

National Housing & Rehabilitation Association

# Annual Meeting

February 27 – March 2    Miami, FL



*Sponsors:*





# RAD helped Michaels stabilize its existing portfolio of PHA funded deals before year 15

- In 2014 we focused on the PHA deals that were losing the most money
- We had face to face meetings with each PHA emphasizing the benefits of the RAD conversion
- We went back to all our PHA partners and issued formal request letters asking for RAD conversion to get their attention
- In 2018 when the RAD CAP was lifted we doubled down on this effort and staffed up for this sole purpose because rents were at an all time high
- We saw the benefits of the conversions and decided to attempt to convert as many of our PHA deals in 2018 and are currently in the midst of pursuing conversions on more than 35 individual transaction



# What To Think About If You Are Pursuing This Strategy

- Don't walk away and take NO for an answer from your PHA partner
- Hire staff as it is very time consuming and you will need a RAD consultant
- Manage the PCNA process carefully to minimize required work items
- Your goal should be to complete the minimum amount of work as required under the PCNA
- Determine what benefit it is to the PHA and the residents as a selling point
- You will need legal help so budget accordingly
- Ensure that you maintain tax abatement
- Inform Investors and lender early in the process and focus on the release of ACC reserves



# RAD Income Comparison on a 500 unit RAD conversion in 2019

2018 Actual  
Operating Expenses  
**\$6,017,727.00**

Net Income  
\$3,008,967.00

2019 Projected  
Operating Expenses  
**\$6,326,002.94**

Net Income  
\$3,623,044.84

Net Increase to  
Waterfall Cash Flow  
**\$623,077.84**

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# RAD PRESENTATION



**Michael's**  
COMMUNITIES THAT *lift* LIVES

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