


RAD – Results Not Rules


WAHA Conference

September 17, 2013

Presented by:
C. Ray Baker & Associates




IS RAD FOR YOU?




- **My objective is to:**
 - Be honest with you
 - Give you the information to decide:
 - About RAD
 - Which Site
 - Give you the tools to succeed
 - Help you avoid mistakes

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IS RAD FOR YOU?




- Be honest with yourself
- Do your homework
- Consider pooled procurements and transactions
- Assemble the best possible team
- Stay involved – follow the program

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 **RAD vs. HOPE VI**


- In nine months there are more Public Housing Authorities and Public Housing Units committed to RAD than there were in the first two years of the HOPE VI program.
- The RAD program has not required any additional funding from Congress.
- Over 20 years Congress has spent \$5.6 Billion on HOPE VI.

2/2/2012 4

 **RAD BASICS**

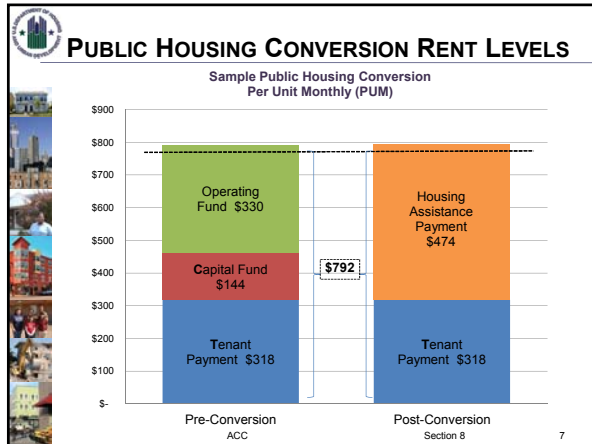
- **What is RAD?** HUD demonstration program that combines public housing operating and capital subsidy into payments under a Section 8 HAP contract
- **What kinds of developments are being done with RAD?** Minor rehab; major rehab; new construction; mixed income; off-site replacement housing
- **How do I determine if I have a project/portfolio that would be a good candidate for RAD conversion?** Use the RAD Inventory Assessment Tool in the Resources section of www.hud.gov/rad
- **How would RAD affect:**
 - Residents: No change; 30% of income for rent
 - PHA Functions: Dependent on cash flow, fees, strong management; puts them on the more secure Section 8 funding platform; Gives them the affordable housing tools of other nonprofit developers
- **Resources:** www.hud.gov/rad; www.radcapitalmarketplace.com; www.radresource.net

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 **RAD BASICS**

- **Contract Rents:**
 - Operating Fund (with Operating Fund Allocation Adjustment)
 - + Capital Fund
 - = Tenant Rents
 - = RAD Contract Rent
- **Can convert Public Housing to:**
 - Project-Based Rental Assistance (PBRA) or
 - Project-Based Vouchers (PBV)
- **Can only convert at current funding levels**
- **WHY IS THE SECTION 8 FUNDING MODEL MORE SECURE FOR A PHA?**
- **Tenant Protections:**
 - Tenants have the absolute right to return
 - Choice-Mobility with limited exemptions
- **Extensive waiver authority available to facilitate conversion**

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WHERE'S THE MONEY?


- **The RAD options:**
 - Modest rehab with debt only
 - Moderate rehab with debt and 4% LIHTCs
 - Major rehab or replacement with debt and 9% LIHTCs
- **These are funding sources that are not conveniently available to small PHAs**
- **A conversion of all LIPH units eliminates the HUD requirements for:**
 - Procurement
 - Annual and Five- Year Plans
 - PHAS
 - REAC (if...)
- **You Get to Keep the Money**

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THE RAD DETAILS

- Ownership – Public or non-profit, except to facilitate tax credits
- The authority leases the land to the LIHTC Partnership
- A Physical Condition Assessment (PCA) must be performed on RAD sites to determine the improvements required
- The authority must comply with the Uniform Relocation Act
- An existing PILOT agreement must be renewed when ownership changes
- Davis-Bacon wages must be paid during rehabilitation


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 **KEY CHANGES IN THE RAD NOTICE**

- **Mixed Finance projects**
 - Removes unit cap for Mixed Finance projects
 - Allows financially distressed HOPE VI projects to apply
- **Exempts awarded projects from the Public Housing Assessment System (PHAS)**
- **Extends Capital Fund obligation and expenditure deadlines**
- **Clarifies conditions for “rehab assistance payments”**


Notes:

