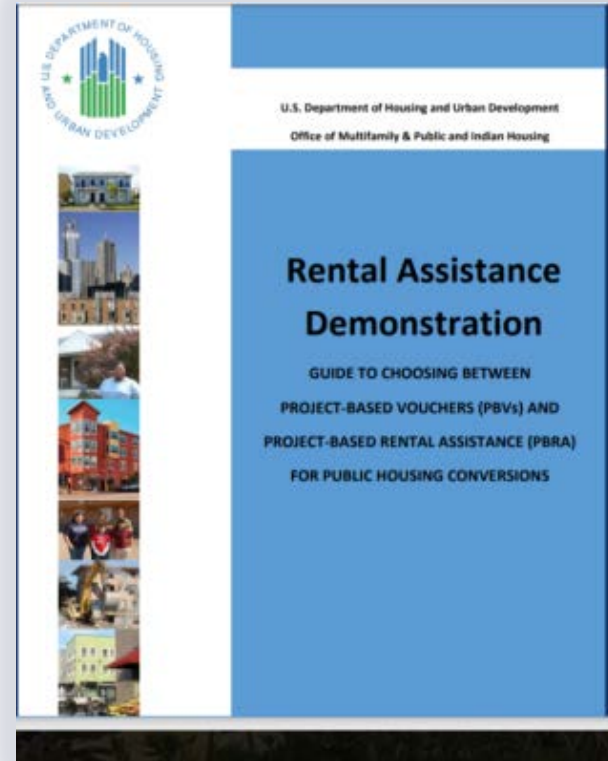


# RAD 101...

To Convert or Not to Convert



# WHY CONSIDER RAD NOW?

- **2018 Rents for contract rents**
- **Future Operating Subsidy and Capital Funds**
- **Conversion options still open**
- **Streamlined Conversion <50 units**



# UPFRONT CONSIDERATIONS

- **What are the steps of conversion?**
- **What about current staff ... and residents?**
- **Condition of properties?**
- **Any current debt (EPC, CFFP)**
- **Will you seek external assistance?**
- **Will you self-develop...self manage?**
- **How will you finance your conversion  
(if applicable) ~ What flavor of conversion?**
- **Project Based Rental Assistance (PBRA)  
or Project Based Voucher (PBV)**



# RAD CONVERSION CHOICES....

## PBRA

- Provided to owners by HUD's Office of Housing via a HAP (Part of HUD Multifamily)
- Projects monitored by HUD MF
- No administrative fee to PHAs
- 20 years, renewal requested, must accept
- Subject to annual appropriations, but strong history of full funding

## PBV

- Component of PHA's Housing Choice Voucher Program in which the PHA attaches a voucher to specific units via a HAP (Part of HUD Public & Indian Housing)
- Voucher funding administered by PHA; PHA can earn administrative fee
- 15 years (up to 20 with approval), renewal requested, must accept
- Subject to annual appropriations, but with a history of funding reductions
- Possibility of serving fewer families in the future

# STEPS.....

<https://www.hud.gov/RAD/library/notices>

<http://www.radresource.net/webinar>



- Long Range Strategic Plan???
- Review with Board
- RAD Inventory Assessment Tool
- Submit RAD Application
- Receive CHAP
- Determine Capital Needs
- Financing Plan Submittal
- Rental Conversion Commitment (RCC)
- Conversion Closing

# FINANCING PLAN

- **Capital Needs Determined from 3rd Party CAN**
- **Financing Options**
  - No-debt (Public Housing funds—Operating Reserves and Capital Funds)
  - Debt (FHA possibly?)
  - Low Income Housing Tax Credits (4% or 9%)
  - Combination

**MAKE SURE ALL CURRENT RESERVES ALLOCATED**

- **Environmental**
- **Operating Pro-Forma**



# CLOSING...

- **Assignment of HUD Legal and Closing Coordinator**



**FORWARD OR NOT (usually before now)**

- **HAP Contract**
- **Released of DOT**
- **Various HUD Documents**
- **All parties legal review**
- **All signing**

# ALL POINTS IN BETWEEN

- Board up to date
- Meet with Residents
- Staff in the know
- Related Stakeholder updates
- Determine Training Needs
- .....





# THINGS TO REMEMBER

- You can back out up to closing
- The projected future of Public Housing
- HUD staff have helped...
- There are lots of agencies ahead of you to learn from their mistakes
- There is no one size fits all...



# EXAMPLE - KCDC



## **No debt ~ internally financed:**

- Autumn Landing/Natures Cove (197 units)
- Mechanicsville (48 units)
- Valley Oaks (48 units)
- Verandas (42 units)
- Five Points Family (17 units) and Sr. Duplexes (20 units)

### **Closing in Progress:**

- Passport Properties (81 units)

### **CHAPs just received:**

- The Eastport School (25 units)
- The Residences at Eastport (60 LIHTC units)

## **HUD 223(f): Closing in Progress:**

- Montgomery Village (380 units)

**Remainder on waiting list (5 properties/1,475 units)**

## **9% LIHTC ~ combined AMP Multi-Phase (Five Points):**

- The Residences at Five Points (80 elderly/disabled units)
- Five Points 2 (84 units)
- Five Points 3 (80 units)
- Five Points 4 (82 units) includes 43 Austin units

## **4% LIHTC/Bonds, Fannie Mae ROAR:**

- The Residences at Lonsdale (260 units)
- North Ridge Crossing (268 units)
- The Vista (175 units)

## **To Be Determined:**

- Austin Homes (86 units)

# QUESTIONS.....

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