



Rental Assistance Demonstration (RAD)
Transforming To Thrive



All Staff Information Session

March 1, 2017



Agenda

- Welcome
- The State of Public Housing
- RAD Overview
- HACM Impact
- Resident Impact
- Conversion Timeline
- Questions and Answers



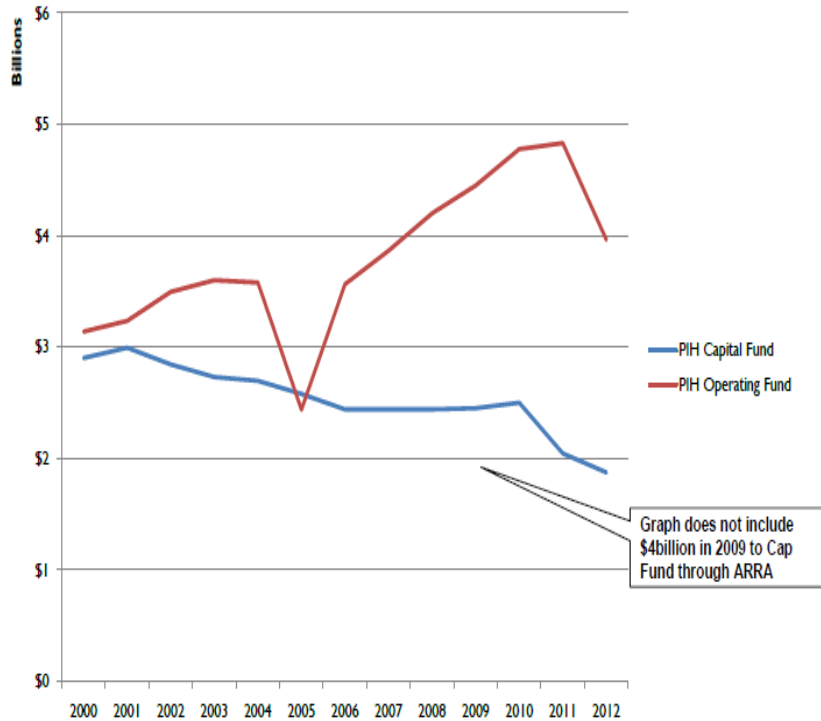
The State of Public Housing

- There are approximately 1.2 million units in the public housing (Section 9) program across 3,100+ PHAs. Those units have a documented capital needs backlog of over \$26 billion.
- There is not enough federal funding to address the capital needs of public housing units. Appropriations for public housing are declining.
- As a result, approximately 10,000 public housing units are demolished or disposed of each year.
- Property conditions and HUD restrictions on public housing units make it difficult to access private capital for renovation.