- HUD will honor the FY 2012 RAD contract rents for all applications received before end of CY 2013 (applies to individual applications, portfolio awards, and multi-phase awards)
- PHA may adjust Contract Rents across multiple projects as long as aggregate subsidy does not exceed current funding (“rent bundling”)

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 **KEY CHANGES IN THE RAD NOTICE**

- **Eliminates caps on units that can convert for:**
 - Public housing
 - Mode Rehab
- **Creates new awards for:**
 - Portfolio conversions
 - PHA defines “portfolio” of projects, either the entire PHA inventory or some subset
 - PHA must submit applications for at least half of the projects in portfolio
 - HUD will reserve award for remaining units in portfolio
 - PHA must submit application for remaining projects in portfolio within 365 days
 - Multi-phase conversion
 - Allows PHAs to reserve conversion authority for projects with multiple development phases with applicable contract rent for all phases
 - PHA has until July 1, 2015 to submit application for final phase
 - PHA required to fulfill all CHAP milestones for each CHAP awarded
 - Upon application acceptance, HUD will issue CHAP for initial phase and multi-phase award letter covering all phases of project
 - Joint RAD/CNI applicants

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 **WHY RAD?**

What Makes RAD So Special?

- One simple application, not four long ones.
- Not competitive, just get it right.
- Rapid turnaround by HUD.
- Less procurement, fewer specialized consultants.
- High probability of approval. How high?
- RAD brings in new money.

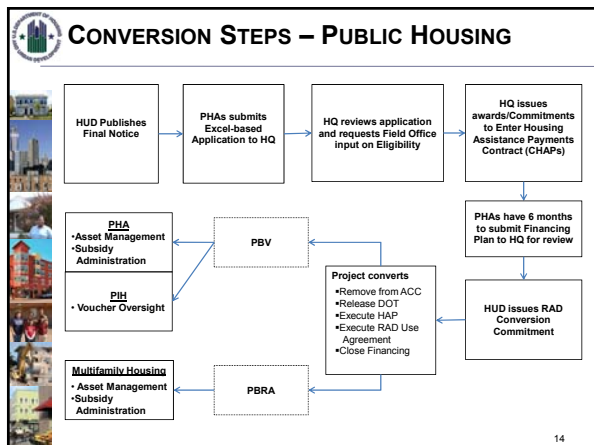
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THE RAD PROCESS

What Makes RAD So Special?

- Board Approval
- Site Selection
- Tenant Meetings
- Non-binding letters from lenders and LIHTC investors
- Submit the application
- Can the Authority stop the RAD process?


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THE APPLICATION

- Simple, start with basic pro forma www.hud.gov/rad
- Application
 - Two resident meetings
 - Board meeting and approval
 - Financing letters
 - Lender
 - Investor
 - If 9% credit, letter from HFA or self-scoring
 - Choice Mobility: Letter for PBRA; ability to administer for PBV
 - If converting a project that is currently mixed-finance, need signatures of all parties
 - Fix "Fatal Error" issues
- CHAP Award


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**CLOSING PROCESS - MILESTONES**

- **Post CHAP**
 - DAY 1: CHAP Issued; Transaction Manager assigned
 - DAY 30: Information on Development Team
 - ("One Round" allowance for LIHTC; schedule subject to oversight by TM)
 - DAY 60: Firm Financing Letters
 - DAY 180: Submit Financing Plan
 - DAY 360: Closing and Conversion; Section 8 begins to fund
- **Post Conversion**
 - Temporary Relocation (if necessary)
 - Demolition (as necessary; no Section 18 approval required)
 - Rehabilitation or New Construction
 - Re-occupancy




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**YOUR AUTHORITY**

What are your key decision points?


- Which sites:
 - Least rehab
 - Most rehab
- Debt Only?
- LIHTCs:
 - 4%
 - 9%
- PBRA or PBV?




