

RENTAL ASSISTANCE DEMONSTRATION (“RAD”)

Presented to the RHA Board of
Commissioners
June 27, 2019

What is RAD?

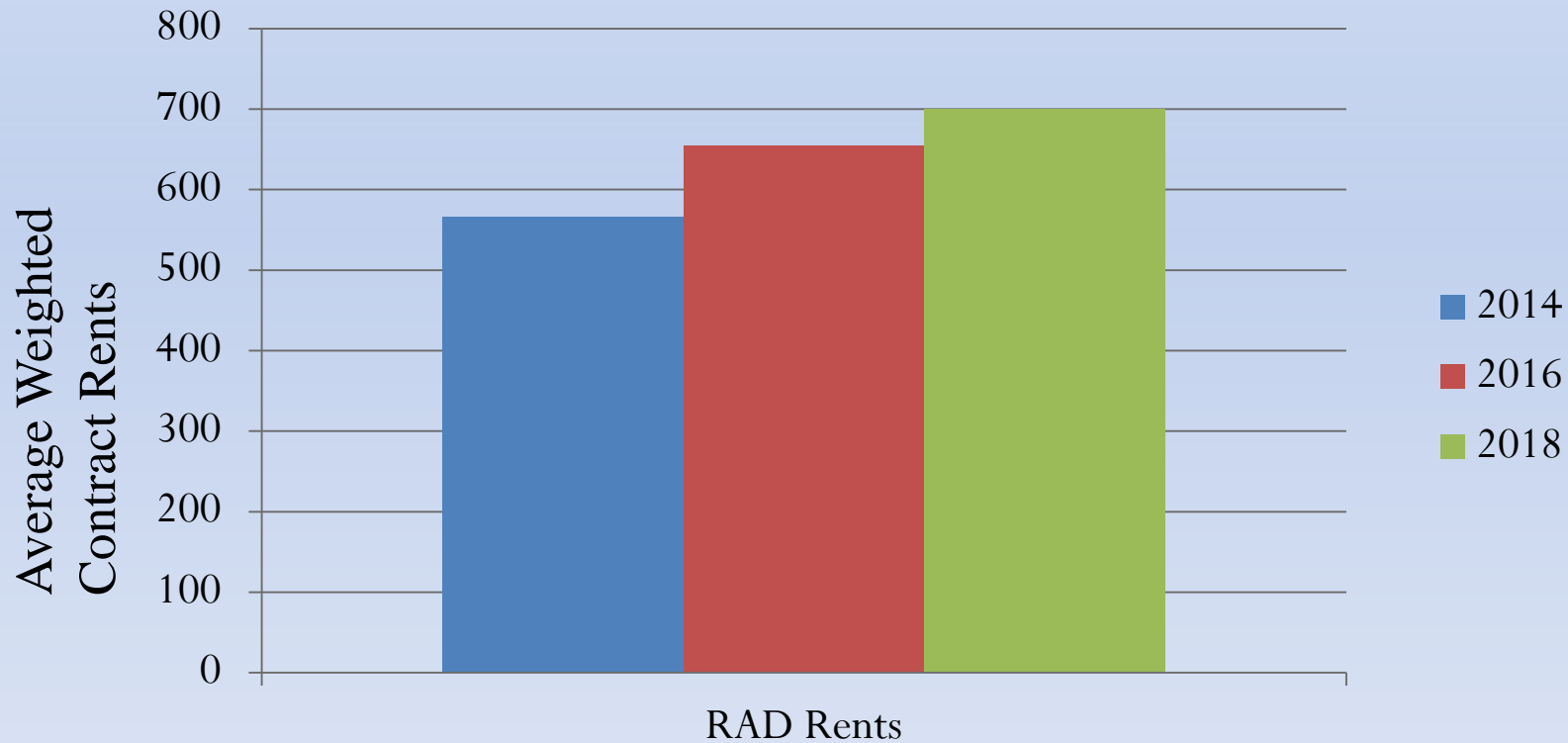
- “RAD” is Rental Assistance Demonstration.
- Originally approved in HUD Appropriations Act of 2012 and additional units added in subsequent years.
- RAD allows PHA’s to convert projects currently funded under Public Housing to be funded as Project Based Vouchers (PBV), Section 8 or Project-Based Rental Assistance (PBRA), Multifamily.