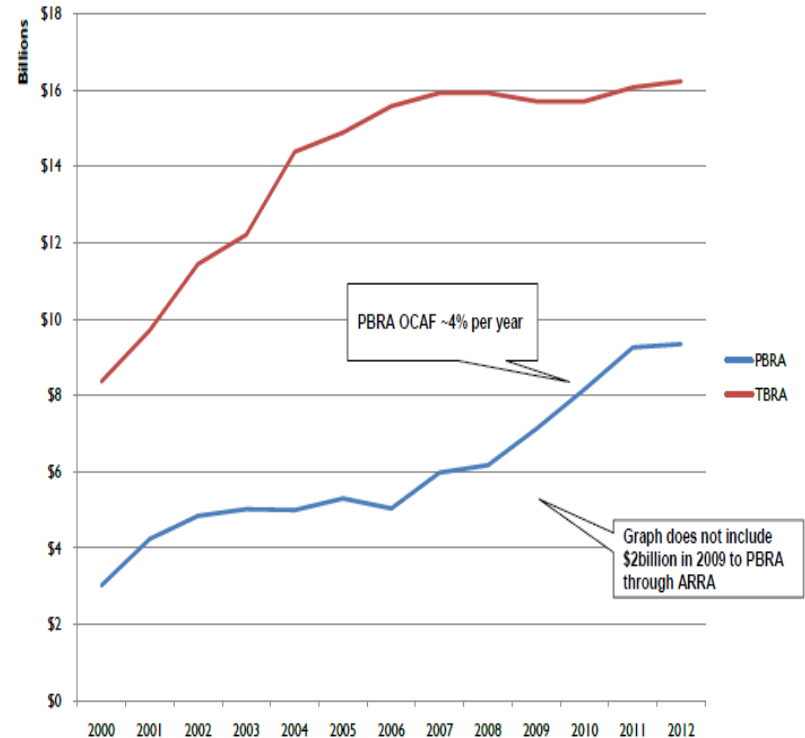


Funding from HUD

Public Housing Funding Curve



Section 8 Funding Curve





Rental Assistance Demonstration (RAD) Project



“The affordable housing crisis is growing. RAD is part of the solution.”
Former HUD Secretary, Julián Castro



What is RAD?

- The Rental Assistance Demonstration (RAD) Program was created by HUD in 2012 in order to give public housing authorities a powerful tool to preserve and improve affordable housing and to address the large backlog of needed repairs.
- Under RAD, units change from public housing to project-based Section 8 vouchers (rent assistance) under a long-term contract between HACM and HUD. This ensures that the units remain affordable to low-income households.



