



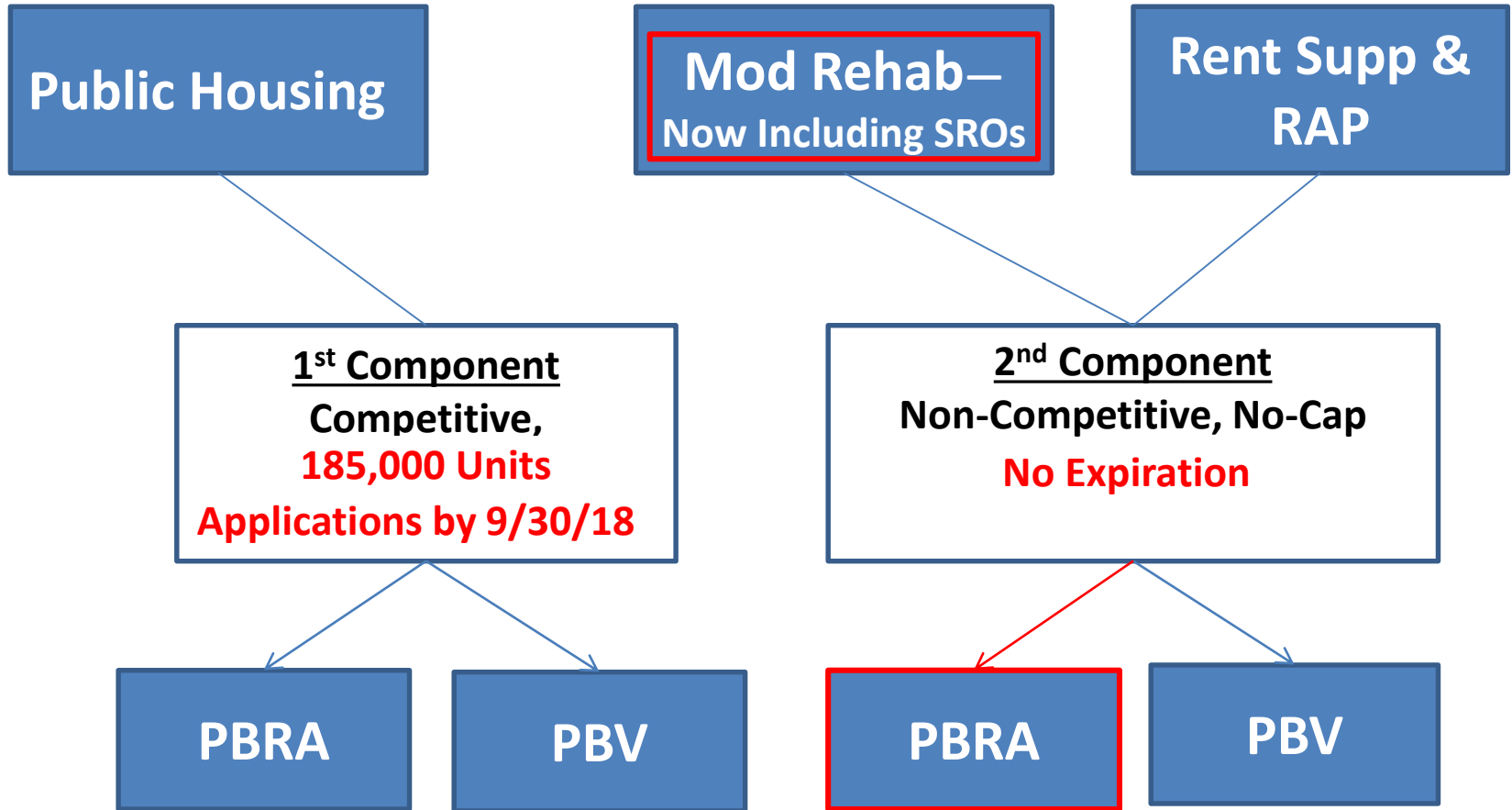
# **RAD Revised Notice UPDATE Highlights & Practice Implications**