Why RHA did not do RAD in the past.

- Did not want to commit to a 15-20 year that is auto-renewing, with no opt-out clause. Therefore, it is a contract until HUD decides it is no longer a contract.
- Did not want to take on debt with no additional money to service the debt.
- If you lock-into a highly pro-rate rent, you are essentially being pro-rated at that rate for the length of the contract. If this program is pro-rated in the future you essentially have double pro-rations.
- It was a new program.

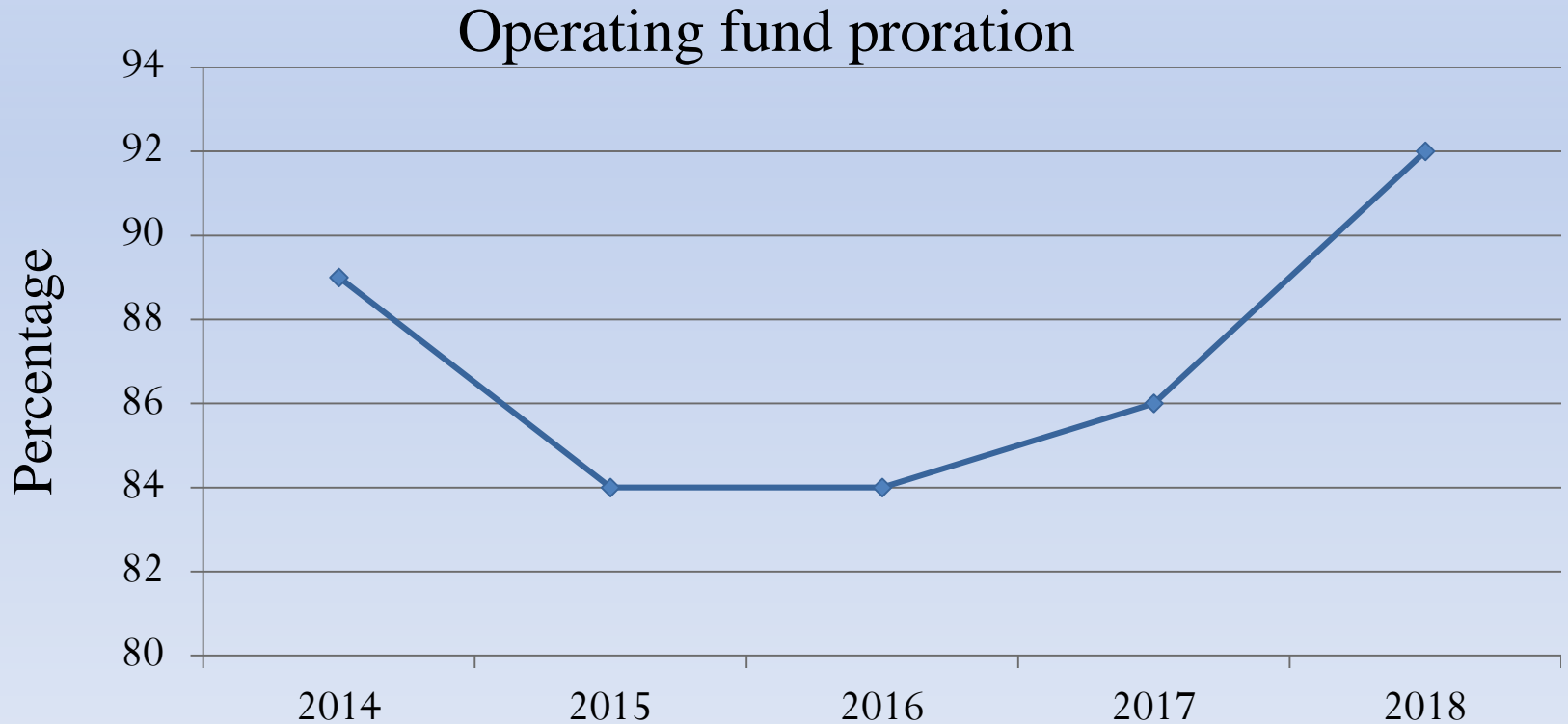
Why RAD now?

