



OFFICE OF HOUSING

Affordable Housing Preservation through the Office of Recapitalization

OFFICE OF MULTIFAMILY HOUSING PROGRAMS

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Overview

- **Mark-to-Market Restructurings and Post-M2M Activities**
- **Rental Assistance Demonstration** – the preservation of at-risk housing portfolios through conversion to Section 8
 - From public housing (“Component 1”)
 - From other Multifamily housing (Section 202 and 811 PRACs, Mod Rehab, Mod Rehab SRO, SPRACs) (“Component 2”)
- **RAD and M2M Rent Adjustments**
 - Section 8 contracts vary in how they handle rent adjustments over the term of the contract so it’s important to be aware of the different forms

RAD Conversions for Public Housing

- **240,000 units** in 1,950 properties converted to date (roughly 20% of 2012 public housing portfolio)
- **\$28.4 Billion** (roughly \$106K per unit) in construction improvements to address deferred maintenance and modernization needs
- **Leverage of \$18.82** in other funds generated for every \$1 of public housing appropriated funds used
- Over **93% of residents choose to return** to the properties after construction.
- Over **10,000 subsidy units transferred to new sites** with, on average, a 23% lower poverty rate on average at the new sites than at the original public housing site
- **RAD/Section 18 Blends** have transformed the RAD rent setting

RAD Conversions for Other Multifamily Housing

- Mod Rehab and Mod Rehab SRO Conversions
 - **12,877 units** converted across 197 properties, with 61 additional properties in the pipeline
- Section 202 Project Rental Assistance Contract (PRAC) Conversions
 - **9,119 units** converted across 147 properties, with 405 additional properties in the pipeline
- Section 811 PRAC and SPRAC Conversions
 - RAD **Notice Supplement 4D** nearing completion to implement these authorities

Rent Setting and Rent Adjustments

- Rent setting varies by program
- Standard annual rent adjustments are based on the Operating Cost Adjustment Factor (OCAF).
- Unlike most Section 8 contracts, M2M and RAD adjustments are not reset periodically by rent comparability studies.
- Both have options for properties that get into distress
 - PM2M - Budget Based Rent Adjustments
 - RAD - Alternative Operating Cost Factors
- More favorable options at the end of the term of the Use Agreement