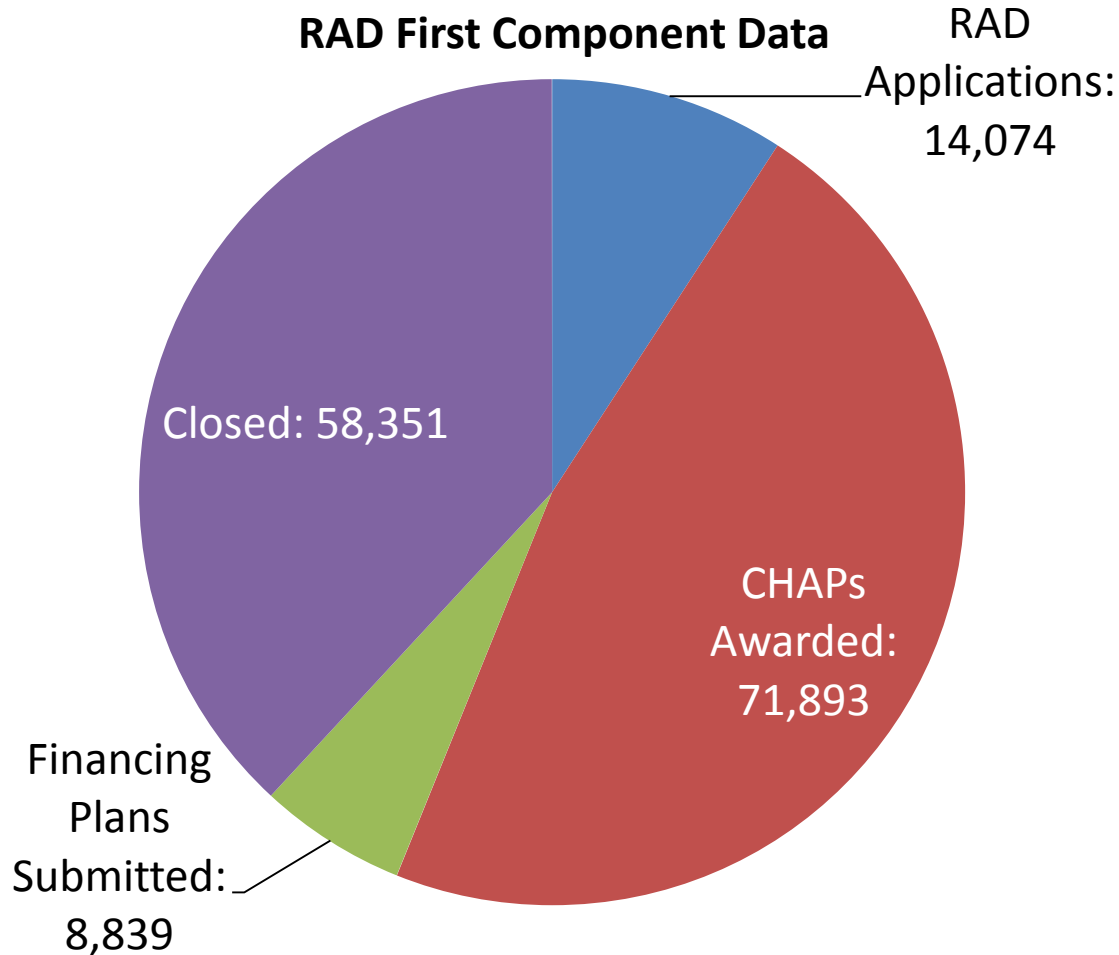
Goals of RAD

In order to preserve the housing as affordable, public housing stock is converted to the project-based Section 8 platform, which:

1. Stabilizes funding
2. Creates access to private capital
3. Streamlines HUD regulations
4. Enhances housing options for residents



National Experience



All in for RAD in Austin, TX – Video Click [Here](#)



Why HACM is Pursuing RAD

- HACM's current backlog of non-emergency property maintenance needs is over \$198 million.
- With existing capital fund levels, it would take over 44 years to repair HACM's existing backlog.
- The Housing Authority is only reimbursed from HUD for \$.86 of every \$1.00 of eligible public housing expenses.



HACM's RAD Vision

RAD will preserve and improve affordable housing, strengthen HACM's resiliency, and provide opportunities to thrive.



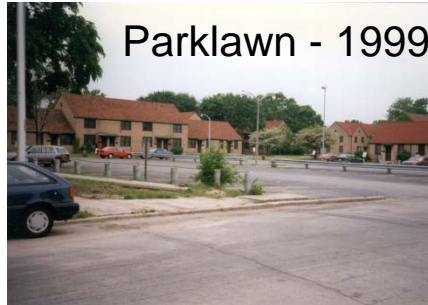
HACM Revitalization

**We can do it,
after all we've been doing
it for over 20 years!**



Revitalization Record

- HACM has a successful track record of revitalizing distressed developments.
 - HOPE VI Grants: 1993 – 2008



- Low Income Housing Tax Credits 2001 – Present



Townhomes at
Carver Park





HACM Awards & Honors



- World Leadership Award in Affordable Housing, World Leadership Forum
- Congress for New Urbanism Award
- Charles L. Edson Tax Credit Excellence Award
- National League of Cities Award of Municipal Excellence
- Kennedy School of Government Innovations in American Government Award
- Sierra Club Award for Best Neighborhood
- American Planning Association National Social Advocacy Award



RAD Conversion Strategies

- There are many ways nationally PHAs are converting under RAD, but here are the 3 main types:
 - Disposition of portfolio to a third party company
 - Maintain ownership but outsource property management
 - Maintain ownership and property management
- HACM intends to maintain ownership and management!



Rental Assistance Demonstration (RAD) Project

RAD Impact on HACM

	Ownership/ Management	HACM will remain the managing partner but buildings/developments will be owned by a limited liability corporation (LLC) – similar to our current tax credit properties.
Property Management	Site Staff Roles and Training	HACM is evaluating if/how staff roles may change under RAD given tax credit reporting requirements, new software training, and other revised responsibilities.
	Asset Management	HACM site staff have always been involved in the creation and review of site budgets, but through RAD, we hope to involve staff more directly in tracking cash flow and understanding obligations to investors and lenders.
	New Inspection Requirements	Under RAD, HACM moves from the public housing inspection process (REAC) to a Section 8 inspection process (HQS), which requires new forms, training and implementation. HACM staff will now need to contract with a third party for HQS inspections for any move-in or unit turnaround inspections.
	Vacant Unit Payments	Site staff will need to track and request subsidy payments for vacant units (as opposed to receiving a set operating subsidy each year that is handled centrally.)
	Tracking HAP Subsidy	Site Staff will have to review and approve only HAP subsidy changes for their units (as opposed to receiving a set operating subsidy.)