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**WHICH SITE FIRST?**

- **Do you select the site that:**
 - Needs the most work
 - Can be converted with modest improvements
 - Can be converted with no improvements
- **If you do your RADomatic sites first what about PHAS**
- **Please consider a Portfolio Application**
- **Please consider Pooled Procurements**
- **Lobby WHEDA**




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 **TEN THINGS...**

1. Contract Rents

- Referred to as "current funding"
- Amounts can be found in:
 - RAD Inventory Assessment Tool (rows 71-74 of the Inventory Overview Tab), and
 - RAD Application (rows 5-7 of the Validation Tab)
- Based on 2012 funding levels:
 - 2012 Tenant rents (from subsidy worksheet)
 - 2012 Capital Fund Grant Award, by project
 - 2012 Operating Subsidy Eligibility, assuming 95% proration (i.e., we restored the Operating Fund "Allocation Adjustment"), excluding Asset Repositioning Fee (a special fund for demo/dispo projects)
- Current funding may be affected by PBV or PBRA rents caps, which are sensitive to estimated market (reasonable) rents
- Inventory Assessment Tool estimates market rent by using typical voucher rents (93% of FMR)
- RAD rents will be inflated beginning in 2014 using OCAFs (Operating Cost Adjustment Factors)
- OCAFs apply for both PBRA and PBV


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 **TEN THINGS...**

1. Contract Rents (cont.)

- RAD contract rents reflect whatever utility arrangements are in effect at the project.
 - Project-paid utilities -- RAD rents equal Gross Rents
 - Tenant-paid utilities -- RAD rents plus utility allowance equals Gross Rents
- Inventory Assessment Tool uses average utility allowance (data was not available by bedroom size)
- RAD rents reflect any existing Energy Performance Contracts (EPCs)
 - If project has an EPC where HUD has allowed a freezing of the project-paid consumption baseline, or an energy "add-on", those arrangements will be carried over in RAD
- During the remainder of the initial calendar year of funding, the project receives only what it would have received under the public housing program (i.e., it carries forward all remaining Operating and Capital Funds for that year)
- If a PHA changes the bedroom distribution, the contract rents will be adjusted accordingly. Under public housing funding formulas, operating subsidies increase with each increase in average bedroom size (and decreases in each decrease in average bedroom size)
- For partial conversions, just enter the proposed number of units, and bedroom mix, and both the Tool and Application will show the new contract rents

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 **TEN THINGS...**


2. PBVs vs. PBRA

- See accompanying chart of differences between PBV and PBRA
- Election depends on many factors

3. Choice-Mobility


- Applies to all conversions unless project has received an exemption
- Exemption available to: (1) public-housing only PHAs, and (2) PHAs that currently provide a preference in their voucher programs for homeless and vets if such preferences account for more than 33% of voucher turnover.
- Exemptions are granted based on first-come, first-served basis
- Requirements:
 - PBV -- first available voucher after one year
 - PBRA -- first available voucher after two years; however, PHA may also limit Choice-Mobility to not more than 15% turnover in any year and not more than 33% of voucher turnover in any year
- In all cases, assistance remains with the project. The mobility voucher comes from the agency's voucher turnover

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 **TEN THINGS...**

4. Right to Return and Relocation

- All existing residents have a right to return to the RAD project, including Transfers of Assistance.
- There is no RAD requirement to retain the same bedroom mix or building type; however, a PHA must still meet the right to return requirement when making changes in bedroom mixes
- Residents may voluntarily waive their right to return – a PHA may offer, for example, a turnover voucher or a unit in public housing
- To assist with relocation, HUD will make “Rehab Assistance Payments” for units under rehab or construction, equal to current subsidies, for all units receiving subsidy at the time of conversion.
- As a result, HUD does not provide Tenant Protection Vouchers (TPVs) for RAD and all other relocation expenses must be addressed in the Development Budget
- If relocation must last for more than one year, the family is considered to be permanently relocated under the Uniform Relocation Act (AC) and the PHA must find the family “comparable assisted housing”, which can include public housing or vouchers. While these resources will satisfy the URA, the family must still be given the right to return to fulfill RAD requirements (if not voluntarily waived)




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 **TEN THINGS...**

5. De Minimis Reductions and Transfers of Assistance

- PHA must replace 95% of all units at project converting, with exceptions for units vacant for more than two years, to facilitate social service delivery, or for reconfiguring efficiency apartments.
- PHA can rehab, tear down on site and build new construction on or off-site
- PHA can also acquire/transfer the assistance
- Projects meeting RAD de minimis requirements do not need to seek separate approval from the Special Applications Center (SAC) to demolish or dispose of the project (exempt from so-called “Section 18”).
- PHA may, however, apply to the SAC for demo/dispo for a portion of the project
- All conversions must still meet right-to-return requirements




