



RAD Update

June 4, 2019

NH&RA Asset Management Conference

Stats

114,397 Public Housing Units

converted from Public Housing to Section 8 through RAD.

Over 1,000 Transactions Closed

It's becoming a well-understood tool.

\$7.1 Billion (just shy of \$60K per unit)

in construction investment* in RAD public housing conversion properties.

\$35 Billion to \$70 Billion or more

in public housing capital backlog, according to various current estimates.

It was estimated at \$26 Billion in 2010.

* This figure doesn't include items such as acquisition, soft costs, reserves & developer fee.

Potential PHA Objectives

- Improve conditions for residents
- Rehab and repair deteriorated properties
- Modernize properties
- Transfer assistance to better neighborhoods
- Demolish and redevelop distressed/obsolete properties
- Thin or increase densities and mix incomes to achieve local community planning goals
- Stabilize project or agency revenue streams
- Simplify program administration

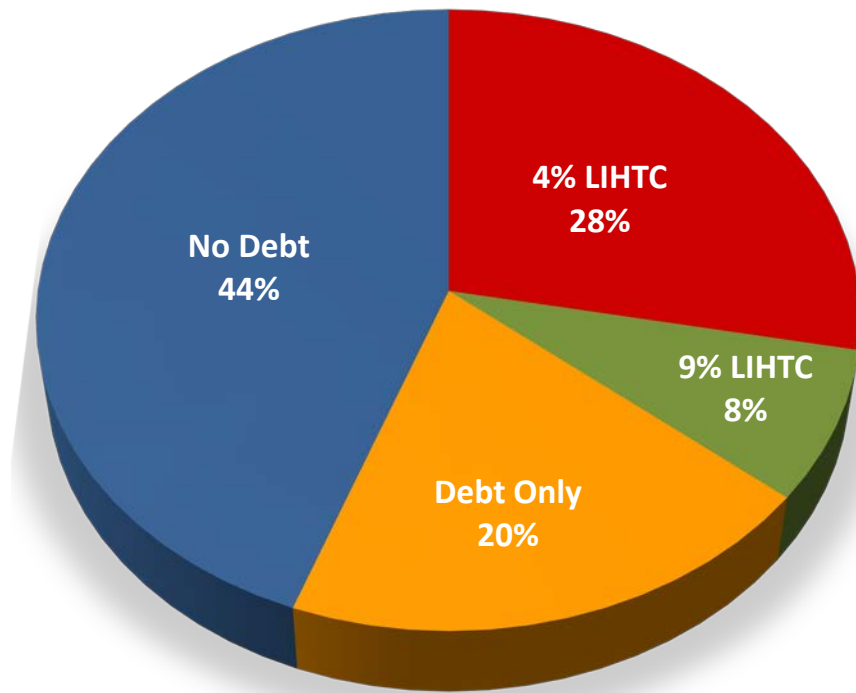
RAD Public Housing Conversions

No debt and debt-only transactions

are 64% of the RAD conversions.

They are typically owned by PHAs or their wholly-owned subsidiaries.

These tend to be the transactions with more modest to mid-level investment per unit.



Tax credit transactions

are 36% of the RAD conversions.

They require an equity investor.

Either the PHA or a developer partner can have operational control.

These tend to be the higher dollar-per-unit investments.

