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Texas Housing Association
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RAD and Mixed Finance
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Goal of RAD

In order to preserve the public housing stock convert its assistance to the project-based Section 8 platform, which will:

1. **Stabilize funding**
2. **Create access to private capital**
3. **Streamline HUD programs**
4. **Enhance housing options for residents**

In order to convert the entire public housing stock, HUD continues to ask Congress for authority and for funds.

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Before RAD

In Public Housing, PHAs cannot borrow money to perform
necessary repairs

The funding fails to keep up with the deteriorating living conditions of residents

Residents cannot choose to move without losing housing assistance

After RAD

Properties are placed on a more stable Section 8 funding platform

PHAs and owners can more easily borrow money and perform rehabilitation work

The living conditions of residents are improved

Residents may receive a tenant - based voucher, or similar
assistance, and move after 1 year in PBV and 2 years in PBRA

Challenge and tools

CHALLENGE:

- The Public Housing program has remained underfunded for more than 30 years, leading to ~$26 billion capital backlog
- The nation's Public Housing stock is struggling, and has significant capital repair needs

NEW TOOL:

- Conversion to the project-based Section 8 programs provides an opportunity to invest billions into the public housing stock
- The **Rental Assistance Demonstration** (RAD) allows PHAs to undertake this conversion for some units
- HUD has achieved its goal of standing up this new tool, attracting many PHAs to participate
- Only 60,000 units in first allocation now cap is at 225,000 units are able to convert

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Early RAD conversations

- "RAD will only work for public housing projects with low needs"
- "RAD is for PHAs in strong markets."
- "RAD is for small PHAs"
- "Everyone will convert to PBRA"
- "Everyone will convert to PBV"
- "RAD only works with 9% Low Income Housing Tax Credits and there's not enough to go around"
- "RAD will only work with FHA mortgage insurance – 99% of these transactions will go FHA"
- "RAD won't work"

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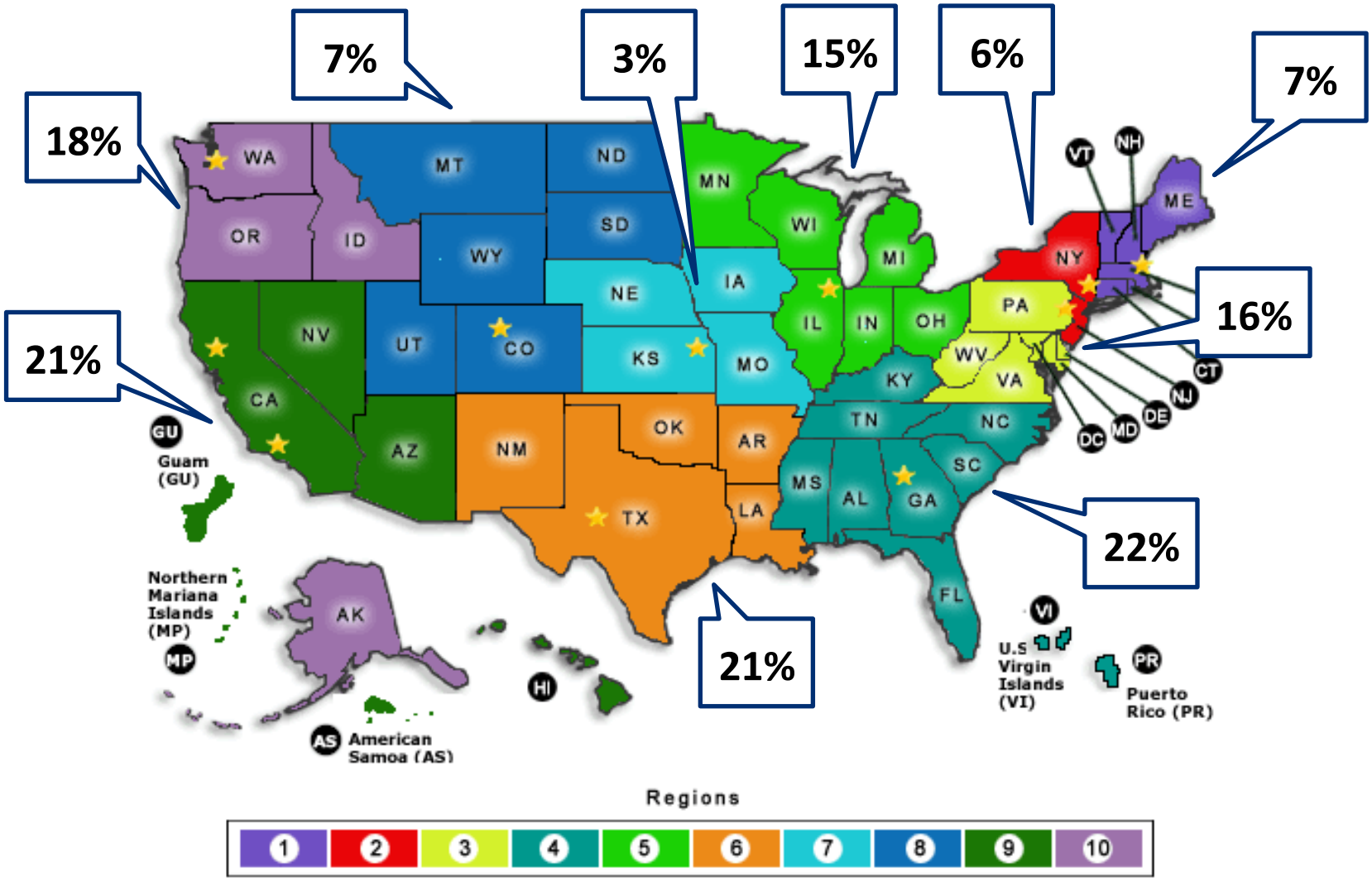
Percentage of Current PH Units by HUD Region that have Applied for RAD