**NH&RA State of Play—RAD Panel  
November 3, 2015**

**Patrick Costigan  
CF Housing Group, LLC**



# CHANGES TO RAD CONVERSION ELIGIBILITY





# APPLICATION, MILESTONES & FINANCING PLAN CHANGES



- ***Extends Multi-Phase Applications through July 1, 2018***
- ***Milestones***
  - *Milestones begin the later of issuance of CHAP or 30 days following publication of RAD Notice*
  - *Eliminates current pre-Financing Plan Milestones*
  - *Modifies Financing Plan due dates to better align with LIHTC timelines*
- **Financing Plan Completeness**
  - A Financing Plan will not be reviewed until all required documentation is submitted
  - HUD will complete an initial review for document completeness within five business days of submission



# ELIGIBILITY & SELECTION

- **Applications received each month will be prioritized for award (subject to available authority) in the following order**
  1. *Redeveloping physically or functionally obsolete housing*
  2. *Part of comprehensive neighborhood revitalization plan*
  3. *In imminent danger of losing financing*
  4. *Other applications using LIHTC*
  5. *Portfolio or Multi-Phase award in which 50% of properties fall under any of the above categories.*
  6. *All other applications*
- **1<sup>st</sup> Component conversions will be limited to public housing**
- **Mod Rehab projects now only converted under 2<sup>nd</sup> component**





# FAIR HOUSING & CIVIL RIGHTS REVIEW

- ***Requires up front civil right review process for transactions involving***
  - New construction, whether on site of current public housing or on a new site
  - Reduction of assisted units, changes in unit configuration or in occupancy type
  - Transfers of assistance





# SITE & NEIGHBORHOOD STANDARDS



- ***New construction, whether on site of current public housing or on a new site:*** Assess minority concentration and factors that would allow construction in a an area of minority concentration
  - Be sure to review Revised Notice Appendix III—pp 232-233
  - Allowable exceptions
    - 1) Other “comparable housing opportunities” in area;
    - 2) Meet “overriding housing needs” for preservation, CNR initiatives
- ***Reduction of assisted units, changes in unit configuration or in occupancy type:*** Assess whether change would result in discrimination based on race, color, national origin, religion, sex, disability or familial status
- ***Transfers of assistance:*** Assess relevant Site & Neighborhood Standards, accessibility requirements, reduction of units, change in configuration, and change in occupancy



# TRANSFER OF ASSISTANCE REQUIREMENTS

- *Requires PHA to submit a site for HUD approval 90 days after CHAP*
- *Prohibits transfers to neighborhoods of concentrated poverty—based on 2014 Section 8(b)(b) Notice for MF Housing—and complies with Site & Neighborhood Standards*
- *Limits transfers to existing LIHTC projects to 1) de-concentrating poverty; 2) de-densification of project with extensive capital needs*





# RELEASE OF DOT FOLLOWING TRANSFER OF ASSISTANCE

- ***Describes conditions in which HUD will release the Declaration of Trust (DOT) at closing on current site from where assistance is being transferred***
  1. *Fair market value (FMV) sales proceeds will be used to support a RAD conversion*
  2. *Land will be disposed within a year so that it can be used for affordable housing*
  3. *Land will be sold within a year at FMV and proceeds used for other affordable housing*







# RELEASE OF NON-DWELLING PROPERTY



- ***Clarifies what non-dwelling property and land can be released from public housing program in conjunction with RAD conversion***
  - *Land and property that is “pertinent” to the RAD converted property can convey*
  - *All other “excess” land must be processed through normal public housing release authorities, eg, separate Section 18 process via the Special Applications Center (SAC)*
  - *PIH Field Office will review land and property proposed for removal (as indicated in the PHA’s RAD PIC Removal Application) prior to Financing Plan submission*



