



RENTAL ASSISTANCE DEMONSTRATION

NEWSLETTER: March 2015 | Issue 7

U.S. Department of Housing and Urban Development

Secretary Julián Castro

"The affordable housing crisis is growing. RAD is part of the solution."
Secretary Julián Castro



New RAD Multi-Site Bond Program in Georgia

The Georgia Department of Community Affairs (DCA) recently launched a new **RAD Multi-Site Bond Program**. Under this program, DCA will qualify experienced developers to explore partnerships with smaller Public Housing Agencies (PHAs) that are participating in the RAD program and thus give these PHAs greater access to the resources available in the 4% Low-Income Housing Tax Credit (LIHTC) program in Georgia. PHA portfolios that need LIHTC equity to address their capital needs may be too small to warrant stand-alone LIHTC transactions. Similarly, the PHAs may lack familiarity with the LIHTC program and with the often complex financing structure of a recapitalization transaction. The objective of the Multi-Site Bond Program is to overcome these obstacles.

The PHA will choose a developer partner from a small group of developers qualified by DCA, after DCA issues a Developer Request for Qualifications (RFQ). The first stage of the Developer RFQ is currently open and responses will be due on April 15, 2015. A final selection of the developer partner by the participating PHAs is projected to occur in August 2015, at which time the development team will move forward with due diligence for the LIHTC and bond allocation process.

The Georgia RAD Multi-Site Bond Program may serve as a model for small projects (and small PHAs) that have fewer options for recapitalization. Further information is available on the DCA Website on the [Federal and State Housing Tax Credit Programs page](#). Please contact Philip Gilman, Affordable Housing Program Specialist, at philip.gilman@dca.ga.gov with any additional questions.

1st Component Application Processing

As shown in the RADStats on the back page, the Department has nearly completed the processing of applications on the 1st component waiting list. As of the end of March, awards have now been made to over 142,000 units, with just 282 projects pending completion of processing.

HUD Publishes RPCA Guide

HUD has published a new guide to the RAD Physical Condition Assessment (RPCA). The Guide is intended primarily for PHAs so that they will have a greater understanding of both the importance of this tool and how to use it. The Guide also offers suggestions on how to procure and prepare for the RPCA. The RPCA Guide is available [here](#).

The Rental Assistance Demonstration (RAD) allows public housing agencies (PHAs) and owners of HUD-assisted properties to convert units to project-based Section 8 programs, providing an opportunity to invest billions into properties at risk of being lost from the nation's affordable housing inventory. RAD 1st component transactions cover Public Housing units as well as Section 8 Moderate Rehabilitation projects. Units that fall under this component are subject to a unit cap and are limited to current funding. RAD 2nd component transactions cover Rent Supplement (Rent Supp), Rental Assistance Payments (RAP), and Section 8 Moderate Rehabilitation projects. Unlike 1st component transactions, 2nd component transactions are not subject to the cap, but are constrained by the availability of tenant protection vouchers (TPVs). Both components allow housing programs to convert their assistance to long-term, project-based Section 8 contracts, providing a more stable source of funding.

The 1.2 million units in the Public Housing program have a documented capital needs backlog of nearly \$26 billion. As a result, the public housing inventory has been losing an average of 10,000 units annually through demolitions and dispositions. Meanwhile, the 38,000 units assisted under HUD's legacy programs are ineligible to renew their contracts on terms that favor modernization and long-term preservation. The current conditions of many of these properties inhibit investment and recapitalization efforts in the communities with the most need. By drawing on an established industry of lenders, owners, and stakeholders, RAD allows PHAs and owners of HUD-assisted housing to preserve and improve affordable housing units that could be subject to vouchers and demolition. RAD creates greater funding certainty while allowing increased operational flexibility to empower PHAs and owners to serve their communities.

As a result of the FY2015 appropriations bill, the Department has the statutory authority to convert up to 185,000 units through RAD's first component, representing a significant increase from the program's initial 60,000 unit cap. The additional authority will widen program participation, enabling more PHAs and HUD-assisted property owners to ensure access to quality, affordable housing for our nation's low-income families.