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 **TEN THINGS...**

6. Public Housing Mixed-Finance Projects (i.e., projects developed under 24 CFR part 941, subpart F)

- To convert to RAD, both the PHA and the mixed-finance ownership entity must agree
- HUD will fund the project at the established RAD contract rent (or some other amount if the PHA is “bundling” projects); however, the PHA and ownership entity can decide how those funds are split (say, a new lease payment), provided the “deal” is considered feasible
- There is no limit to the number of mixed-finance projects (other than HOPE VI projects) that can convert
- The PHA and the ownership entity will need to “unwind” the mixed-finance project – (1) the Declaration of Restrictive Covenants, (2) mixed-finance ACC, and (3) the Regulatory and Operating (R&O) Agreement. HUD recommends that the R&O be replaced by a streamlined regulatory agreement.
- Projects that are currently being developed under “Faircloth” may not be eligible for RAD if those projects are not currently receiving assistance under public housing (however, HUD is looking at the possibility of a “joint closing” process down the road)



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 **TEN THINGS...**


7. Program Funds and “De-federalization”

- There is no restriction on use of cash flow (and no residual receipts account), mortgage proceeds, or developer fees – PHAs are bound only by State and local laws, as applicable
- Unless the project is the remaining project to convert in a PHA’s inventory, there will be a subsidy layering review where the PHA contributes Capital Funds to the Development Budget or where the PHA contributes public housing operating reserves in excess of the three-year average of reserves for the project
- All proceeds from seller-take back financing related to LIHTC transactions is also de-federalized.

8. Public Housing-only PHAs

- If convert to PBV, must find a voucher administrator willing to administer the PBV contract (that voucher agency will earn new admin fees)
- If convert to PBRA, will need to request Choice-Mobility exemption (or otherwise find a voucher agency willing to provide Choice-Mobility)

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 **TEN THINGS...**


9. Projecting Operating Costs

- If estimating Operating Costs as a percentage of current Formula Expenses (say, 95%), keep in mind that “Formula Expenses”, as defined, within the Inventory Assessment Tool, exclude funding the PHA may receive under Stop-Loss (called “Transition Funding”)
- If estimating Operating Costs based on historical project expenses, remember that HUD’s public housing financial reporting model (1) has a slightly different chart of accounts than FHA and (2) has a separate column for Operating Fund and one for Capital Fund. Generally, you will want to include only the Operating Fund column

10. Resident Participation

- Remember to include two meetings with residents of the project prior to submitting an application (a PHA can combine more than one project at each meeting, as long as residents are notified accordingly)
- Remember to have one meeting with residents after RAD award (and prior to submission of Financing Plan)
- The PHA will also be required to submit a Significant Amendment to its Annual Plan, which also has public notice requirements

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 **TEN THINGS...**

11. Bonus – RAD Physical Condition Assessment (RPCA)

- Required only after CHAP award
- Exclusions for: new construction, for rehab that is “down to the stud”, and for projects recently built (based on HUD approval)
- HUD shortly to form “user group”

12. Bonus – Ownership Type

- Ownership can include:
 - PHA, directly or through related non-profit
 - Any other public or non-profit owner
 - For-profit owner in the case of tax credits
- No approval required of these alternate ownership arrangements (other than 2530/APPS process)

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Various Considerations in Choosing PBRA vs. PBV

Item	PBRA	PBV
1. Baseline Funding Levels	Based on 2012 levels, with Operating Fund Allocation Adjustment restored.	Same
2. Initial Contract Term	20 years	15 years (up to 20 at option of voucher agency); voucher agency may also automatically extend for another 15 years
3. Contract Renewals	At end of contract term, Secretary must offer, and PHA must, accept renewal.	Same
4. Rent Caps	Current funding cannot exceed 120% of the PHR, unless the current funding is less than market, in which case the current funding cannot exceed 150% of PHR.	Current funding cannot exceed the lower of (1) reasonable rent or (2) 110% of PHR.
5. Annual Inflation Adjustment	Based on Operating Cost Adjustment Factor (OCAR), i.e., the method used to adjust rents for Multifamily Assisted Housing Reform and Affordability Act (MAHRAA).	Same
6. Choice Mobility	Resident may request next available voucher after two years; however, voucher agency may limit to not more than 15% of project in any year and not more than 13% of voucher turnover due to RAD.	Resident may request next available voucher after one year, with no limitations.
7. Voucher Admin Fee	N/A	PHA earns Section 8 voucher admin fee for all units converted to PBV. Note: for agencies that do not administer a voucher program, and that convert to PBVs, the voucher agency will be responsible for administration of the waiting list, eligibility, reexaminations, leading to substantial deregulation for the converting agency.