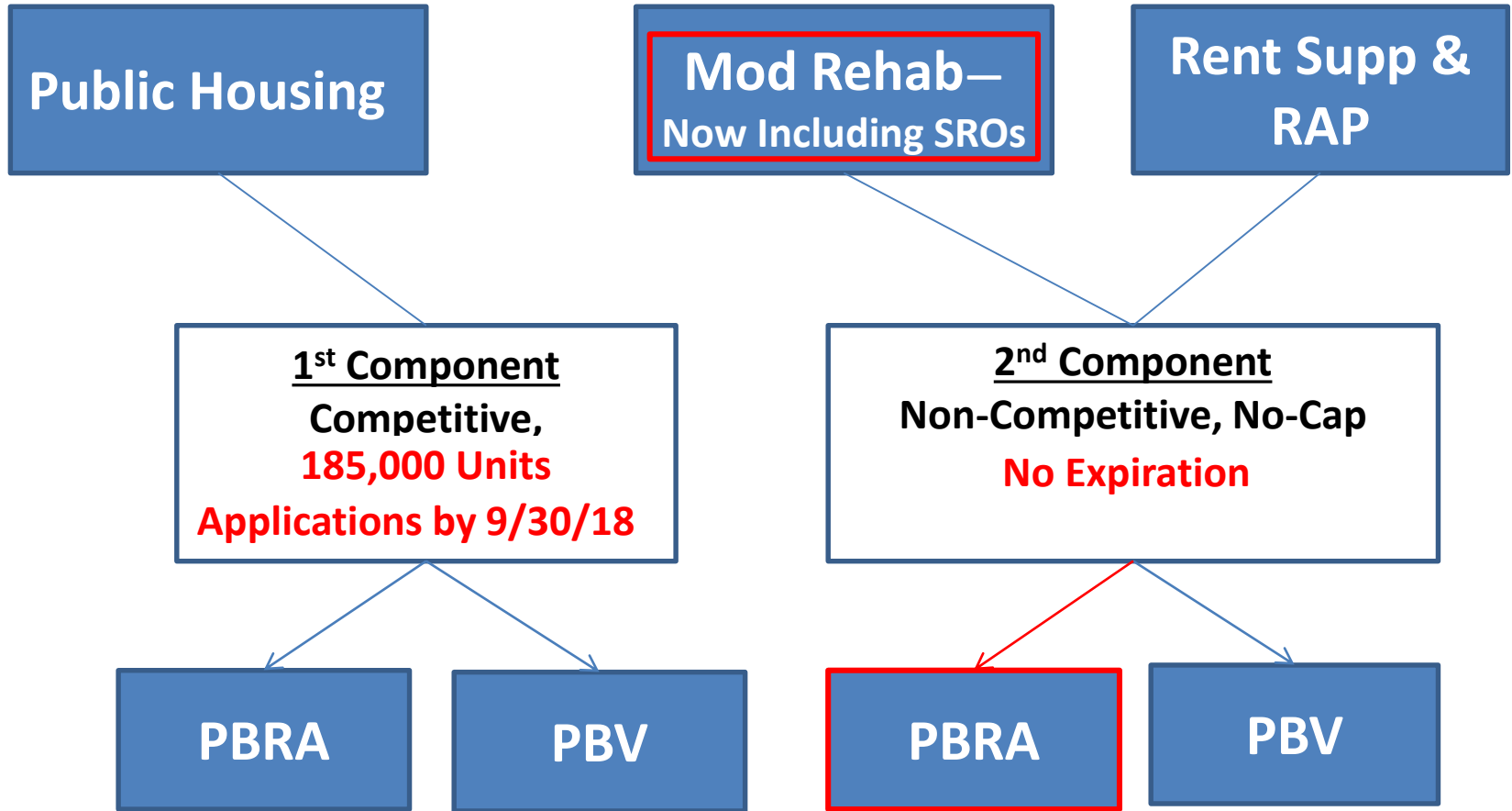
# OWNERSHIP & CONTROL PROVISIONS



- Clarifies conditions necessary to meet statutory requirement for PHA preservation of interest in tax-credit deals
  - *PHA, or an affiliate under its sole control, is the sole general partner or managing member*
  - Long-term ground lease
  - PHA retains control over the leasing of the Covered Project
  - PHA retains consent rights over certain acts of the Project Owner (e.g., including disposition of the Covered Project, leasing, selecting the management agent, setting the operating budget and making withdrawals from reserves); or
  - Other means that HUD finds acceptable
- *Right of first refusal or subordinate financing is not sufficient*

