



Housing Authority of the City of Columbia, Missouri

Board Resolution Staff Memo

To: Board of Commissioners

From: Phil Steinhaus, CEO

Date: July 23, 2013

RE: **Resolution 2565:** A Resolution Authorizing the Chief Executive Officer of the Housing Authority of the City of Columbia, Missouri to Execute a Rental Assistance Demonstration (RAD) Program Application with the U.S. Department of Housing and Urban Development (HUD) and Certifying an Agreement to Comply with all Requirements of the Program and PIH Notice 2012-32.

The Rental Assistance Demonstration (RAD) Program is authorized by the Consolidated and Further Continuing Appropriations Act of 2012 (Public Law 112-55, approved November 18, 2011), which provided fiscal year 2012 appropriations for HUD to support this program

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

RAD will lock in FYE2012 public housing funding levels and convert them to Project-Based Voucher subsidies. The initial RAD contract will be for a period of at least 15 years (up to 20 years upon approval). At 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.

RAD conversions can be organized in portfolios and staged in phases in order to address the needs of multiple properties. A chart of the proposed portfolio and project development phases is attached for your review.

Pre-Submission Requirements

There are several requirements that must be completed prior to the CHA Board's Approval to Submit the RAD Application:

- **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 summarizes 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.
- **Key Dates and Decision Points:** A list of key RAD dates and decision points is attached to this memo for reference.

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.

RAD Application and Board Approval Form

The RAD Application will be presented at the Board meeting and we will review the financial numbers at that time. We will send out an advance copy via email if possible and post the information to our web site when it is available. I am proposing that the CHA Board submit a RAD Application to convert all 719 Public Housing units owned and operated by the Columbia Housing Authority. Conversion would follow the proposed schedule of applications outlined on the attached chart of RAC Program Application Portfolio and Phased Projects.

If the Board agrees to move forward with approving the RAD application, the Board would be authorize the Chief Executive Officer to attest to the following:

I hereby certify to the following: (1) that I have the requisite authority to execute this application on behalf of the owner; (2) that HUD can rely upon this certification in evaluating the Application, (3) that I acknowledge that I have read and understand PIH Notice 2012-32 (the "Notice"), which describes the Rental Assistance Demonstration (RAD) (the "Program"), and agree to comply with all requirements of the Program or Notice; (4) that all materials submitted in association with the application are accurate, complete and not misleading; (5) that the application meets all applicable eligibility requirements for the Program set forth in the Notice; (6) that the owner approves the creation of a single-asset entity of the affected project if required by the lender to facilitate financing; (7) that, if selected for award, the owner will comply with the fair housing and civil rights requirements at 24 CFR 5.105(a) (general requirements) and will affirmatively further fair housing; (8) that there are no debarments, suspensions, or Limited Denials of Participation in Federal programs lodged against the applicant, PHA Executive Director, Board members, or affiliates; (9) that this Board Approval Form has been approved by the Board of Commissioners on the date noted below; and (10) that, if selected for an award, the PHA will comply with all provisions of HUD's Commitment to Enter into a HAP (CHAP), which shall indicate the HUD-approved terms and conditions for conversion of assistance, or will indicate to HUD within 15 days that it is refusing the terms of the CHAP and withdrawing from RAD participation.

The CHA Board has been engaged in strategic planning 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 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.

CEO Recommendation: Adopt Resolution 2565 authorizing the Chief Executive Officer of the Housing Authority of the City of Columbia, Missouri to execute a Rental Assistance Demonstration (RAD) Program Application with the U.S. Department of Housing and Urban Development (HUD) and certifying an agreement to comply with all requirements of the program and PIH Notice 2012-32.



Housing Authority of the City of Columbia, Missouri

Board Resolution

RESOLUTION #2565

A Resolution Authorizing the Chief Executive Officer of the Housing Authority of the City of Columbia, Missouri to Execute a Rental Assistance Demonstration (RAD) Program Application with the U.S. Department of Housing and Urban Development (HUD) and Certifying an Agreement to Comply with all Requirements of the Program and PIH Notice 2012-32.

