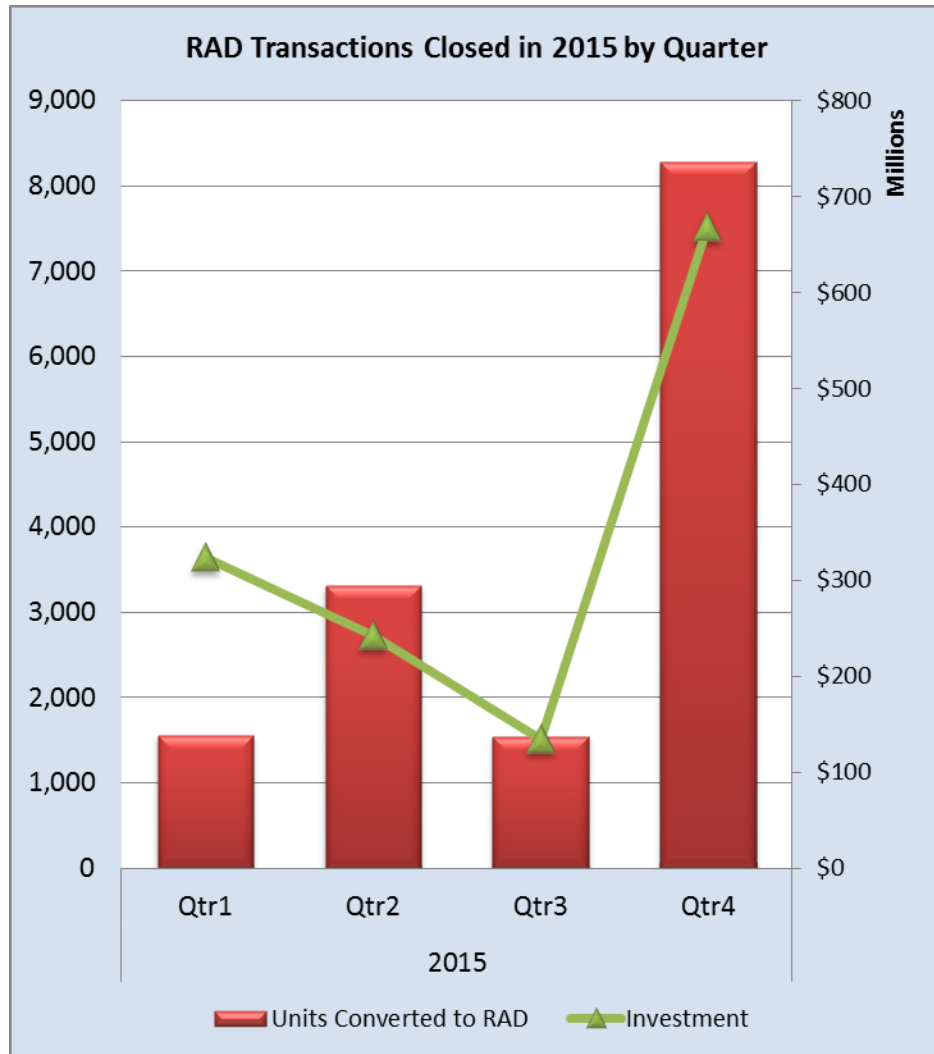




# Rental Assistance Demonstration

Presentation to the  
National Housing & Rehabilitation Association  
February 24, 2016  
Tom Davis, Director, Office of Recapitalization

# Public Housing RAD 2015 Year End Results



## PH RAD Calendar Year-End:

- 258 cumulative deals
  - 50% in CY15
  - 27% in CY15 Q4
- 27,844 units
  - 52% in CY15
  - 29% in CY15 Q4
- \$1.85 Billion in construction
  - 73% in CY15
  - 35% in CY15 Q4

Year 2015	Transactions	Units Converted to RAD	Investment
Qtr1	13	1,561	\$323,692,825
Qtr2	29	3,312	\$242,653,366
Qtr3	18	1,545	\$133,883,999
Qtr4	70	8,274	\$668,143,419
<b>Grand Total</b>	<b>130</b>	<b>14,692</b>	<b>\$1,368,373,609</b>

