



Affordable Housing Initiative

Housing Authority

Affordable ❖ Accessible ❖ Energy-Efficient ❖ Healthy ❖ Safe ❖ Well-Maintained

To: Honorable Mayor Bob McDavid and Members of the Columbia City Council

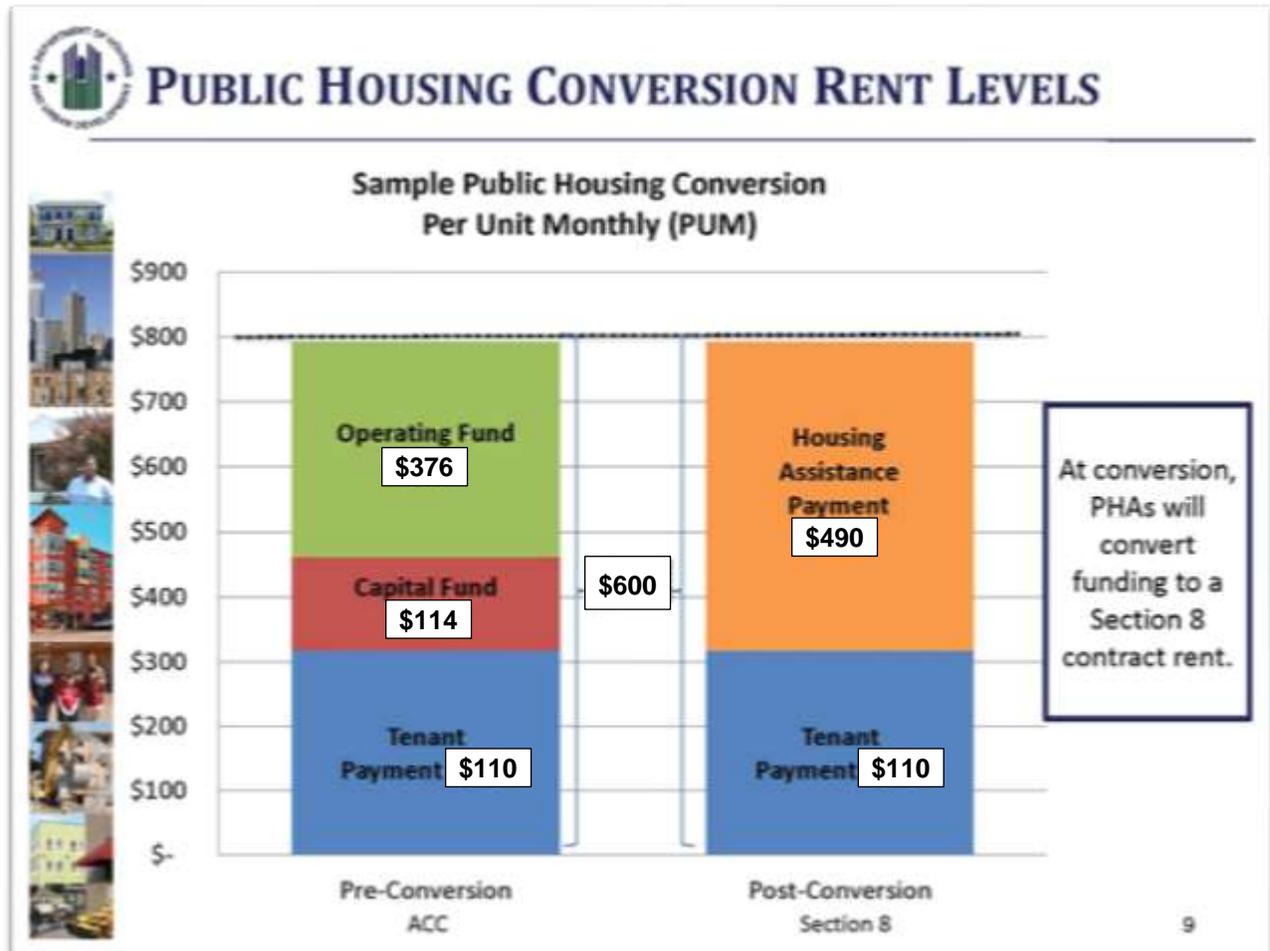
From: Phil Steinhaus, CEO

Date: August 19, 2013

RE: Overview of HUD's Rental Assistance Demonstration (RAD) Program

The HUD Rental Assistance Demonstration (RAD) Program allows Public Housing Authorities (PHAs) to convert public housing subsidies into long-term, Project-Based Section 8 rental assistance subsidy contracts. This is beneficial to PHAs because historically public housing subsidies and funding for capital projects have been unpredictable and fluctuated annually due to federal budget cuts. Project-Based Section 8 Vouchers provide a stable and predictable annual subsidy. Stable and predictable revenues allow the Columbia Housing Authority (CHA) to apply for Low-Income Housing Tax Credits and other sources of financing to fund public housing renovations.