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Various Considerations in Choosing PBRA vs. PBV

8. REACUPCS Inspections	Yes	No (unless project receives FHA insurance)
9. REAC/FASS-PF Annual Financial Statements	Yes	No (unless project receives FHA insurance)
10. Management and Occupancy Reviews (MORs)	Yes	No (unless project receives FHA insurance)
11. Cash Flow	Unrestricted	Same
12. Appropriations	Annual funding subject to appropriations; however, the Congress has never failed to renew a PBRA contract	Annual funding subject to appropriations. Because of the RAD Use Agreement, if Congress provides less than full funding for the Voucher program (i.e., proration), the PHA administering the voucher program may will likely need to absorb the cuts from its non-RAD voucher units.
13. Rehab Requirements	There is no required level of rehab under RAD (or requirement to leverage debt). The PHA must simply ensure that whatever needs are identified are addressed.	Same
14. FHEO Sites/Neighborhood Standards	Standard FHEO requirements not waived under RAD.	Same
15. Income Mixing	N/A	Under normal PBV rules, not more than 25% of units in a project can be assisted, unless the units are elderly or disabled, scattered site, or otherwise assisting operations. RAD increased the threshold to 50%, with the same exceptions. (see pages 30-41 PH 2013-22-REV.1)

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PUBLIC HOUSING CONVERSIONS

Resident Provisions

No Re-Screening of Residents at Conversion

One-for-One Replacement

- Must convert all or substantially all units in covered project

Family Self Sufficiency

- Current FSS participants continue in program

Resident Participation & Funding

- PHA must recognize legitimate tenant organizations
- PHA must provide \$25 per occupied unit annually for resident participation (\$15 per occupied unit > legitimate tenant organization)


Resident Procedural Rights

- Consistent with Section 6 of the 1937 Housing Act

Resident Relocation

- Consistent with Uniform Relocation Act


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WISCONSIN PHAS

1 RACINE COUNTY HA	8	31 SALK CITY HA	40	61 RIVER FALLS HA	71
2 LUICK HA	16	32 LADYSMITH HA	40	62 WEST BEND HA	73
3 EAU CLAIRE COUNTY HA	16	33 PESHTIGO HA	40	63 OCCONTO HA	75
4 GREENWOOD HA	20	34 SALK COUNTY HA	40	64 HARRIETTE HA	76
5 PULASKI CDA	20	35 ASHLAND COUNTY HA	40	65 WATERTOWN HA	80
6 Lincoln County HA	20	36 FOND DU LAC HA	43	66 ANTIGO HA	85
7 Britton HA	24	37 CHILTON HA	44	67 MONROE HA	86
8 WOODVILLE HA	26	38 BRUCE HA	45	68 Winnebago HA	86
9 MONDOWI HA	26	39 Boxcar HA	46	69 DANE COUNTY HA	86
10 REDDYVILLE HA	27	40 SLINGER HA	49	70 DEBRIE HA	100
11 CLUMBERLAND HA	27	41 STANLEY HA	50	71 MERRILL HA	102
12 TOMAH HA	28	42 PLYMOUTH HA	50	72 MANITOWOC HA	102
13 LAFAYETTE COUNTY HA	28	43 HAUSTON HA	50	73 EDSERTON HA	105
14 GRANTSBURG HA	29	44 RHINELANDER HA	50	74 EAU CLAIR HA	111
15 Barron HA	30	45 BARABOO CDA	50	75 MENOMONE HA	123
16 Abbotford HA	30	46 AMERY HA	51	76 LACROSSE HA	128
17 Chetek HA	30	47 HUDSON HA	51	77 RICE LAKE HA	129
18 SHELL LAKE HA	30	48 FREDERIC HA	53	78 VIROQUA HA	130
19 OSCEOLA HA	30	49 HURLEY HA	54	79 BELOIT HA	131
20 ALBANY HA	32	50 SPARTA HA	58	80 SHAWANO HA	146
21 Burnett County HA	32	51 SOUTH MILWAUKEE HA	60	81 ASHLAND HA	169
22 PARK FALLS HA	35	52 RICHLAND CENTER HA	60	82 WISCONSIN RAPIDS HA	195
23 WESTBY HA	35	53 THORB HA	60	83 SHAWANO COUNTY HA	202
24 ALTOONA HA	36	54 TREMPEALEAU HA	60	84 GREEN BAY HA	204
25 WASHBURN HA	36	55 CLINTONVILLE HA	61	85 MARSHFIELD HA	209
26 DEFOREST HA	36	56 JEFFERSON HA	62	86 Appleton HA	210
27 ALGONA HA	39	57 LAKE MILLS HA	63	87 SHEBOYGAN HA	240
28 SPOONER HA	40	58 NEW LONDON HA	63	88 FOND DU LAC HA	249
29 NEW RICHMOND HA	40	59 WAUSAUJEE HA	65	89 STEVENS POINT HA	253
30 PRAIRIE DU CHEN HA	40	60 KAUKAUNA HA	71	90 WAUKESHA HA	264