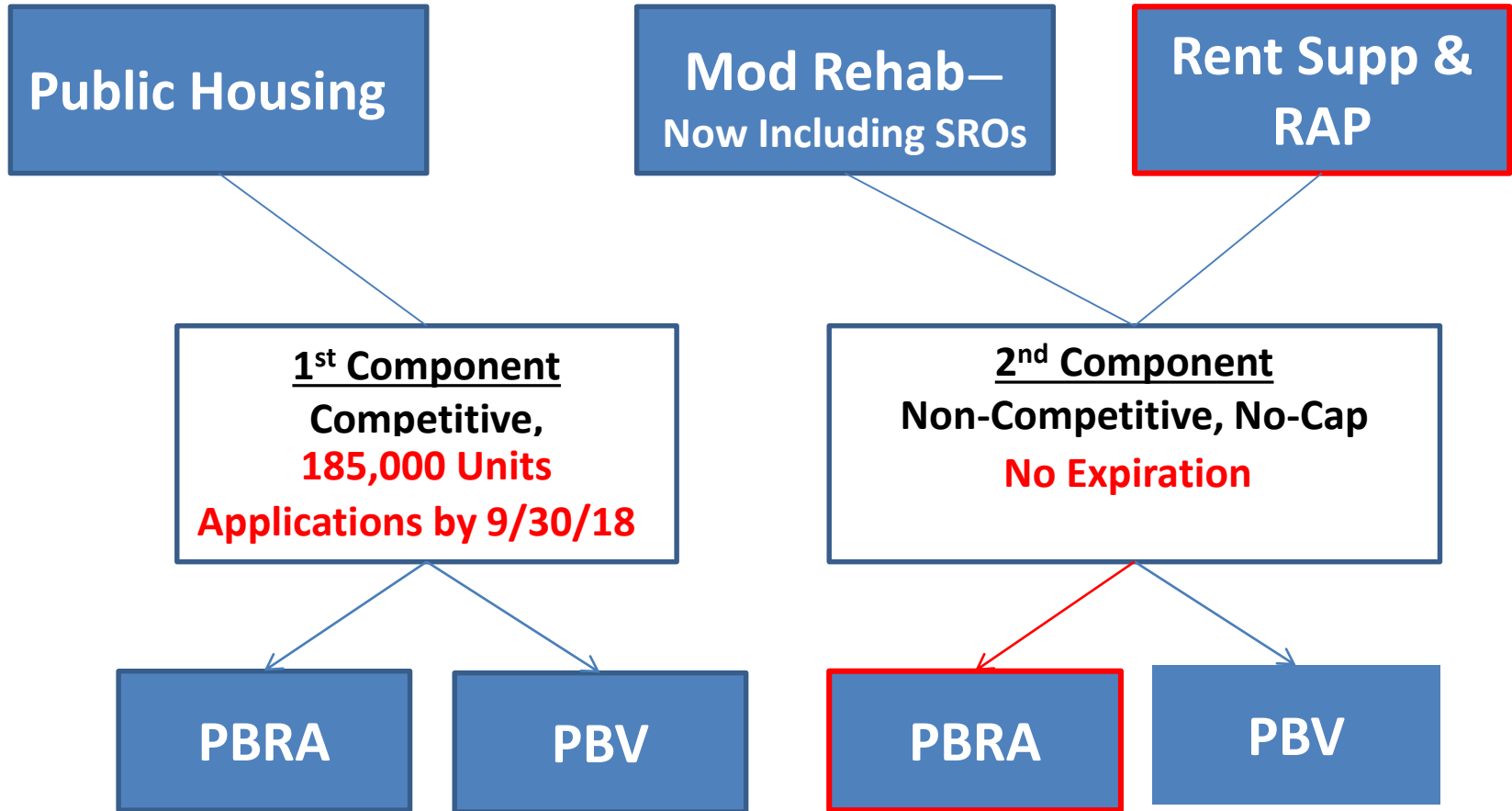


# CHANGES TO RAD CONVERSION ELIGIBILITY





# CHANGES TO RAD CONVERSION ELIGIBILITY





# ADDITIONAL INFORMATION

For more information/sign up—

**RAD Collaborative**

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**or**

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