The CHA has submitted a RAD application to HUD that will allow us to lock in FYE2012 public housing funding levels and convert them to a long-term Project-Based Voucher subsidy contract. The following example shows how the RAD conversion will work:



RAD Contract Rents

The initial RAD contract will be for a period of at least 15 years. At the expiration of the initial contract, a voucher renewal contract will be issued. Each project with a Project-Based Voucher (PBV) contract will also carry a concurrent renewable RAD Use Agreement that will be recorded superior to other liens on the property.

This ensures the property will continue to serve low-income families.

All RAD conversions require: 1.) A Physical Condition Assessment; 2.) Green Building and Energy Efficiency; 3.) Compliance with the Uniform Relocation Assistance Act (URA); and 4.) Renovations must meet Accessibility Requirements.

Pre-Submission Requirements

There are several requirements that must be completed in the RAD application process:

- **Evidence that our Application is Financial Feasible:** We must reasonably identify all of the financing to meet a project's indicated needs in comparison to all costs and operating expenses involved in the conversion.
- **Identification of Potential Lenders or Investors:** For any source of debt or equity, other than contributions from the public housing agency itself, a PHA will be required to provide a Letter of Interest/Intent from the sources in the Application. We will secure this letter prior to submitting the application.
- **Resident Meetings:** We must hold two resident meetings at the proposed project(s) and then summarize the comments received and responses provided. The CHA has conducted four (4) resident meetings and summarized the comments and responses from these meetings.

RAD Award Letter and Commitment to Enter into a Housing Assistance Payment (CHAP)

If the CHA's application is approved, the CHA will receive a RAD Award Letter and Commitment to Enter into a Housing Assistance Payment (CHAP). In this event, the following steps must be completed:

- **Physical Conditions Assessment (PCA):** For purposes of the application, we are not required to have completed a RAD-compliant PCA. We may use a "best estimate" of capital needs. However, if awarded an initial commitment or Commitment to enter into a Housing Assistance Payment (CHAP), We will have 90 days to submit the PCA. Accordingly, we should plan early on for selecting an appropriate PCA provider.
- **Significant Amendment to our Annual/5-Year Plan:** If selected for award, we would have 60 days following the award to submit this amendment. Our current Annual/5-Year Plan includes the intent to submit a RAD application so no amendment is needed.

RAD Protections for Public Housing Residents

The RAD Program provides some key protections for Public Housing Residents affected by a conversion as well as increased Resident Choice and Mobility. The following is a brief summary of RAD protections and benefits for Public Housing Residents affected by a RAD conversion:

- **No Re-screening of Tenants upon Conversion.** Pursuant to the RAD statute, at conversion, current households are not subject to rescreening, income eligibility, or income targeting provisions.

- **Right to Return.** Any residents that may need to be temporarily relocated to facilitate rehabilitation or construction will have a right to return to the development once rehabilitation or construction is completed.
- **Renewal of Lease.** Under RAD, the PHA must renew all leases upon lease expiration, unless cause exists.
- **Phase-in of Tenant Rent Increases.** If a tenant's monthly rent increases by more than the greater of 10 percent or \$25 purely as a result of conversion, the rent increase will be phased in over 3 years, which a PHA may extend to 5 years.
- **Public Housing Family Self Sufficiency (PH FSS) and Resident Opportunities and Self Sufficiency Service Coordinator (ROSS-SC) programs.** Current PH FSS participants will continue to be eligible for FSS once their housing is converted under RAD. Current ROSS-SC grantees will be able to finish out their current ROSS-SC grants once their housing is converted under RAD.
- **Resident Participation and Funding.** Residents of covered projects converting assistance to PBVs will have the right to establish and operate a resident organization for the purpose of addressing issues related to their living environment and be eligible for resident participation funding.
- **Resident Choice and Mobility.** One of the major benefits of the RAD program is that the program greatly enhances the choice and mobility of Residents living in the converted Public Housing units. Depending on whether the converted units are Project-Based Vouchers (PBV) or Project-Based Rental Assistance (PBRA), residents can move out of the converted Public Housing development with housing assistance after living there for one or two years. Once this residency requirement has been met, the Resident will be issued a Section 8 Housing Choice Voucher if they choose not to renew their lease. The Resident can use their voucher anywhere in Columbia and Boone County and may also "port-out" to another PHA with their voucher and continue to receive housing assistance through the new PHA.