# Public Housing RAD Status Today

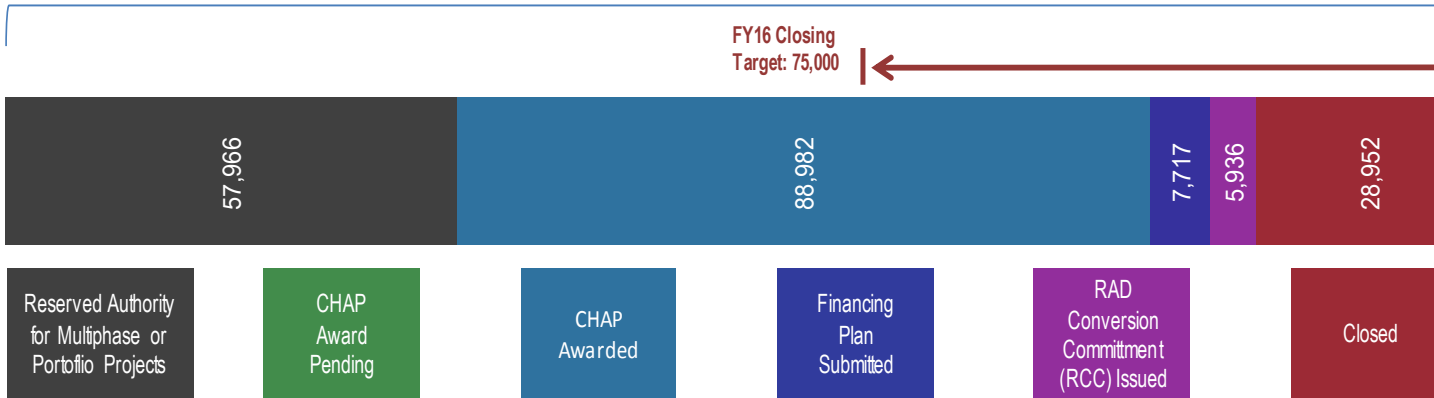
## RAD Program Status Report

2/19/2016

### Status of units under RAD cap

185,000 units

FY16 Closing  
Target: 75,000



### RAD Waiting List



Applications received prior to 7/28/15 will be awarded CHAPs on a first come first serve basis. All applications after that date are sorted into priority tiers in the categories defined in the RAD Notice, with Tier 1 as the highest priority (deepest investment). Applications that have not yet been sorted into a tier are listed as

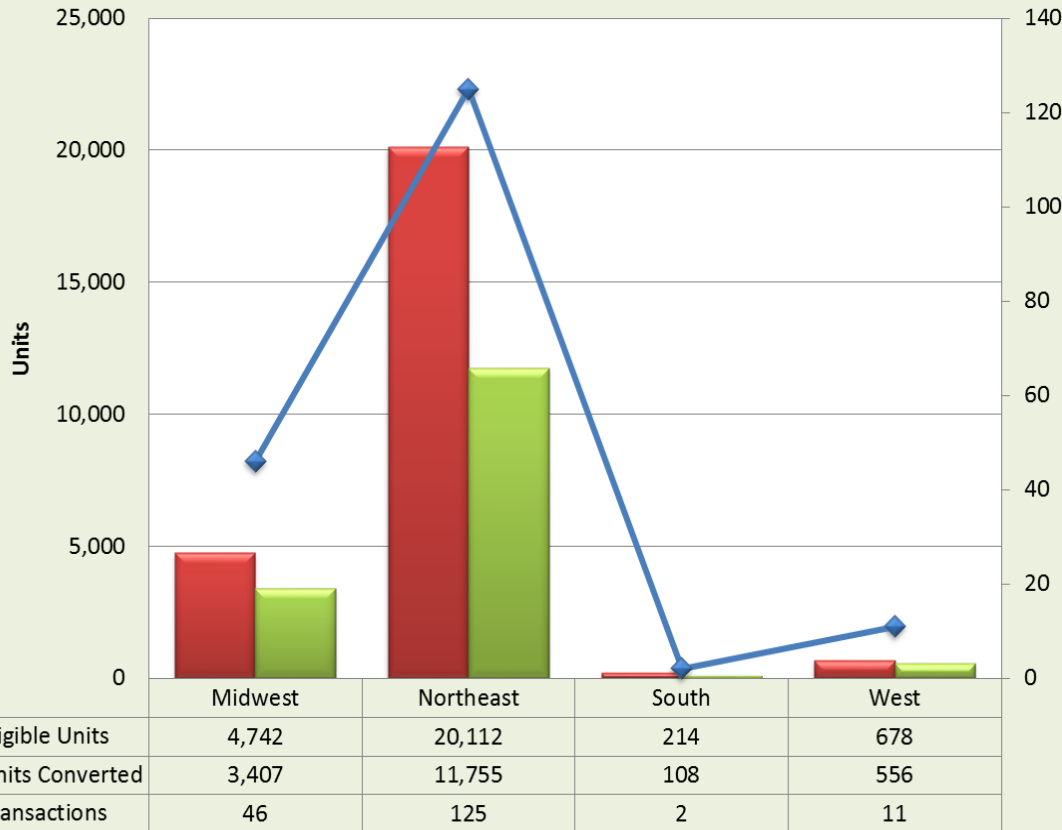
### Construction Investment in Closed Transactions

