



WHY RAD?



■ Public Housing Status Quo

- Capital repair needs \$25.6 billion
 - ✓ \$23,365 per unit
- Unreliable funding platform (pro-ration, cuts)
- Unable to access private debt and equity due to public housing declaration of trust (DOT)
- Losing 10,000 – 15,000 physical units annually

■ Response: RAD

- Section 8 funding platform
- Release from DOT



RAD GOALS



- **Build on the proven Section 8 platform**
- **Leverage private capital to preserve assets**
- **Offer residents greater choice and mobility**



MULTIPLE ASPECTS OF RAD



- **RAD for Public Housing (Competitive)**
 - My presentation will focus on public housing only (aka: “component 1”)

- **Other aspects of RAD are:**
 - RAD for Mod Rehab (Competitive)
 - RAD for Mod Rehab (Non Competitive)
 - RAD for RAP and Rent Supplement (Non Competitive)
 - ✓ These RAD programs are being handled by OAHP & Multi-Family’s Asset Mgmt group.



RAD CONVERSION ELIGIBILITY



NTE 60,000 units in total
At least 58,750 units

Up to 1,250 units

Public Housing

Mod Rehab

Rent Supp & RAP

**1st Component:
Competitive,
60,000 Unit Cap**

**2nd Component:
Non-Competitive, No-Cap
(subject to availability of TPVs)**

PBRA

PBV

PBV

Project-Based
Rental Assistance
(Multifamily)

Project-Based
Vouchers (via PHAs)



INITIAL AWARDS

Initial Public Housing Awards

Total Public Housing Applications	113
Total Awarded Public Housing Projects	110
Total Awarded PHAs	68
Total Awarded Public Housing Units	11,910

Initial Mod-Rehab Awards

Total Mod Rehab Applications	3
Total Awarded Mod Rehab Projects	2
Total Awarded Mod Rehab Owners	2
Total Awarded Mod Rehab Units	343

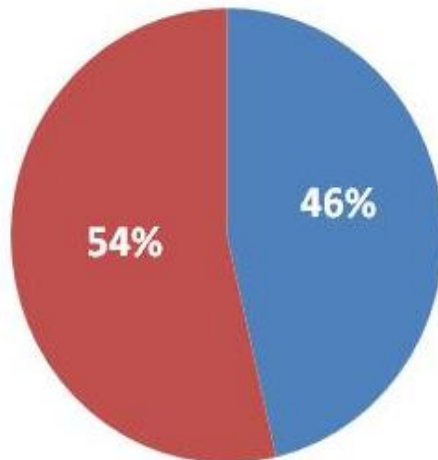
*Data based on PHA RAD Applications from 110 Initial Application Period CHAP Awardees



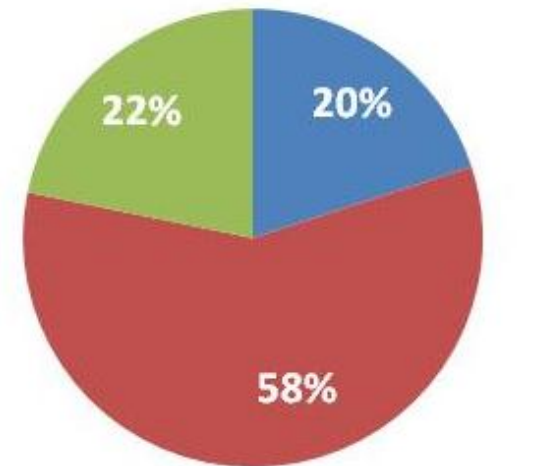
DISTRIBUTION OF RAD AWARDS



Type of Conversion



PHA Size



■ PBRA (Project Based Rental Assistance)

■ PBV (Project Based Vouchers)

■ Large

■ Medium

■ Small

*Data based on PHA RAD Applications from 110 Initial Application Period CHAP Awardees