February Closings Spotlight

Allen Road Midrise, Housing Authority of Fulton County, Georgia

Built in 1982, Allen Road Midrise is located in the newly created town of Sandy Springs, Georgia. It is an existing eight-story building consisting of 100-units that are comprised of 98 one-bedroom and 2 two-bedroom units. Allen Road Midrise is being financed with a combination of 9% Low-Income Housing Tax Credits (LIHTC), first mortgage lender proceeds, and Replacement Housing Factor (RHF) funds. This public housing property converted to the project-based voucher (PBV) platform, effective March 1, 2015. RAD monthly contract rents are \$612 for the 98 one-bedroom units and \$680 for the 2 two-bedroom units.

“Combining of the subsidies opened up financing doors to us that were previously unavailable,” says Larry Haqq, Interim Executive Director. “Given the continued changes in public housing funding combined with the rising costs of maintaining an older building, RAD is a wonderful tool to do make the needed renovations at Allen Road Midrise. After a year of renovation construction, we will have a new building! Our residents are very excited about the project and can’t wait to return to their new home.”



Picture: Allen Road Midrise

Bohn Tower, Cuyahoga Metropolitan Housing Authority, Ohio

Located in Cleveland, OH, Bohn Tower is a 22-story elderly property containing 267 units built in 1972. The project is being financed with 4% Low Income Housing Tax Credit equity of \$8.2 million and an \$11 million Section 221(d)(4) FHA loan. The property is converting to PBRA. RAD monthly contract rents are \$776 per unit. The RAD conversion will facilitate hard construction costs of just over \$50,000 per unit.

“The Bohn Tower RAD project represents a significant opportunity for CMHA and our surrounding community to develop a solid plan that will be consistent with our neighborhood’s economic development strategies to transform and enrich the lives of the families we serve,” said Donovan Duncan, Real Estate and Development Director of CMHA.



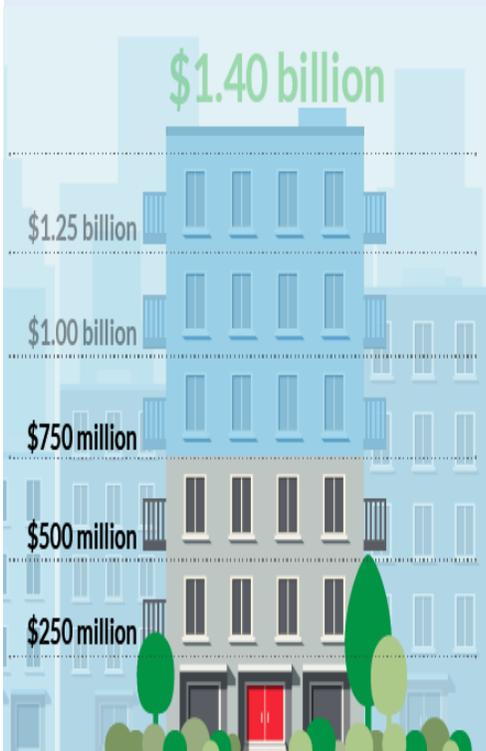
Picture: Bohn Tower

RAD Stats Through 3/31/15

RADOMETER

Total construction activity leveraged (closed projects, 1st component)

\$810,406,353



RAD 1st Component

	Units	Projects
Statutory Cap	185,000	N/A
Active CHAPs	92,312	784
Multiphase/Portfolio Reservations	35,436	273
Closed Conversions	14,715	141
Applications Under Review	38,811	281
Total Reserved Authority	181,274	1,479
Authority Remaining*	3,726	N/A

* Excludes applications rejected and CHAPs revoked or withdrawn.

RAD 2nd Component

	Units	Projects
Active Conversions	7,933	43
Closed Conversions	9,850	85

For more information about RAD please visit our [website](#) and [resource desk](#). For specific questions please contact the RAD team at RAD@hud.gov. Click [here](#) to sign up for the RAD Mailing List!