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WISCONSIN PHAS

91 WAUSAU HA	344
92 Oshkosh HA	410
93 Superior HA	465
94 LA CROSSE HA	593
95 MADISON HA	743
96 MILWAUKEE HA	3874

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YOUR AUTHORITY

Housing Authority: W085 ANTIGO HA

General HA Details

HA Program Type: Combined
 HA Fiscal Year End: 12/31
 Last Update: 09/17/2013

HA Inventory Details

Low Rent Inventory Information

Status	Developments	Units
In Management	2	85
In Development	0	0
Total	2	85

Section 8 Inventory Information

Increments	Units
1	149

Section 8 Inventory Information will be provided from HCD's Central Accounting and Program System (HUC-APS).

HA Performance

Assessment Date	Assessment Type	Assessment Score	Designation	Temp Office
01/21/2011	PHAS	95	High Performer	Not Assigned

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YOUR AUTHORITY

Development Breakdown Report

Contract: 10/10/13
 PHA: Antigo Housing Authority

Development #	Development Name	2011 FISCAL YEAR										DOFA		
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		2021	
W08500002	OPFund Antigo Housing Authority													

W08500002 OPFund Antigo Housing Authority \$105,681 2002 CF \$106,266
 2012 CF \$ 74,993
 Decrease \$ 31,273 29.4%

2012 Capital Fund

Capital Fund Program U.S. Department of Housing
 (CFP) Amendment and Urban Development
 To The Consolidated Annual Contributions Office of Public and Indian Housing
 Contract Form HUD-53012

Whereas, Public Housing Authority (PHA) (herein called the "PHA") and the United States of America, Secretary of Housing and Urban Development (herein called "HUD") entered into Consolidated Annual Contributions Contract(s) (ACC(s)) Number(s) G-6013 dated 8-29-1998

Whereas, HUD has agreed to provide CFP assistance, upon execution of this Amendment, to the PHA in the amount to be specified below for the purpose of assisting the PHA in carrying out capital and management activities at existing public housing developments in order to ensure that such developments continue to be available to serve low-income families. HUD reserves the right to provide additional CFP assistance in this FY to the PHA. HUD will provide a revised ACC Amendment authorizing such additional amounts.

\$ 74,993.00 for Fiscal Year 2012 to be referred to under Capital Fund Grant Number: J038P0865112
 PHA Tax Identification Number (TIN) On File DUNS Number On File

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YOUR AUTHORITY

Langlade County FMR

Proposed FY 2014 & Final FY2013 FMRs By Unit Bedrooms

Year	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
Proposed FY2014 FMR	\$432	\$497	\$637	\$939	\$1,128
Final FY2013 FMR	\$425	\$489	\$626	\$922	\$1,109
Percentage Change	1.6%	1.6%	1.8%	1.8%	1.7%

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YOUR AUTHORITY

IS YOUR SITE IN A QCT?

<http://209.48.228.153/qctmap.html>

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PUBLIC HOUSING RESOURCES & TOOLS

Determining a PHA's RAD Rent

- www.hud.gov/rad
- “Resources”
 - PHA Conversion Guide
 - RAD Inventory Assessment Tool
 - Fill in PHA #
 - Populate
 - Fill in basic financing assumptions
 - Top rent in **BOLD** is RAD rent
- Feasibility with debt only
- Feasibility with 4% LIHTC & 9% LIHTC

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THE RAD INVENTORY ASSESSMENT TOOL

RAD Inventory Assessment Tool for PHAs

Global Inputs (Affecting All Properties)

PHA Code:
 PHA Name: Antigo Housing Authority
 Number of Properties:

Populate Data for All Properties For This PHA

Enter the following inputs, which will be applied to all projects in the PHA's inventory. Each global input can be modified for individual projects on the Inventory Overview sheet.

First Mortgage Financing Terms

Interest Rate: annual rate
 Amortization Term: years
 MIP or Other Credit Enhancement: per year
 Debt Service Coverage Ratio:

Type of Rental Assistance Contract

PHA on 20%?