Recent Updates

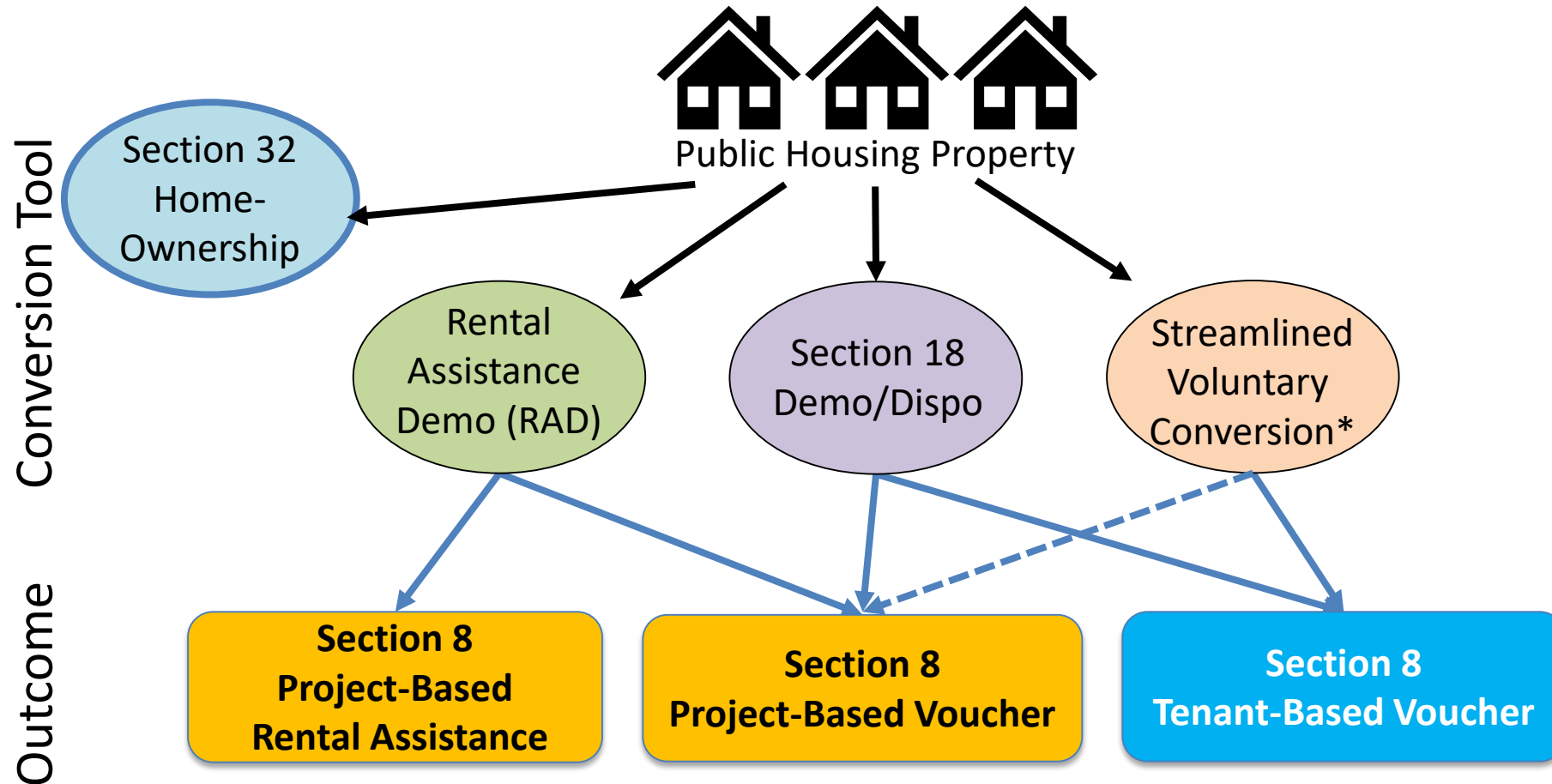
- 2018 RAD Rents
- Small PHA (50 units or less) streamlining
- RAD and regular PBV rent bundling
- Environmental Review streamlining
- RAD & Section 18 blend
- Simple application

