



Complex Transactions

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COMPLEX TRANSACTIONS: QUESTIONS



- How does a PHA do RAD if there is a Capital Fund Financing Program (CFFP) Loan or an Energy Performance Contract (EPC)?
- How can RAD support a major revitalization project— including multiple sites?
- What sources can be tapped to fill gaps in development budgets?
- What are best strategies for using 4% vs. 9% LIHTCs?



COMPLEX TRANSACTIONS: QUESTIONS

- Can RAD be used with with CNI, Mixed-Finance, Section 18, HOME, CDBG, AHP, etc.?
- How can MTW agencies best maintain flexibility under RAD?
- Can PHAs use RAD to take units off the Faircloth “shelf”?
- When should a PHA choose FHA financing?





COMPLEX TRANSACTIONS: THRESHOLD ISSUES

Capital Fund Financing Program (CFFP)

- \$3B in financing nationally
- Fannie portfolio sold to Dreadnought – repaid with Capital funds
- Other lenders
 - Lock-outs and prepayment penalties
 - Are DCR ratios HUD or lender requirements?
- Defeasance
- Review with RAD Team at HQ





COMPLEX TRANSACTIONS: THRESHOLD ISSUES

Energy Performance Contracting (EPC)

- Existing EPC facilities
 - Pay-off?
 - Restructure in 2nd lien position?
 - RAD rent freezes the established utility funding level
- New facilities
 - Review with RAD Team at HQ
 - RAD-EPC workshop coming soon





COMPLEX TRANSACTIONS: REVITALIZATION

Planning

- Phasing
- Transfer of Assistance
 - Criteria: physical, economic, disaster-affected, best interest of residents
 - Transfer to PHA-owned or controlled property
- RFP for developers to compete for RAD HAP contracts?
- New site
 - Site and neighborhood standards (exceptions for redevelopment areas)

Relocation

- Cost covered by RAD rehab assistance payments/development fudget
- Right to return
- URA

Timing Demolition and Construction

- Reverse of HOPE 6/Mixed-Finance





COMPLEX TRANSACTIONS: OTHER SOURCES

RAD and LIHTCs

- Larger, deeper needs require 9% LIHTCs
 - Combine with 4%/TE bond in other phases with lesser capital needs?
- Using 4%/TE bonds
 - Availability
 - Short bonds to address 50% rule
 - Multi/scattered-site potential for larger projects
- Acquisition payments in 4% deals
 - Access available proceeds for other mission purposes
 - Seller take-back loan for gaps
- Tiering: respect RAD no-rescreening





COMPLEX TRANSACTIONS: OTHER SOURCES

RAD and CNI

- Application strategies
- Leverage points for CNI

RAD and Mixed Finance

- Standardized transition legal documents
- Need to meet PCA requirements
- Limits on HOPE VI conversions

RAD and Partial Section 18 Demo/Dispo

- Meet physical obsolescence test
- Use to thin density, mix incomes, address deeper capital needs

RAD and CDBG, HOME, AHP—per usual





COMPLEX TRANSACTIONS: OTHER SOURCES

Use of RAD Net Proceeds

- Primary or subordinate debt financing on projects with limited rehab needs
- Acquisition payments in 4% deals
- De-federalizing excess land—applying proceeds to fill gaps in other deals





COMPLEX TRANSACTIONS: MTW FLEXIBILITY

Use Existing Voucher Funds to Augment Rents

- Not to exceed market rent
- Subject to Subsidy Layering Review
- Subject to MTW continued service requirements
- Respect established MTW polices if PBV—except RAD Choice-Mobility requirements for PBVs





RAD WEB PAGE

RAD Notice, application materials, and additional resources can be found at

www.hud.gov/rad

Log-in questions at www.radresource.net