- Rents are higher than they've ever been.



Why are rents higher?

- Public Housing Operating Fund proration is higher.

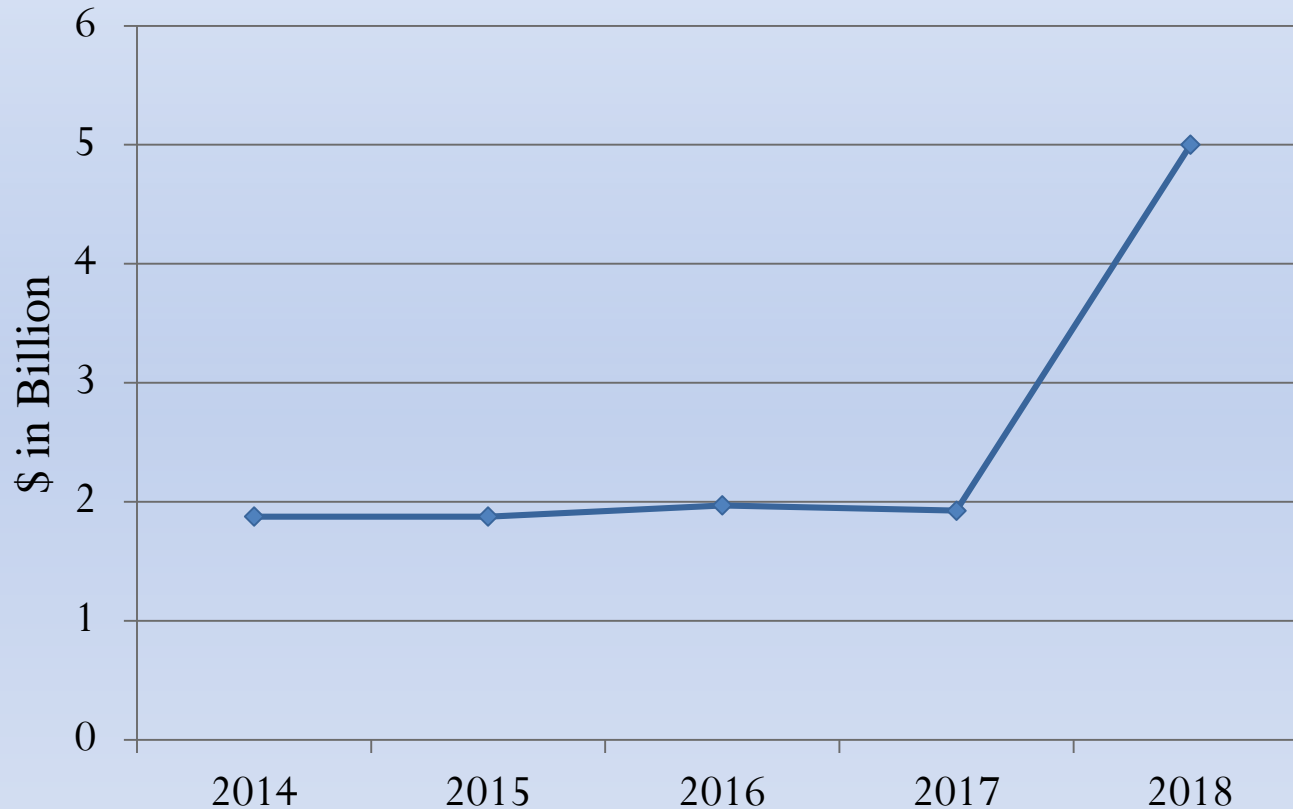


SUMMARY RAD

Year	RAD Units	Funding Percent
2019		97.26%
2018		94.74%
2017	230,000	93.10%
2016	40,000 (2014) ¹	90.21%
2015		85.36%
2014	125,000	88.79%
2012	60,000	94.97%