Initial Operating Expense Assumption

Operating Expenses:

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THE RAD INVENTORY ASSESSMENT TOOL

RAD Inventory Assessment Tool for PHAs

Inventory Overview for Antigo Housing Authority

PC Developer Number: W308100002
 Project Name: PARK VIEW MANOR

Section One: Income and Expenses

Total Units	83		
Unoccupied Reg #Bedrooms	1100		
RAD Contract Rent (PLPA)	\$427		
Income and Expenses			
Gross Potential Rent	\$425,331	\$5,524	PHA's (Formula)
Vacancy Loss	(47,847)	(1,250)	0.00% of GPR
Bad Debt Loss	(8,507)	(202)	2.00% of GPR
Other Income	49,960	\$320	\$120 PLPA
Effective Gross Income	\$405,517	\$4,886	
Operating Expenses	\$336,147	\$4,056	\$500 PLPA
Replacement Reserve	\$41,500	\$500	
Net Operating Income	\$24,870	\$300	
Supportable Debt Service	\$19,896	\$240	
Cash Flow	\$4,974	\$60	
Maximum Supportable First PFI	\$295,000	\$4,725	
20 Year Replacement Reserve	\$80,000	\$10,000	

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THE RAD INVENTORY ASSESSMENT TOOL

RAD Inventory Assessment Tool for PHAs

Inventory Overview for Antigo Housing Authority

PC Development Number: VHS9589992
Project Name: FAIRVIEW MANOR

Operating Fund	\$1,052,24	\$1,052,24
Capital Fund	\$802,37	\$802,37
Taxpayer Payments	\$3,103,96	\$3,103,96
Total Current Funding	\$5,124	\$5,124

RAD Floor Caps

(A) Current Funding	\$427
(B) Reasonable Rent	\$452
(C) 150% of PPHs - UAs (PPIA)	\$535
(D) 150% of PPHs - UAs (PPIA)	\$427
(E) 150% of PPHs - UAs (PPIA)	\$563
(F) Comparable Market Rent	\$452
(G) 150% of PPHs - UAs (PPIA)	\$729
(H) 150% of PPHs - UAs (PPIA)	\$427
(I) 150% of PPHs - UAs (PPIA)	\$427

Indicated by your PERIA/PPIV rule

Reasonable Rents	\$452
0 Bedroom	\$452
1 Bedroom	\$452
2 Bedroom	-
3 Bedroom	-
4 Bedroom	-
5 Bedroom	-
6 Bedroom	-

RAD Inventory Assessment Tool for PHAs

Inventory Overview for Antigo Housing Authority

PC Development Number: VHS9589992
Project Name: FAIRVIEW MANOR

Fair Market Rents	\$406.00	\$406.00
0 Bedroom	\$452.00	\$452.00
1 Bedroom	\$452.00	\$452.00
2 Bedroom	\$504.00	\$504.00
3 Bedroom	\$770.00	\$770.00
4 Bedroom	\$840.00	\$840.00
5 Bedroom	\$956.00	\$956.00
6 Bedroom	\$1,052.00	\$1,052.00

Contract Rent Schedule

Bedroom	Adjusted Rent
0 Bedroom	\$0
1 Bedroom	\$427
2 Bedroom	\$0
3 Bedroom	\$0
4 Bedroom	\$0
5 Bedroom	\$0
6 Bedroom	\$0
Weighted Average	\$427

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FHA MULTIFAMILY MORTGAGE INSURANCE

Section 223(f)

- Refinance or acquisition
- Minor/moderate repairs (\$6,500/unit*high cost factor)
- Permanent debt with repair escrow - up to 35 years

Section 221(d)(4)

- Substantial rehab: 2 major building systems
- Construction/permanent debt all in one - initial/final closing
- 40-year financing

Mortgagee Letter for RAD Transactions issued 10/12

- Eligibility, underwriting criteria, processing & materials


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FHA LIHTC PILOT PROGRAM

Streamlined-Enhanced FHA 223(f) & LIHTCs

- Rehab expenditures of up to \$40,000/unit
- Tax credit or Bond Cap allocation in hand
- Processed in Multifamily Hubs
- Using MAP lenders approved for the Pilot
- Goal of 3-4 month turnaround on applications


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 **FEDERAL HOME LOAN BANK AHP**

 **Affordable Housing Program (AHP)**

- This program is funded with 10% of the Federal Home Loan Banks' net income each year.
- Most effective when paired with other programs and funding sources, like Low-Income Housing Tax Credits.
- More than 776,000 housing units have been built using AHP funds, including 475,000 units for very low-income residents.
- \$4.6 billion in total AHP dollars since 1990. That's 200 million per year.
- AHP loan funding often comes with an equal amount of grant funding.