RAD Impact on HACM

Resident Policies	Policy Oversight	Residents will adhere to the Section 8 Administrative Plan instead of the Admissions and Continued Occupancy Policy.
	Revised Lease	Residents will have to sign a new lease.
	Waitlist Policy	HACM will decentralize the waitlist list and create site-based waiting lists managed by Rent Assistance.
	RAD Mobility Vouchers	RAD requirements allow residents, after one year of occupancy in a RAD development, to request to be placed on a waitlist for a RAD Tenant-Based Voucher.



RAD Impact on HACM

Fiscal Procedures	Budgeting	The budget process will remain the same with some new line items to address debt service and replacement reserves. More formal processes for development accounting, streamlining workflow, and maintaining separate books for each LLC will need to be developed.
	Procurement/ Accounting	Once properties become limited liability corporations under RAD/LIHTC, procurement shifts to a model that includes paying sales tax and separating costs more stringently by development.
	Shift in Revenue Sources	HACM receives a management fee for operating developments pursuant to the Management Agreement with each ownership entity. In addition, one year after conversion, HACM will receive a new revenue source via Administrative Fees earned for each RAD voucher it administers.



RAD Impact on HACM

Software and Data Tracking	New Software	HACM is evaluating software companies to replace visual homes.
	IT Automation and Streamline Opportunities	HACM is seeking ways to use technology to assist with leasing, work orders, preventative maintenance & more.
	Tax Credit Reporting	Since HACM plans to use tax credits during the RAD conversions, we are exploring ways to integrate tax credit reporting into our management software program.



RAD Impact on Residents

- **Will the rent residents pay change as a result of RAD?**

Residents will continue to pay no more than 30% of adjusted income. If RAD conversion results in a resident's rent going up by more than 10% or \$25.00 per month, the increase will be phased in over a 3-year period. This would only be likely if a resident is at a high enough income to pay flat rents currently. Under RAD, there will be no flat rents.

- **Will residents have to sign a new lease?**

Yes. However, current public housing residents will not be re-screened or face other income eligibility criteria or income targeting provisions. If a resident is lease compliant before RAD conversion, they cannot be displaced.

- **If a residents makes too much money, will they have to move?**

No, residents cannot be forced to move if they make too much money. Normally, there are income limits under Section 8. However, under a RAD conversion, existing public housing residents that would be over that income limit would be able to stay living in the development .



RAD Resident Rights

- **No Re-screening of Residents**

Current households will not be re-screened or face other income eligibility criteria or income targeting provisions at the time of conversion.

- **Right to Return**

Any resident that may need to temporarily be relocated to facilitate rehabilitation or construction has a right to return to an assisted unit at the Covered Project once rehabilitation or construction is complete. Permanent involuntary displacement of residents may not occur as a result of the project's conversion of assistance to RAD.

- **Resident Participation & Funding**

Residents will continue to have the right to establish and operate a resident organization, and the resident organization will receive annual funding per occupied unit.

- **Waitlist Management**

After conversion, HACM will establish a waiting list for each development. Applicants on the existing public housing waitlist will be given priority to be placed onto the newly-established site-based waiting list in accordance with the date and time of their original application.

- **Choice Mobility**

At any time after the first year of occupancy, the family has the opportunity to request a tenant-based voucher or to be placed on a waitlist. A tenant-based voucher allows residents to use the housing subsidy at any building that participates in the Section 8 Rent Assistance Program.



Conversion Process

Application Submission

- Requires 2 Resident Consultations
- Board Approval
- Financing Letters of Interest

Receive Housing Assistance Payment Commitment (CHAP)

- HUD issues CHAP to PHA
- Begin Monthly Calls with RAD Readiness Transaction Manager

Submit Financing Plan

- RAD Physical Conditions Assessment (RPCA)
- PILOT Opinion
- Development Budget
- Operating Pro Forma
- Market Study
- Significant Amendment to the PHA Plan

RAD Conversion Commitment (RCC) Issued

- At Least One Additional Resident Consultation

Closing

- RAD Use Agreement
- RAD PBV HAP Contract
- Release of Declaration of Trust



HACM RAD Timeline

July 2015

HACM Held 2 Resident Information Session

July 2015

HACM Submitted Portfolio Conversion Application to HUD

May 2016

HACM Received RAD Portfolio Award from HUD

October 2016 – 2022 (or longer!)

