

PHA Repositioning Tools

PHA Repositioning Options Comparison

	RAD	§18	§22 (SVC)
Pros	<ul style="list-style-type: none"> —All PHAs qualify —Flexible process & flexible options (transfer assistance, delay HAP, etc.) 	<ul style="list-style-type: none"> —Receive TPVs —Can project-base @ 110% FMR 	<ul style="list-style-type: none"> — Receive TPVs — Potentially faster and easier to qualify for than §18
Cons	<ul style="list-style-type: none"> —Low rent (≈ 70% FMR) 	<ul style="list-style-type: none"> —Must qualify — obsolescence is a clunky & difficult test to meet —Only get TPVs for occupied units —Must meet HQS before you get subsidy 	<ul style="list-style-type: none"> —Must qualify — only PHA with ≤ 250 units. —Close out all public housing (timing?, lose any reserves and lose remaining Faircloth) —Difficult to project base — Tenant has right to stay in unit with a tenant-based voucher
Process	<ul style="list-style-type: none"> —Apply for a CHAP —Put together Financing Plan —Receive RCC & close 	<ul style="list-style-type: none"> —Need CNA to prove obsolescence —Apply through PIC —Apply for TPV's after §18 approval 	<ul style="list-style-type: none"> —Streamlined approval process through PIC —Extensive tenant-consent process to project-base
Tenant Rights	<ul style="list-style-type: none"> —Right to Return (no rescreening) —Grievance procedures —URA 	<ul style="list-style-type: none"> —Must offer comparable housing —Don't get all of RAD's tenant protections (e.g., rescreening) 	<ul style="list-style-type: none"> —Right to remain with a tenant-based voucher —Don't get all RAD tenant protections
Conclusions	<ul style="list-style-type: none"> —If the rents work, RAD is a great option 	<ul style="list-style-type: none"> —If you qualify for obsolescence, §18 can generate higher rents 	<ul style="list-style-type: none"> —§22 can be a good option, depending on PHA needs and the market

RAD I - Rent Setting

- RAD rents are not the same as normal PBV/PBRA Rents.
- RAD rents are limited to the total rent under public housing. On average, this is about 70% FMR (eek!)
- But there are some (limited) tools to help boost rents, including:
 - Combining RAD & Section 18
 - Rent bundling
 - Replacement Housing Factor Funding
 - Utility cost savings
 - Unit reconfiguration

Recent HUD Guidance on Section 18

1. Obsolescence – see Notice 2018-04
2. 75/25 split: If 75% of a project is going through RAD (and doing substantial rehab or new construction without using 9% LIHTCs), the remaining 25% can go through Section 18
3. PHAs with ≤ 50 units, those units qualify for Section 18
4. Scattered sites (non-contiguous buildings with ≤ 4 units) qualify for Section 18

See [NP's blog post 6/12/18](http://housingblog.nixonpeabody.com), <http://housingblog.nixonpeabody.com>
and [PIH 2018-04](#) and [H-2019-09 / PIH 2019-23\(HA\)](#) (“Rev-4”)

75% RAD-25% §18: What you need to know

- “Substantial Rehab:” Hard construction costs \geq 60% of HUD’s “Hard Construction Costs”
(see TDC / HCC chart or RAD Resource Desk tool)
- Section 18 processed at Financing Plan stage:
 - Normal FP submissions & approvals
 - §18 submissions: ID units, PHA Annual Plan, local government support letter, board resolution, and resident consult
 - Do NOT need to prove obsolescence
- RAD resident rights & relocation requirements govern

RAD I: Rent Bundling (July 2018)

- RAD rent bundling has been a feature from the beginning
- 2018 guidance expanded to include non-RAD units:
 - Allows you to average rents among RAD and non-RAD PBV projects
 - Self-defined portfolio
 - Allows each building to underwrite on its own
 - Allows for phasing
- A simpler, more elegant, more stable way combining RAD & non-RAD PBVs and boost RAD rents

See [NP's Blog Post July 3, 2018 \(part 2\)](http://housingblog.nixonpeabody.com), <http://housingblog.nixonpeabody.com> and [PIH Notice 2018-11](#) and [H-2019-09 / PIH 2019-23\(HA\)](#) ("Rev-4")

3. Section 22 – Voluntary Conversion

- Converts public housing assistance to tenant-based Section 8
 - PHAs with ≤ 250 units
 - Must convert the entirety of the public housing portfolio
 - Uniform Relocation Act (URA) applies (and other requirements)
- Tenants have absolute right to tenant-based HCV voucher
 - If building will remain public housing, tenant must be given option to remain with tenant-based voucher.
 - PHA can project-base the HCV, but needs tenant written consent and HUD-approved process

See [NP's blog post 4/8/19](http://housingblog.nixonpeabody.com), <http://housingblog.nixonpeabody.com>
and [PIH 2019-05](#)

Working with PHAs

- PHAs have many stakeholders:
 - HUD, residents, board, staff, neighbors, Mayors, City Council ...
→ increased considerations, process & time
- Logistics
 - Who is in the unit?
 - Leasing
 - IT systems
- Other Common PHA concerns:
 - Agency change
 - Legacy costs
 - Staffing concerns
 - Politics

QUESTIONS?

Call me, let's geek out on this stuff!



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