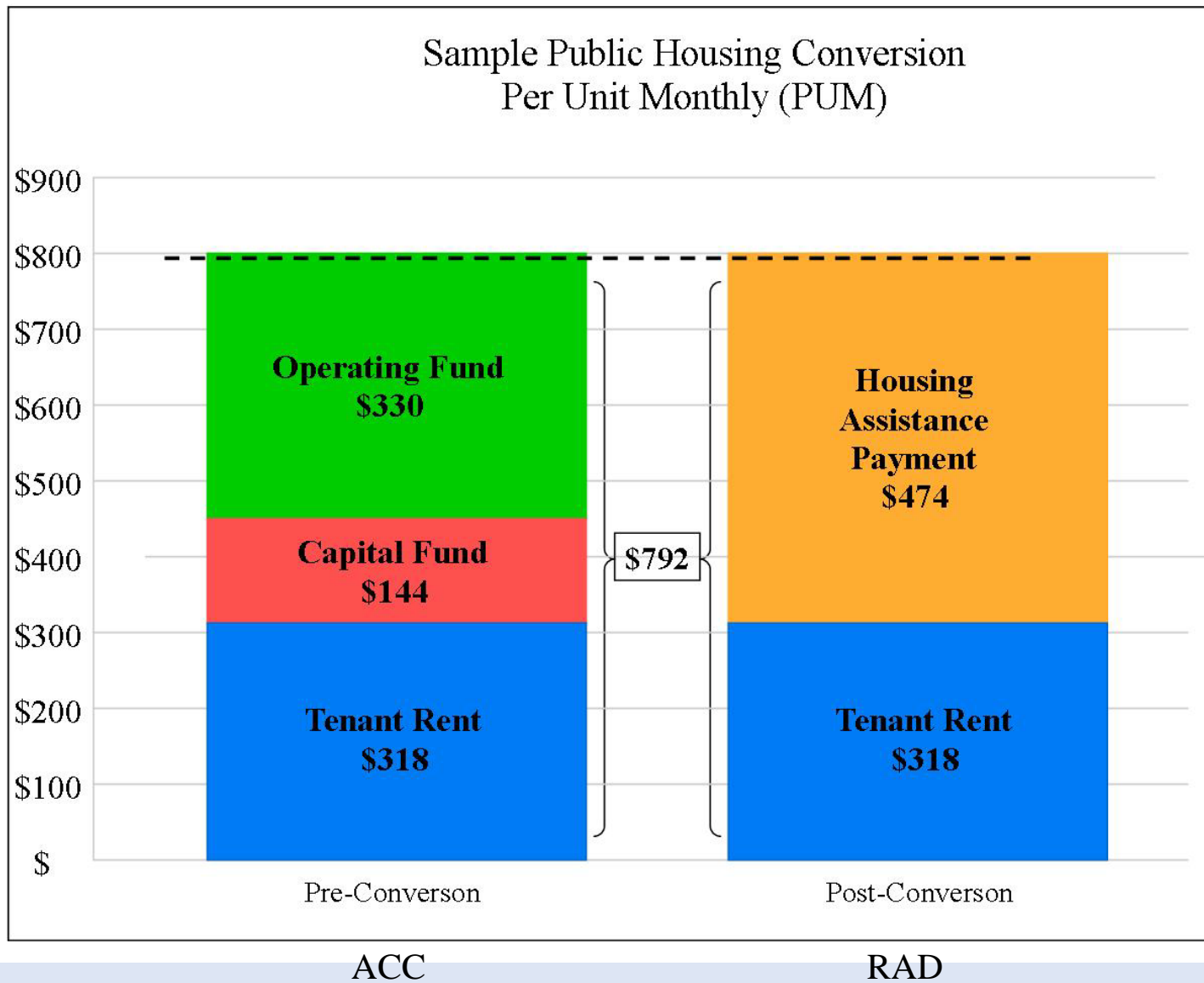
¹ The PIH Notice conflicts with the August 23, 2017 Federal Register – allows for 2016 funding.

- Public Housing Capital Fund is higher.



- RAD rents are calculated every 2 years.
- Capital Fund will probably go down in the future.
- Once it falls, RAD rents will go down also.

