerns.

#### What is RAD?

The **Rental Assistance Demonstration (RAD)** allows public housing agencies (PHAs) and owners of HUD-assisted properties to convert units to project-based Section 8 programs, providing an opportunity to invest billions into properties at risk of being lost from the nation's affordable housing inventory. The first component of the program allows properties funded under the Public Housing program and Section 8 Mod Rehab to convert their assistance to long-term, project-based Section 8 contracts. The second component of RAD allows owners of projects funded under HUD's legacy programs (Rental Supplement, Rental Assistance Payment, and Moderate Rehabilitation) to convert units to Section 8 project-based vouchers.

The 1.2 million units in the Public Housing program have a documented capital needs backlog of nearly \$26 billion. As a result, the public housing inventory has been losing an average of 10,000 units annually through demolitions and dispositions. Meanwhile, the 38,000 units assisted under HUD's legacy programs are ineligible to renew their contracts on terms that favor modernization and long-term preservation. The current conditions of many of these properties inhibit investment and recapitalization efforts in the communities with the most need. By drawing on an established industry of lenders, owners, and stakeholders, RAD allows PHAs and owners of HUD-assisted housing to preserve affordable housing units which would otherwise be subject to vouchers and demolition. RAD creates greater funding certainty while allowing increased operational flexibility to empower PHAs and owners to serve their communities.

As of August 2014, 58 RAD applications have closed, covering some 5,123 units and representing over \$150 million in new investment. PHAs have submitted over 1,000 applications covering close to 185,000 units. RAD's initial statutory authority set a cap of 60,000 units of public housing and Mod Rehab housing that could seek to convert under RAD's first component. PHA demand exceeds RAD's current authority and HUD has requested that Congress lift the cap on eligible units to allow more PHAs to participate in the program.

### **Responding to Resident Concerns:**

- During the initial planning meetings, residents voiced a number of concerns. They asked about relocation, with some residents fearful that they would be displaced. Other residents wondered if RAD would provide them with an opportunity to move, as they had seen some of the successful relocations BCHA had guided during earlier redevelopment efforts. BCHA staff worked throughout the process to both allay residents' fears and carefully explain the mobility options available.
- Residents asked if they would be paying higher repair costs, whether the agency would continue to maintain the units and developments in the same high standard as adhered to under the Public Housing program, and if planned improvements and repairs to units would be abandoned or would take place as planned. Staff advised residents that the same high standards would be maintained and would not be reflected in increased fees to residents.
- Concerns about lease enforcement were significant with residents questioning whether protections afforded under the Public Housing program would continue under RAD. Staff advised residents that the protections would not change, that all affected residents would have a right to return to renovated units, and that BCHA planned to implement the RAD conversion in way that would continue to protect resident rights and respond to resident concerns.
- The residents on flat rent were among the most concerned about the RAD conversion. BCHA reassured these residents that conversion to RAD would often result in the resident paying less or having a smaller increase in their rent than they would have had if the property remained as part of the public housing inventory.
- Staff recognized that some residents might not feel comfortable raising their concerns in a group setting. To deal with this issue, BCHA provided a question/concern form at the end of each meeting that could be returned to management or dropped off in the site suggestion box. In this way, staff was able to address individual questions and concerns outside of the meeting forum.

### **Continued and Ongoing Engagement**

Once the agency received its awards under RAD, it was required to hold a third meeting with residents in order to inform them of the PHA's acceptance into the program and "next steps." BCHA has continued to have multiple, ongoing resident meetings to inform them of the progress of the program and the impacts on each project. To bring about more transparency, the agency also kept residents informed by discussing RAD informally at every opportunity. By responding to resident concerns as they arise, whether in monthly meetings, during meetings with management or at other times, staff continues to keep residents engaged and to involve them as much as possible throughout the entire conversion process.



### **From "Partial" to Full-Agency Conversion**

Since 2004, BCHA has redeveloped four public housing sites via the demolition/disposition model. Finding themselves in a situation where the remaining properties did not meet criteria for demo/dispo, there appeared to be no reasonable way to fund ongoing rehab and replacement needs. To continue the high level of service to residents BCHA knew it had to find an alternative. The Rental Assistance Demonstration seemed to be an excellent potential alternative to preserve public housing units.

The initial assessment of the portfolio, based on the information available at the time, revealed only two properties were feasible for conversion. BCHA submitted these applications during the competitive process and both were approved. As they proceeded through the financing process, it was decided that a reevaluation of the entire portfolio should be done. That evaluation revealed that all of BCHA's public housing developments were feasible for conversion. Quickly applying for the portfolio award to get in under the 60,000cap, BCHA was ultimately successful.

"Our residents were involved in the process throughout. We addressed all their concerns and assured them that in the end, this would be positive for all concerned. We feel that it has been a win for the agency and especially for the residents."

Beth Kincey, BCHA Chief Operating Officer