\$1.92B



# Legacy Program RAD Status

RAD 2nd Component Active & Closed



**15,826 Units Converted**

144 Transactions

## Future Rent Supp/RAP Pipeline:

- 40 active transactions
- 109 properties in portfolio
- 67 in NY, NJ and MA
- The rest in CA, IL, MD, MI, MN, PA & VA
- 57 properties (52%) expire in 2016
- 35 properties (32%) expire in 2017
- 17 properties (16%) expire after that

# Office of Recap Priorities

- Closing Transactions
  - Slow January – March but expect heavy volume through end of year (we estimate 50+ transactions per month)
  - Concern regarding transactions missing milestones, especially those we expect in the 1<sup>st</sup> half of the year
- Expansion of RAD
  - Eliminate the cap on public housing conversions
  - Include PRACs within RAD's Legacy Program Component
  - \$50 million request to supplement rents
- Streamlining and clarifying program rules
- Process improvements

# Current Issues for PH Conversions

- Relocation
  - No permanent involuntary relocation
  - No relocation before closing
    - Can request permission to start relocation after RCC
    - Seeing more of these requests
  - Concerns about using public housing as a relocation resource – potential conflict with public housing regs
    - Leasing must be consistent with regulatory requirements
    - PHA's ability to make (non-RAD) transfers, esp. emergency & VAWA
    - Status of the resident: once unit converts, resident is Sec 8, not PH
  - HUD is using administrative data to flag properties with rising vacancy rates for review

# Current Issues for PH Conversions

- Fair housing review
  - Site & Neighborhood Standards (SNS) review raises concern for certain types of projects in “areas of minority concentration” – MSA vs. other
  - Exceptions to SNS review
    - Sufficient comparable opportunities
    - Overriding Housing Need – Integral to Local Strategy
    - Overriding Housing Need – Private Investment
  - Unit reductions, changes in bedroom distribution and changes in occupancy restrictions
  - Notice introduces up-front civil rights review

# Current Issues for PH Conversions

- EPC Debt
  - Options are to pay off or assume/subordinate the debt
  - Review process takes 30-45 days within PIH Energy Center
  - EPC debt allocated to properties based on savings projected
- Form Documents
  - RCC, Use Agreement & HAP Contracts revised and to be published soon for public review and comment
- Miscellaneous
  - Fair housing submissions now to the Resource Desk
  - Reducing overlapping reviews in Choice-RAD transactions
  - Working on post-closing issues