CHA Affordable Housing Initiative

Over the past five years, the CHA Board of Commissioners has been engaged in a long-range strategic planning process for the renovation of the CHA's aging Public Housing properties. The RAD Program provides the opportunity to stabilize the CHA's financial base for its Public Housing operations that will allow the CHA to submit applications to the Missouri Housing Development Commission (MHDC) for 4% and 9% Low-Income Housing Tax Credits over the next four years that will enable the CHA to achieve its goals of preserving, renovating, and enhancing the CHA's Public Housing properties for the benefit of the clients we serve.

A chart of the proposed Public Housing renovation process is attached for your review. This chart provides important dates for the submission of the RAD and Low-Income Housing Tax Credit (LIHTC) applications.

CHA Board of Commissioners Request

The CHA Board of Commissioners would like to request that the Columbia City Council strongly support the Columbia Housing Authority's plans to renovate and preserve our aging Public Housing properties and give its unanimous consent to the resolution supporting of our Low-Income Housing Tax Credit Application to the Missouri Housing Development Commission.

Thank you for your consideration.



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CHA Rental Assistance Demonstration (RAD) Program and Low-Income Housing Tax Credit (LIHTC) Application Deadlines

August 19, 2013

| CHA Public Housing Developments | | | | | | | | | | | | | |
|------------------------------------|---------------------|-------------|------------------------------|-------------------------------|-------------------------------|------------------------------|-----------|-------------------------|-------------------------|-------------------------|------------------------------|------------------------------|--------------------|
| RAD Project Number | Public Housing Site | | RAD Application Date | First LIHTC Application Date | Second LIHTC Application Date | Third LIHTC Application Date | LIHTC | | Other Potential Funding | | Total Development Costs | First Possible Funding Award | Construction Start |
| | Name | # of Units | | | | | Type | Amount | Source | Amount | | | |
| 1 | Stuart Parker I | 84 | Aug-13 | Sep-13 | Mar-14 | Sep-14 | 4% | \$700,000 | City HOME | \$325,250 | \$23,300,000 | Dec-13 | 2014 |
| | Paquin Tower | 200 | | | | | | | FHLBB | \$425,000 | | | |
| 2 | Bear Creek | 78 | Jan-14 | Mar-14 | Sep-14 | Mar-15 | 4% | \$700,000 | MHCD HOME | \$800,000 | \$18,000,000 | Jun-14 | 2015 |
| | Oak Towers | 147 | | | | | | | | | | | |
| 3 | Stuart Parker II | 70 | Jul-14 | Sep-14 | Sep-15 | Sep-16 | 9% | \$610,000 | TBD | TBD | \$10,500,000 | Dec-15 | 2016 |
| 4 | Stuart Parker III | 70 | Jul-15 | Sep-15 | Sep-16 | Sep-17 | 9% | \$610,000 | TBD | TBD | \$10,500,000 | Dec-16 | 2017 |
| 5 | Stuart Parker IV | 70 | Jul-15 | Sep-16 | Sep-17 | N/A | 9% | \$610,000 | TBD | TBD | \$10,500,000 | Dec-17 | 2018 |
| Other CHA Multifamily Developments | | | | | | | | | | | | | |
| Multifamily Project Number | Development Name | Total Units | First LIHTC Application Date | Second LIHTC Application Date | Third LIHTC Application Date | LIHTC | | Other Potential Funding | | Total Development Costs | First Possible Funding Award | Construction Start | |
| | | | | | | Type | Amount | Source | Amount | | | | |
| 1 | Kinney Point | 42 | Sep-13 | Sep-14 | Sep-15 | 9% | \$520,000 | MHDC HOME | \$700,000 | \$7,345,000 | Dec-13 | 2014 | |
| 2 | McQuitty Square | 21 | TBD | TBD | TBD | TBD | TBD | City CDBG | \$190,000 | TBD | TBD | TBD | |