KEY PROVISIONS: PUBLIC HOUSING

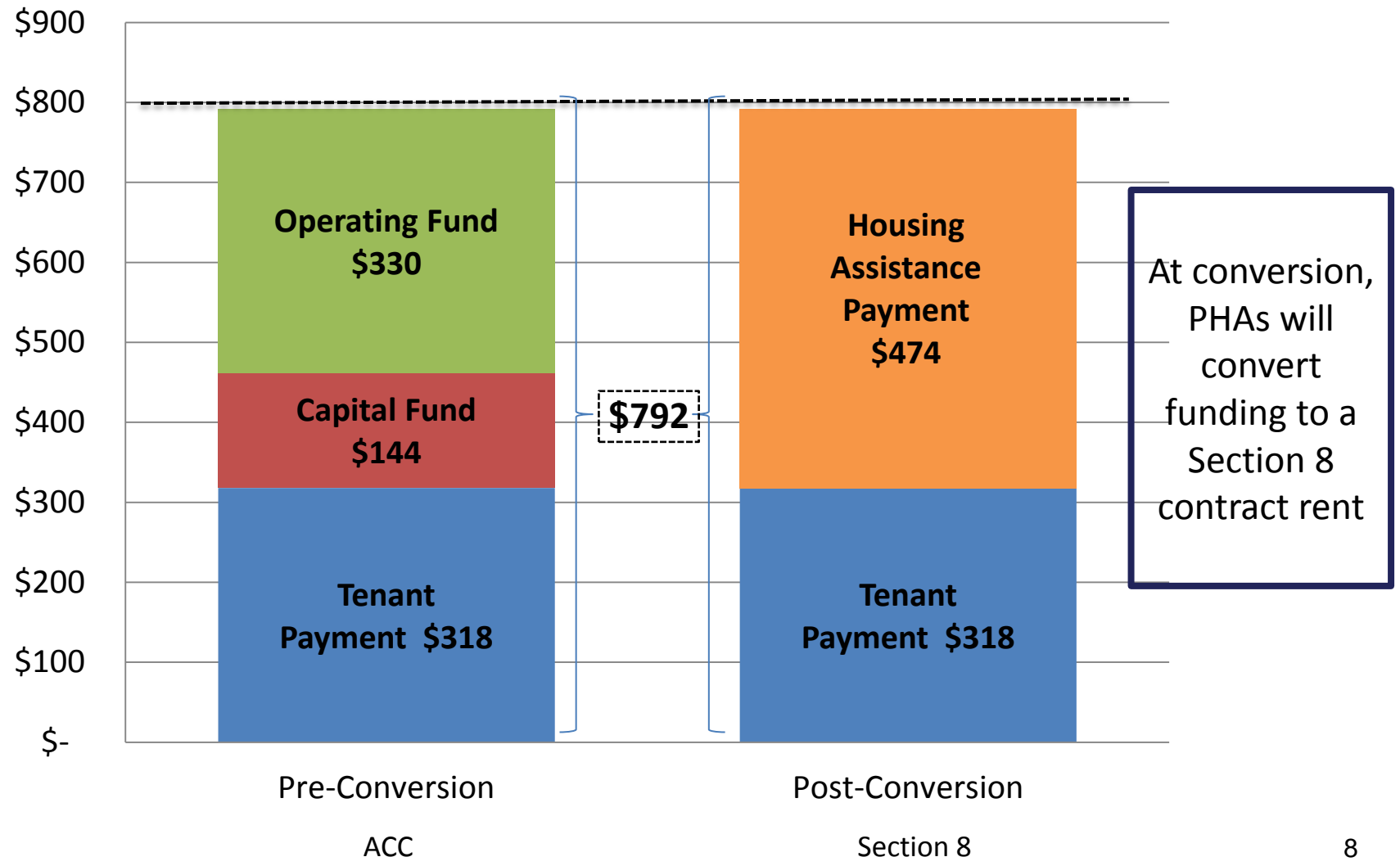


- **Voluntary, competitive**
- **PHA can choose:**
 - **Project-Based Rental Assistance (PBRA) or**
 - **Project-Based Vouchers (PBV)**
- **Projects convert at current funding**
 - **or PBRA-PBV limit, if lower**
- **Choice-Mobility is required**
 - **With limited exemptions**
- **Resident Protections**



CONVERSION AT CURRENT FUNDING

Sample Public Housing Conversion Per Unit Monthly (PUM)





Current Funding, PBRA & PBV Rent Caps

PBRA Cap—lower of

- Current funding, or
- 120% of FMR (less utility allowance)
- EXCEPT where current funding is below market (note 1)

PBV Cap—lower of

- Current funding, or
- 110% of FMR (less utility allowance), or
- Reasonable rent (note 2)

Note 1: Where the PBRA exception applies, the PHA submits an RCS for HUD review. Rent is lower of comparable market rent or 150% of FMR (minus U/A).

Note 2: Reasonable rent is a market rent determination made by the PHA that administers the vouchers. Typically a staff determination; often based on a desk review.