# Thank You.

I've included additional background and data in the downloadable PowerPoint

# Background on RAD

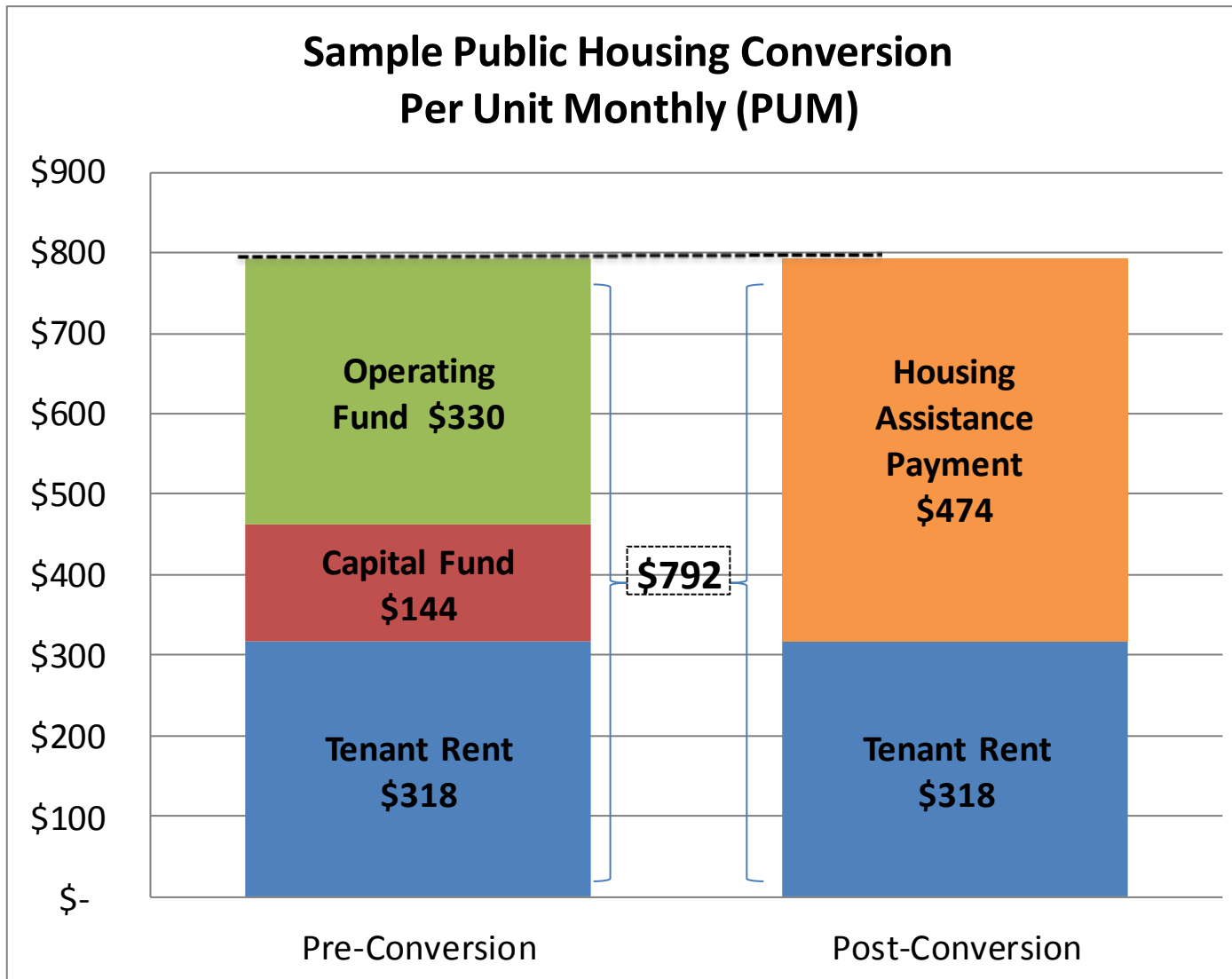
## The Problem

- Deferred capital repair needs in excess of \$25.6B across the public housing portfolio (+\$23k per unit)
- Public housing has been historically underfunded and Section 9 platform creates barriers to accessing private capital
- 10,000-15,000 public housing units lost each year
- Multifamily “legacy” program properties also at risk

## A Tool to Start the Solution

- RAD created in FY12 Appropriations, expanded in FY2015
- Allows public housing and at-risk legacy properties to convert to long-term Section 8 Housing Assistance Payment (HAP) contracts

# Public Housing RAD Rent Setting



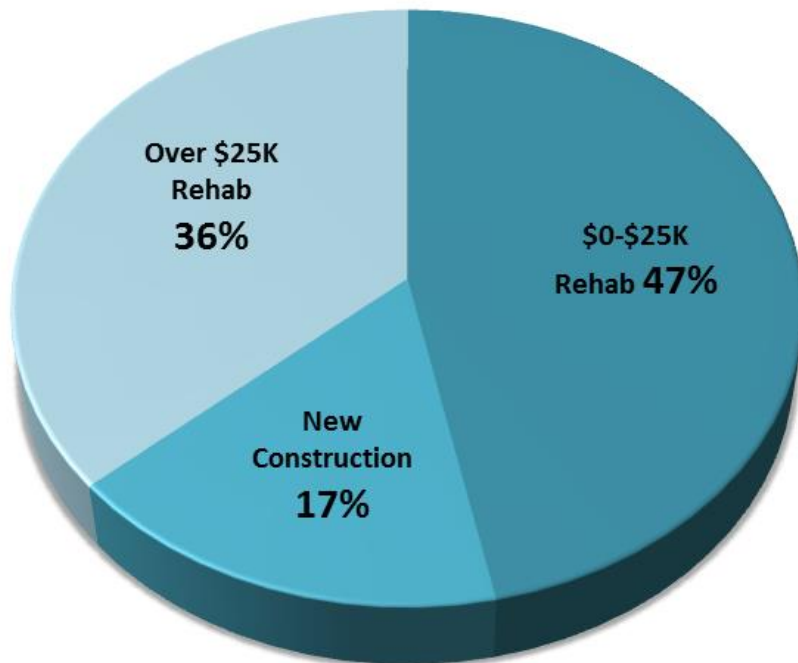
At conversion, PHAs will convert funding to a Section 8 contract rent