- Coming soon: RAD Inventory Assessment Tool

Current Efforts

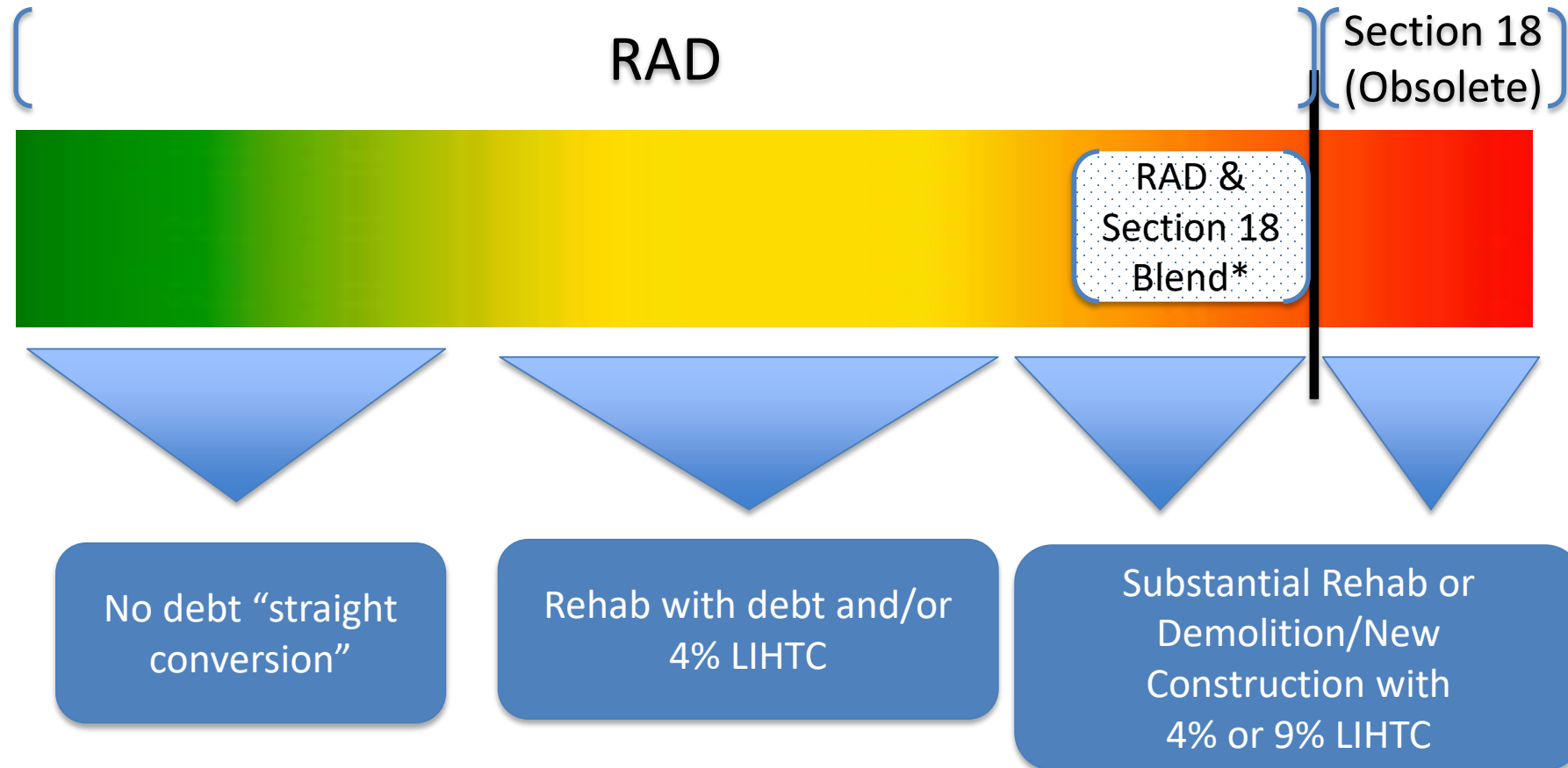
- RAD Notice Revision 4
 - ✓ Always looking to promote the financial viability of RAD transactions
 - ✓ More flexibility with respect to portfolio awards
 - ✓ Ways to better accommodate common blends of RAD and regular PBV
 - ✓ Other public housing conversion streamlining and adjustments
 - ✓ RAD for Section 202 PRACs
 - ✓ Mod Rehab conversion streamlining
- Public Housing “Repositioning”

Public Housing Repositioning Options



* Under Voluntary Conversion tenant protection vouchers must first be offered to residents as tenant-based assistance but may be project-based with tenant consent.

Assessing the Properties Capital Needs



*Under the RAD/Section 18 blend, a RAD conversion undergoing new construction or sub rehab with 4% LIHTC gets approved for 25% of units under Section 18. The vouchers are subsequently project-based, typically at higher rents.

Common Myths About RAD

- “RAD doesn’t work for this [fill in the blank – geography, type of property, age of property, etc.]”
 - RAD-participating properties are similar to the overall PHA inventory by many measures.
- “RAD only works for high/low needs properties.”
 - 42% of transactions result in over \$25,000/unit in construction; less than that at 57%.
- “The PHA will lose control of the property.”
 - Over 64% of transactions are owned by the PHA directly or by a wholly-owned subsidiary.
- “RAD is a privatization program.”
 - Any decision to involve private parties is a local one.
- “RAD doesn’t ensure the ongoing affordability of the property.”
 - RAD properties are subject to perpetual affordability requirements.
 - There is no change in the population to be served.

Bohn Tower Cleveland, OH



Ms. Botsio-Boakye, a resident for 3 years

“ I watched it being done. I helped with it along the way. But when it was all done; when I walked into the space with everything, I just thought: this is incredible; this is amazing; and this is my home. ”

For more information
and case studies visit
www.hud.gov/rad

Lakeview Towers Baltimore, MD



Ella Broadway, Resident Advisory
Board President, O'Donnell Heights

“ But now, you know, we hear things from residents like, ‘Oh, I didn’t know my child could live like this!’ And that is wonderful. ”