RAD SECTION 8 CURRENT FUNDING RENT LEVELS



SUMMARY OF HUD ASSISTED RENTAL HOUSING – BUDGET 2019

Program	Units	Percent	Budget	Percent	Per Unit
Public Housing	1,000,000	22.7%	7.300 Billion	17.88%	\$7,300
Project Based Assistance	1,200,000	27.3%	11.515 Billion	28.20%	\$9,596
Tenant Based Assistance	2,200,000	50.0%	22.015 Billion	53.92%	\$10,007
Total	4,400,000		40.830 Billion		

Source: HUD website

SUMMARY OF HUD ASSISTED RENTAL HOUSING – BUDGET 2020

Program	Units	Percent	Budget	Percent	Per Unit
Public Housing	1,000,000	22.7%	2.863 Billion	7.71%	\$2,863
Project Based Assistance	1,200,000	26.7%	12.021 Billion	32.38%	\$10,018
Tenant Based Assistance	2,300,000	51.1%	22.244 Billion	59.91%	\$9,671
Total	4,400,000		37.128 Billion		

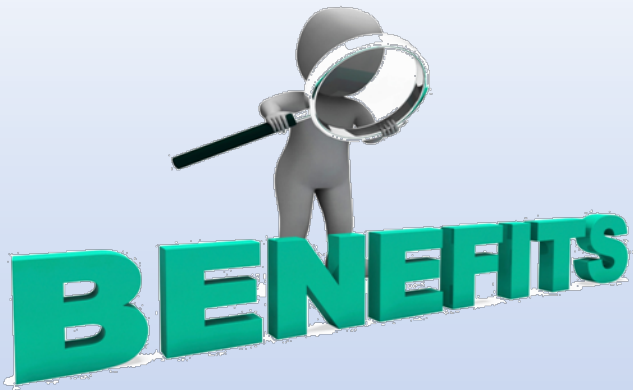
President's Proposed Budget

Source: HUD website

SUMMARY OF HUD ASSISTED RENTAL HOUSING – BUDGET 2020

Program	Units	Percent	Budget	Percent	Per Unit
Public Housing	1,000,000	22.7%	7.608 Billion	17.48%	\$7,608
Project Based Assistance	1,200,000	26.7%	12.590 Billion	28.93%	\$10,492
Tenant Based Assistance	2,300,000	51.1%	23.325 Billion	53.59%	\$10,141
Total	4,500,000		43.523 Billion		

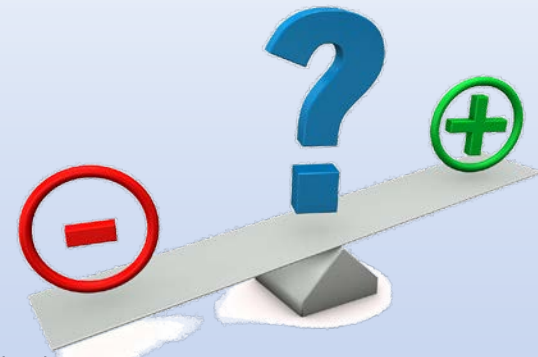
Source: PHADA / House T-HUD Funding Bill



Benefits Of RAD

- Locking into higher rents with a 15-20 yr contract.
- Get out of the current ACC.
- No REAC inspections, if RHA does PBV.
- Would not have to do cash management.
- With PBV, RHA earns Administrative Fees in Section 8.
- Opportunity to protect RHA reserves.
- The program has been around for 7 years now.

Disadvantages of RAD



- RHA may need to incur debt to transition to RAD.
- HUD may start REAC inspections for Project Based Vouchers.
- No exit clause for the contract.
- New program with a learning curve for staff.
- Potential additional costs for rent reasonableness and HQS inspections.

Questions?

Will RHA lose employees?

No. The staff will be rearranged into different positions.

Once RHA begins the process, when is it locked in?

RHA is not locked in until after closing.

When are rates locked in?

Rates are locked in once we make application.

How will this affect the tenants?

The tenants will not be affected if this is a straight conversion.

Flat-rate tenants may be affected.

Questions continued...

Will there be work requirements with RAD?

If we go PBV, they will go under the Administrative Plan for Section 8 and there is a work preference.

Will there be a smoke-free requirement with RAD?

There is no smoke-free requirement. However, RHA will continue to be smoke-free.

Who will train the staff?

We will send some staff off for training and they will come back and train others.

How much will Capital Needs Assessment Cost?

For a 50-60 unit development, the cost is \$12,000 - \$15,000.