Whereas, The Rental Assistance Demonstration (RAD) Program is authorized by the Consolidated and Further Continuing Appropriations Act of 2012 (Public Law 112-55, approved November 18, 2011), which provided fiscal year 2012 appropriations for HUD to support this program; and

Whereas, The RAD Program allows Public Housing Authorities (PHAs) to convert public housing subsidies into a long-term, Project-Based Section 8 rental assistance subsidy that provide a stable and predictable annual subsidy; and

Whereas, Stable and predictable revenues allow the CHA to apply for Low-Income Housing Tax Credits and other sources of financing to fund public housing renovations; and

Whereas, The Columbia Housing Authority has determined that submitting a RAD application is financially feasible and that the financing plan is able to meet the project's indicated needs in comparison to all costs and operating expenses involved in the conversion; and

Whereas, Potential Lenders or Investors have been identified and the CHA will provide a Letter of Interest/Intent from the sources in the Application; and

Whereas, The CHA has conducted four (4) resident meetings and summarized the comments and responses from these meetings; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the City of Columbia, Missouri hereby adopts Resolution 2565 authorizing the Chief Executive Officer of the Housing Authority of the City of Columbia, Missouri to execute a Rental Assistance Demonstration (RAD) Program Application with the U.S. Department of Housing and Urban Development (HUD) and certifying an agreement to comply with all requirements of the program and PIH Notice 2012-32; and

BE IT FURTHER RESOLVED that if the RAD Program application should be approved, Resolution 2565 also authorizes the execution of all applicable award agreements and the implementation of the RAD Program Plan as described in the application.

Genie Rogers, Chair

Phil Steinhaus, Secretary

Adopted July 23, 2013



Affordable Housing Initiative

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

Rental Assistance Demonstration (RAD) Program

Key Dates and Decision Points

July 23, 2013

- CHA Board Work Session on RAD.....July 2, 2013
 - Review Preliminary Operating and Development Budgets
 - Determine Potential Funding Sources & Financial Partners
 - Consider Scope and Timing of Conversion – All or Some of the CHA Public Housing Units
 - Consider Conversion Options: Project-Base Vouchers vs. Project-Based Rental Assistance
- Public Housing Resident Meetings
 - DowntownJuly 2, 2013
 - Oak TowersJuly 9, 2013
 - Paquin TowerJuly 16, 2013
 - Bear CreekJuly 18, 2013
- CHA Board Resolution to Submit RAD Application.....July 23, 2013
- RAD Application submitted to HUD under the Open Application Process
 - Stuart Parker I & Paquin Tower (Portfolio #1)July 31, 2013
 - Bear Creek / Oak Towers & Stuart Parker II (Portfolio #2)December 31, 2013
 - Stuart Parker III (Portfolio #3)2014
- HUD Issues a RAD Award Letter and Commitment to Enter into a Housing Assistance Payment (CHAP) in approximately 30 days after the submission of a RAD Application.
 - CHA has 15 days to accept CHAP or withdraw from RAD Participation.
- If CHAP is accepted, CHA has 30 days following CHAP issuance to:
 - Submit and Accept Lender Engagement or Commitment Letter.
 - Includes conditions of RAD Use Agreement,
 - Includes proposed loan amount, proposed key business terms of the loan, pro forma sources and uses, and pro forma stabilized cash flow.
 - Submit Statement of Development Team Capacity.
 - Development Team must have experience with at least three transactions with mixed or multiple sources of financing.

- CHA has 60 days following CHAP issuance to:
 - Significant Amendment to the Annual/Five Year Plan
 - Decision to Choose Project-Base Vouchers or Project-Based Rental Assistance
- CHA has 90 days following CHAP issuance to:
 - Certify that all industry standard due diligence has been performed for and received by the Lender and/or other financing source.
 - Submit Completed Physical Needs Assessment and Environmental Reports.
 - Submit Appraisal, Current Survey Report, and a Pro Forma Title Insurance Policy.
- CHA has 150 days following CHAP issuance to:
 - Certify that the CHA has applied for firm commitments of all financing.
- CHA has 180 days following CHAP issuance to:
 - Submit a financing plan.
 - HUD has 60 days to approve, reject, or request additional information on the financing plan.
 - If the financing plan is not approved, the CHA has 30 days to appeal.
- Upon acceptance, HUD will issue a RAD Conversion Commitment (RCC) conditional upon firm commitment of financing from the lender based on terms of the financing plan.
 - RCC will outline key component of the planned RAD conversion and discuss conditions to close the conversion.
 - CHA will have 30 days to execute RCC or may choose not to proceed with the RCC and forfeit the award.
 - CHA will have 90 days to close the RAD conversion transaction.
 - The RCC will be an attachment to the recorded RAD Use Agreement.
- CHA has 320 days following CHAP issuance to submit evidence of a firm commitment for financing.
- CHA has 360 days following CHAP issuance to reach closing
 - The financing plan and RCC must include a reasonable timeline for completion of all rehabilitation items, generally 12 – 18 months.
- Closing the RAD Conversion
 - Release of the Public Housing Declaration of Trust (DOT);
 - Removal from the public housing ACC;
 - The execution of the new PBRA or PBV HAP contract and RAD Use Agreement;
 - Recordation of the RAD Use Agreement,
 - Closing of any bridge, construction, or permanent debt or equity financing;
 - Closing of the terms and conditions of the RCC.