TIMELINE OVERVIEW



When	What
0 Days	CHAP issuance by HUD
15 Days	Applicant timeframe to reject CHAP expires
30 Days	Lender engagement letter; development team information
60 Days	PBRA-PBV decision; Significant Amendment to PHA Plan
90 Days	RPCA; certification that all other due diligence has been received
150 Days	Firm commitment applications for all financing
180 Days	Financing Plan*
320 Days	Firm commitments for all financing
360 Days	Closing

- **The Financing Plan is analogous to the M2M Restructuring Plan. If HUD accepts the Financing Plan, HUD will issue a RAD Conversion Commitment (analogous to the M2M Restructuring Commitment).**
- **Note: if LIHTCs are being awarded, Day 0 is the date of the award allocation.**



FHA MULTIFAMILY MORTGAGE INSURANCE

Section 223(f)

- Refinance or acquisition
- Minor/moderate repairs (\$6,500/unit*high cost factor)
- Permanent debt with repair escrow - up to 35 years

Section 221(d)(4)

- Substantial rehab: 2 major building systems
- Construction/permanent debt all in one - initial/final closing
- 40-year financing
- Direct to firm applications for RAD transactions

Mortgage Letter for RAD Transactions

- Eligibility, underwriting criteria, processing & materials
- Mortgage Letter 2012-20





ADDITIONAL FUNDS FOR RAD



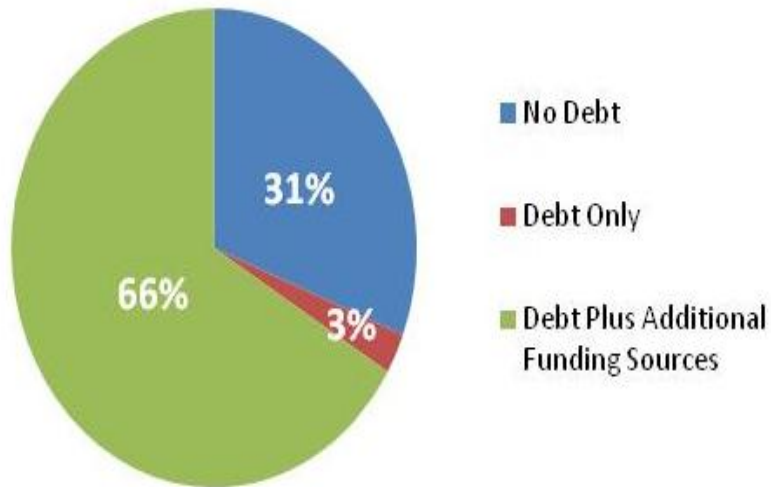
- **PHA may contribute certain funds**
 - **Capital Funds, Operating Reserves, RHF**
- **4% LIHTCs**
 - **LIHTC reservation not required in order to apply**
- **9% LIHTCs**
 - **LIHTC reservation not required in order to apply**
 - **Notice imposes timing requirements**
- **Potential use of historic credits**
 - **LIHTC reservation not required in order to apply**
- **HOME, CDBG, ...**



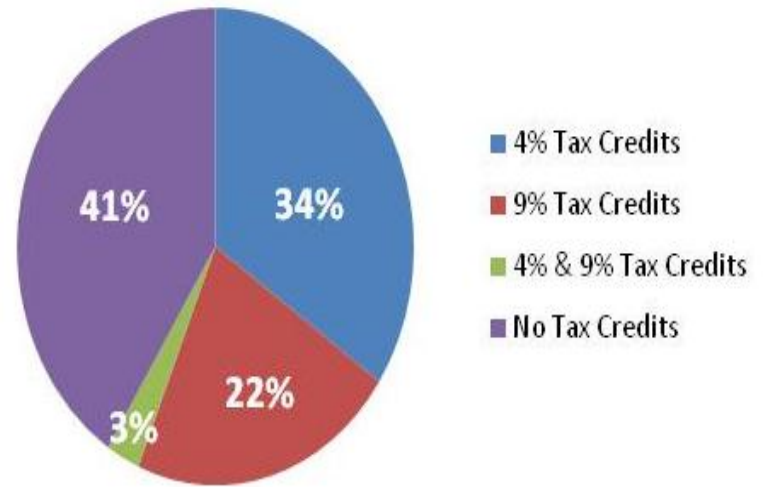
RAD FUNDING SOURCES



Types of Financing



Tax Credits



*Data based on PHA RAD Applications from 110 Initial Application Period CHAP Awardees



RAD & LIHTCs

RAD Sweet Spot—4% LIHTCs

- Rehab needs above \$24k/unit to ~\$40k/unit
- **Non-competitive**
- QAPs favoring preservation, green
- Evolving, accessible short-bond structure
- **Historically low borrowing rates**





RAD & LIHTCs

RAD Sweet Spot—9% LIHTCs

- Targeted prospects for substantial rehab & replacement housing
- No Section 18 review
- Income mixing
- RAD HAP contract(s) for off-site replacement
 - Acquisition/rehab
 - New construction





Additional Resources



RAD WEB PAGE

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

www.hud.gov/rad





RAD RESOURCE DESK

PHA libraries, Document library, and FAQs can
be found at

www.radresource.net

Third-party resources & contacts can be found
at

www.radcapitalmarketplace.com





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