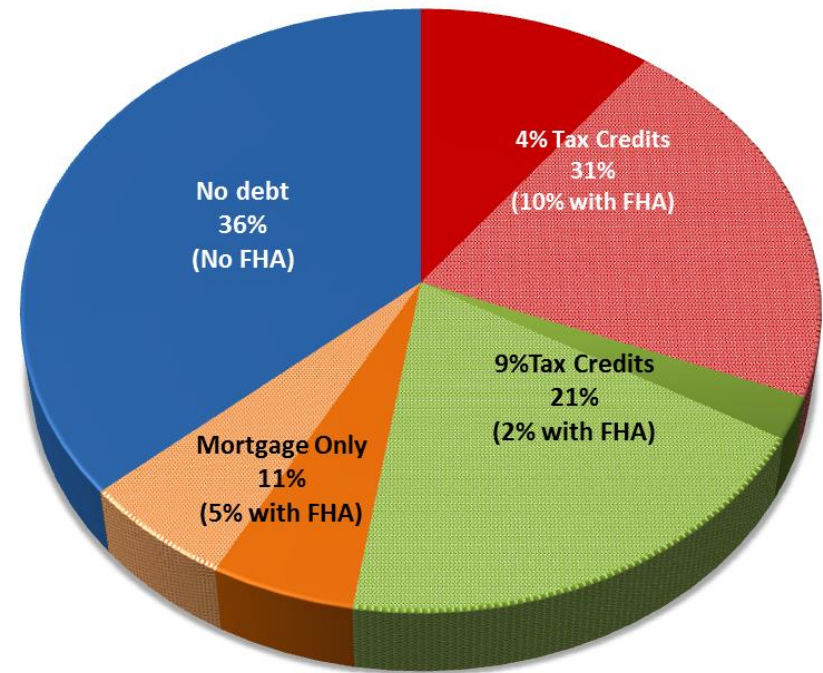
# PH RAD Investment and Financing Type

Reminder - \$1.92 Billion in construction investment in PH RAD properties. This doesn't include acquisition, soft costs, reserves, developer fee, etc.

### Closed Transactions by Level of Investment



### Closed Transactions by Financing Type



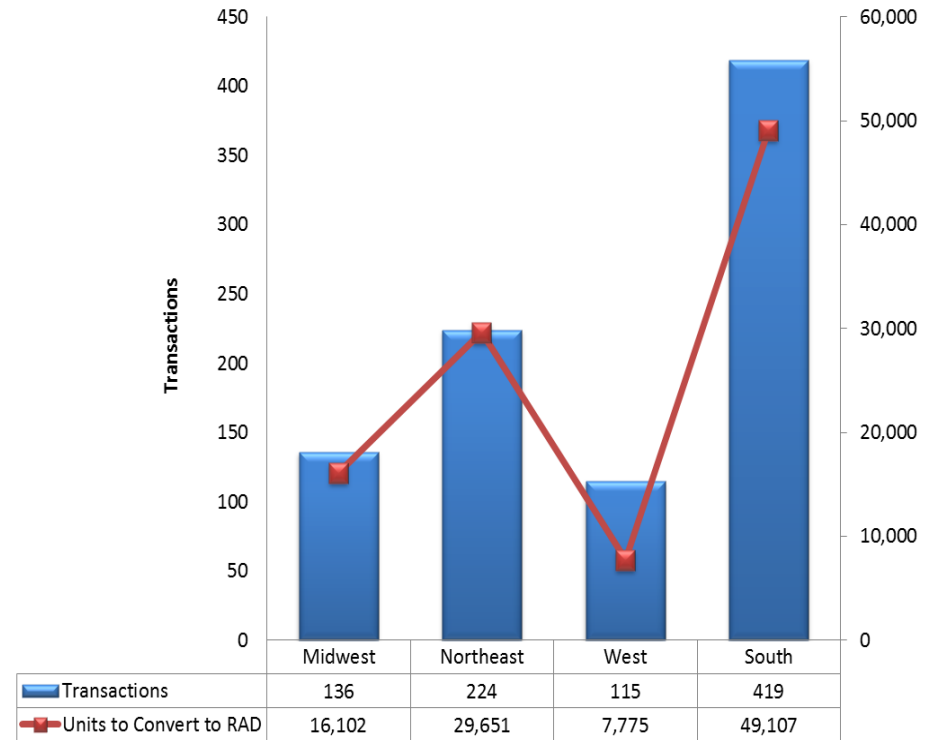
# PH RAD Geographic Distribution

## Closed Transactions



Total Transactions: 270  
Total Units: 28,952

## Future Transactions



Total Transactions: 894  
Total Units: 102,635

# PH RAD PBV vs. PBRA Selection

PBRA vs PBV Trends Over Time  
*(Percentage of Total Units)*

