



RENTAL ASSISTANCE DEMONSTRATION

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U.S. Department of Housing and Urban Development

Secretary Julián Castro

"The affordable housing crisis is growing. RAD is part of the solution."
Secretary Julián Castro



RAD Happenings

HUD Preservation Clinics

HUD's Office of Multifamily Housing Programs has been hosting a series of regional preservation clinics to educate and encourage both Section 236 (both FHA-insured and HFA-issued) and Section 202 Direct Loan owners with loan maturities scheduled to occur between 2015 and 2020 to begin the process of designing and implementing preservation strategies. State and local government officials working on preservation initiatives, as well as industry stakeholders who work with owners, are also invited to attend.

The one-day clinics offer approximately 100 participants guidance on the steps to take to preserve the long-term affordability, structural integrity, and financial viability of their properties. Interactive workshops help owners understand and evaluate their financing, recapitalization, and rental assistance options. Owners have the opportunity to participate in small groups with HUD staff and preservation experts to discuss specific options and strategies for their properties. Registration opens about 6 – 8 weeks prior to each clinic.

Upcoming preservation clinics will be held in San Francisco on October 20th (registration located [here](#)), Los Angeles on October 22nd (registration located [here](#)), Chicago on November 3rd, Columbus on November 9th and Washington D.C. on December 9th. There will also be clinics in Jacksonville and Atlanta, which will be schedule shortly. Please visit the HUD [Exchange Training and Events page](#) in order to view the latest schedule and to register for a preservation clinic.

Significant Amendments— Process Changes for RAD 1st Component Transactions

As of this month, PHAs will no longer submit RAD Significant Amendments or regularly scheduled PHA Plans with RAD conversion activities to the RADPHAPLans@hud.gov mailbox for approval. These new guidelines will improve processing efficiency by bringing these procedures in line with all other Significant Amendment reviews.

Under the new procedure, non-MTW PHAs must submit RAD Significant Amendments or regularly scheduled PHA Plans with RAD conversion activities to the Field Office Public Housing Director or designated field office contact. The Public Housing Field Office will then follow their regular PHA Plan review and approval process. The Public Housing Field Office will send a letter confirming approval to the PHA, with a copy to the appropriate RAD Transaction Manager (TM), within 75 days of submission. The PHA will upload a memo to the RAD Resource Desk noting their submission and the date and also upload the approval letter to the RAD Resource Desk.

MTW PHAs submitting RAD MTW Plan revisions will follow a similar procedure. The PHA will submit their documents to the MTW Office and copy the Field Office. The MTW Office will then send a response within 75 days of submission, and the MTW PHA will upload a submission memo and approval letter to the RAD Resource Desk.

The RAD Significant Amendment Checklist, located [here](#), can be a helpful resource during the review of Significant Amendments.

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. RAD 1st component transactions cover Public Housing units as well as Section 8 Moderate Rehabilitation projects. Units that fall under this component are subject to a unit cap and are limited to current funding. RAD 2nd component transactions cover Rent Supplement (Rent Supp), Rental Assistance Payments (RAP), and Section 8 Moderate Rehabilitation projects. Unlike 1st component transactions, 2nd component transactions are not subject to the cap, but are constrained by the availability of tenant protection vouchers (TPVs). Both components allow housing programs to convert their assistance to long-term, project-based Section 8 contracts, providing a more stable source of funding.

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 and improve affordable housing units that could 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 a result of the FY2015 appropriations bill, the Department has the statutory authority to convert up to 185,000 units through RAD's first component, representing a significant increase from the program's initial 60,000 unit cap. The additional authority will widen program participation, enabling more PHAs and HUD-assisted property owners to ensure access to quality, affordable housing for our nation's low-income families.

Closing Spotlight

Civic Park, Housing Authority of the City of Salisbury, North Carolina

The Housing Authority of the City of Salisbury closed Phase 2 of the Civic Park RAD transaction in August, which allowed for the conversion of 44 units through RAD. This was in addition to 36 Civic Park units which closed under Phase 1 in July. These 80 total apartments, which are currently Scattered Site Public Housing, will receive \$18M in initial repairs, or \$227K per unit. The PHA is utilizing 9% Low Income Housing Tax Credits to fund \$13M of these repairs, and a conventional mortgage will fund the majority of the remaining costs. Post-conversion, assistance to these units will be funded through PBRA. The Housing Authority is also constructing 90 units of affordable housing to those at 60 % AMI on the Civic Park site.

Civic Park is a 6.38 acre site that was the recipient of a 2012 Choice Neighborhood Planning Grant. The site is in close proximity to numerous local amenities, educational institutions, and medical facilities. The plan is to redevelop the Civic Park site and adjacent undeveloped land into a 170-unit mixed-income community. The primary site will include one, two and three bedroom flats and townhome style apartments, a playground, gazebo and a leasing office/ clubhouse equipped with a computer center and multi-purpose community room. The Housing Authority partnered with a local college to engineer a land swap which enabled this transformational development plan to go forward.

“The primary reason [to utilize RAD] was the ability to stabilize our funding at a higher level and the ability to leverage those properties in the future in order to remodel or rebuild.”

- Executive Director Sam Fousts



(Above) Civic Park Apartments

Norman Blumberg Apartments, Philadelphia Housing Authority (PHA), Pennsylvania

The Philadelphia Housing Authority recently converted 51 units of Public Housing at the Norman Blumberg Apartments through RAD to PBV-assisted units. The Housing Authority displayed a commitment to a swift conversion of these units, and in doing so, Philadelphia became the first Housing Authority to close a transaction with a

RAD Stats Through 09/01/15

RADOMETER

Total construction activity leveraged (closed projects, 1st component)

\$1,100, 967, 582

RAD 1st Component

	Units	Projects
Active CHAPs	108,294	922
Multiphase/Portfolio Reservations	42,323	296
Closed Conversions	18,395	176
Applications Under Review	28,739	265
Total	191,717	1,613
Statutory Cap	185,000	N/A
Waiting List	6,717	N/A

RAD 2nd Component

	Units	Projects
Active Conversions	3,362	26
Closed Conversions	17,051	126

CHAP issued after the increase in the RAD cap to 185K units. The hard construction costs of this deal amounted to \$18M, or \$356,000 per unit, with contract rents of approximately \$1,066 for a 2-bedroom apartment. The project was funded with \$12.5M in 9% Low Income Housing Tax Credits and \$5.5M in Replacement Housing Factor Funding.

"RAD provides a much needed funding flexibility that is helping expand and preserve the availability of affordable housing throughout Philadelphia. Under the RAD Program, PHA projects are raising nearly \$100 million in financing that will be invested in the outstanding capital and maintenance needs of over 2,000 units at seven developments. I commend Secretary Castro and HUD's RAD team for the exceptional assistance they have provided to PHA on our first RAD transaction. We are looking forward to our continuing partnership on this important initiative." - Executive Director Kelvin Jeremiah



(Above) Norman Blumberg Apartments

For more information about RAD please visit our [website](#) and [resource desk](#). For specific questions please contact the RAD team at RAD@hud.gov. Click [here](#) to sign up for the RAD Mailing List!