Each Development will have its own timeline and plan tailored specifically to that community's needs



Housing Portfolio Impact

- HACM has been awarded a Portfolio Conversion to convert all of its Public Housing units to RAD Project-based Vouchers.
- The RAD Conversion will occur in multiple tranches over several years.



Improvements

- As part of the RAD conversion, HACM will pursue various funding sources including Low Income Housing Tax Credits to finance the needed renovations at every property.
- The RAD team will work with residents and property managers to develop a renovation plan for each community.
- Renovations would not begin until 2018 and would be done in phases over a number of years.



Relocation

- If major renovations are needed, residents may need to be temporarily relocated for renovation.
- HACM is responsible for relocation expenses.
- Relocation options may include:
 - (1) temporary relocation using a Housing Choice Voucher or to another public housing development, returning back after the repairs are completed; or
 - (2) permanent relocation using a Housing Choice Voucher if a voucher is available.



Westlawn West

- The revitalization efforts at Westlawn West are a combination of RAD and Choice Neighborhood conversions.
- Resident Rights are the same under RAD.
- Westlawn West conversion process may have differences:
 - CNI provides additional funding sources.
 - Relocation vouchers were provided as part of CNI. Standard RAD conversions will not provide the option for relocation vouchers.

Phase	Estimated Conversion <small>(subject to change)</small>
Phase 1 (WGSS)	April 2017
Phase 2A (Victory Manor)	April 2017
Phase 2B	November 2017
Phase 3	July 2018
Phase 4A	July 2019
Phase 4B	July 2020



Tranche 1A Conversions

- No renovations or relocation are planned.
- Conversions are anticipated to take place in 2017.
- Developments Include:

Tranche	Development Name	Estimated Conversion (subject to change)
1A	CHERRY COURT	May 2017
1A	CONVENT HILL	May 2017
1A	HIGHLAND GARDENS	May 2017
1A	SCATTERED SITES TAX CREDIT I	November 2017
1A	LAPHAM PARK	November 2017
1A	OLGA VILLAGE	May 2017
1A	SCATTERED SITES TAX CREDIT II	November 2017
1A	TOWNHOMES AT CARVER PARK	November 2017
1A	WESTLAWN EAST	May 2017



Tranche 1B Conversions

- Proposed Renovations may require relocation.
- Conversions are anticipated to begin in 2018.
- Developments Include:

Development Name	Estimated Conversion <small>(subject to change)</small>
COLLEGE COURT	December 2017
HOLTON TERRACE	July 2018
MITCHELL COURT	December 2017



Tranche 2 Conversions

- Planning for Tranche 2 developments will begin in 2017.
- Conversions would take place after 2019.
- Developments Include:

Development Name
ARLINGTON COURT
BECHER COURT
HIGHLAND HOMES
LINCOLN COURT
LOCUST COURT
MERRILL PARK
RIVERVIEW
SCATTERED SITES HOPE VI CHERRY
HILLSIDE TERRACE
PARKLAWN
SCATTERED SITES MILWAUKEE
SCATTERED SITES NORTH AND WEST
SCATTERED SITES SOUTH



Key Points

- Decreased funding for public housing threatens the long-term sustainability of HACM.
- RAD provides the opportunity for more stable funding by converting HACM's public housing to Section 8 vouchers.
- RAD protects residents and provides a way to maintain HACM's affordable housing in Milwaukee.
- HACM will continue to adapt to achieve its mission.



RAD Communications

RAD decisions are being made on an ongoing basis. Keeping partners informed and information transparent is crucial to our success.

- HACM website: rad.hacm.org
- RAD Hotline: (414) 286-8600
- RAD Email: RAD@hacm.org
- Facebook: <https://www.facebook.com/MKEHousing/>
- Twitter: <https://twitter.com/MKEHousing>
- YouTube: <https://www.youtube.com/user/mkehousingauthority>



Rental Assistance Demonstration (RAD)
Transforming To Thrive

Questions?