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 **RAD & LIHTCs**

 **RAD Sweet Spot—Debt Only**

- Abt study—\$24k/unit average capital need
- Opex at \$4,500 pupy + \$300 replacement reserves
- FHA debt at 3.45%; 1.2 DCR
- Feasible with RAD rents above ~\$610/month

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 **RAD & LIHTCs**

 **RAD Sweet Spot—4% LIHTCs**

- Rehab needs above \$24k/unit to ~\$40k/unit
- Ease of meeting 50% test with RAD rents
- Available P-A Volume Cap
- Non-competitive
- QAPs favoring preservation, green
- Evolving, accessible short-bond structure
- Historically low borrowing rates

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RAD & LIHTCs

RAD Sweet Spot—9% LIHTCs

- Targeted prospects for substantial rehab & replacement housing
- No Section 18 review
- Income mixing
- Split project (AMP)
 - 9% LIHTC used to help cover relo/demo/first phase
 - 4% LIHTC for balance of site
- RAD HAP contract(s) for off-site replacement
 - Acquisition/rehab
 - New construction

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RESULTS OF THE COMPETITIVE ROUND

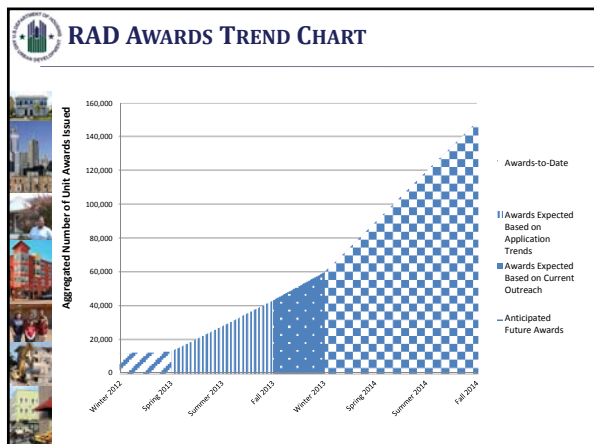
- **Initial Public Housing Awards**
 - Total applications: 113
 - Total awarded public housing projects: 110
 - Total awarded PHAs: 68
 - Total awarded Public Housing Units: 11,910
- **PHA Size***
 - 32% Small (<250 Units in Inventory)
 - 52% Medium (251-1,249 Units in Inventory)
 - 16% Large (1,250+ Units in Inventory)
- *Based on 68 awarded PHAs

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RAD ACROSS THE COUNTRY - 1ST COMPONENT

	Northeast	Midwest	South	West	Total
PHAs and Mod Rehab Units Awarded	949	1,279	9,997	2,556	14,781

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RAD CAPITAL MARKETPLACE

www.radcapitalmarketplace.com

Welcome to the Rental Assistance Demonstration Capital Marketplace (RAD Capital Marketplace). The site is designed to encourage contact and information sharing among housing authorities (PHAs) and multifamily owners considering a RAD conversion and the lenders, investors, development partners, financial intermediaries, professional/financing advisors, consultants, and other services and products that PHAs and owners may wish to use in preparing their application and/or financing plan.

The site has been developed collaboratively by National Equity Fund, Inc. (NEFI), Council for Large Public Housing Agencies (CLPHA) and Enterprise Community Investments, LLC. One of the goals of RAD (Public Law 112-32) is to demonstrate how the conversion of current assistance to long-term project-based Section 8 rental assistance contracts can generate access to private debt and equity to address immediate and long-term capital needs of the public housing stock and Rent Supp, RAP and Section 8 Mod Rehab multifamily housing at risk from being lost from the affordable stock. The Initial Application Period for the limited competitive component of RAD for public housing and Mod Rehab properties opens on September 24, 2012 and closes October 24, 2012. Owners of eligible Rent Supp, RAP and Mod Rehab properties may submit conversion requests for Section 8 Project Based Vouchers only on a rolling basis. Program rules and application instructions are outlined in the Notice, which can be found on the RAD webpage: www.hud.gov/rad

If you would like to post your information please choose the type of Entity that you are

- PHA/Owner
- Lender
- Investor/Syndicator
- Consultant/TA
- Developer/Co-Developer

Search by company type: Search by State:

RAD WEB PAGE

RAD Notice, application materials, and additional resources can be found at

www.hud.gov/rad

Email questions to radresource.net