Note: This data reflects the percentage of PH units in each HUD region that have applied for RAD; note that units are considered public housing until the RAD closing is complete.

RAD Helping PHAs Address Challenges

Indicated PHA Objectives

- Complete repairs – range of moderate repairs, substantial rehab and New Construction
  - ~ 20% of projects planning Demolition and New Construction (on site or off site)
  - Average repair hard costs of ~ $25,000 per unit ($25,000 per unit excluding new construction)
  - Place mixed-finance properties on solid financial footing for long term (~ 15% of projects)
- Thin densities/mix-incomes via transfer of assistance
- Streamline programs

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Reviewing Applications on the Waitlist

- HUD will use the RAD Notice for waitlist projects but will use FY14 funding levels to calculate the rents.
- All 185, 000 units were utilized by fall of 2015 and letter of intent was issued for raised units to 225,000
- $2.5 Billion in Financing to date
- For every $1 of public housing, Rad is leveraging $9 from other sources
- Most popular with medium to large PHAs (over 250 units)
- No Oklahoma RAD PHAs on HUD list

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PULLING THE PIECES TOGETHER

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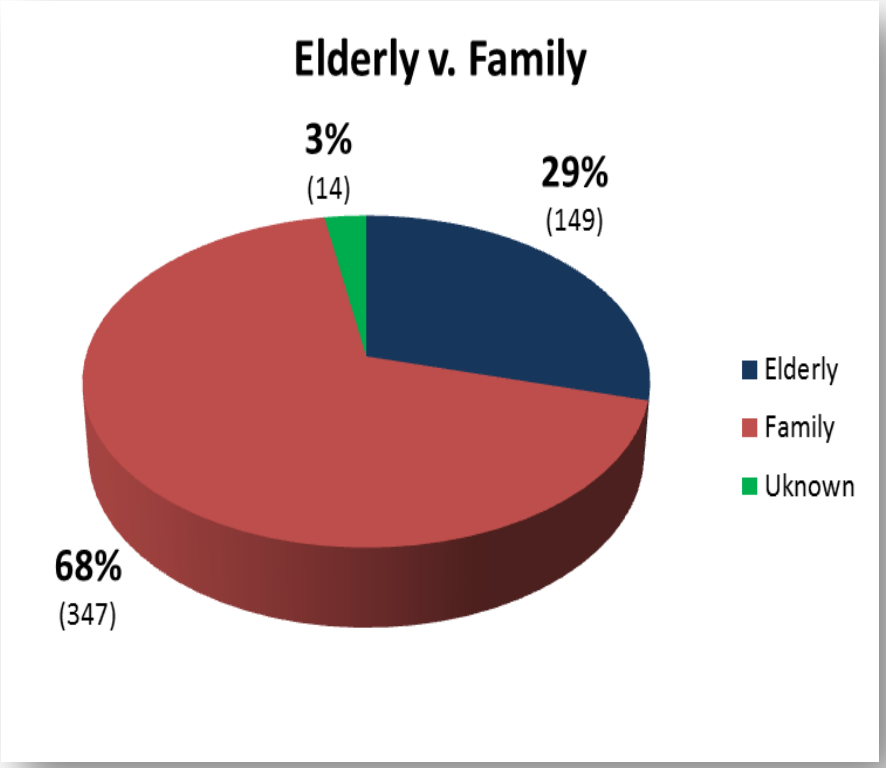
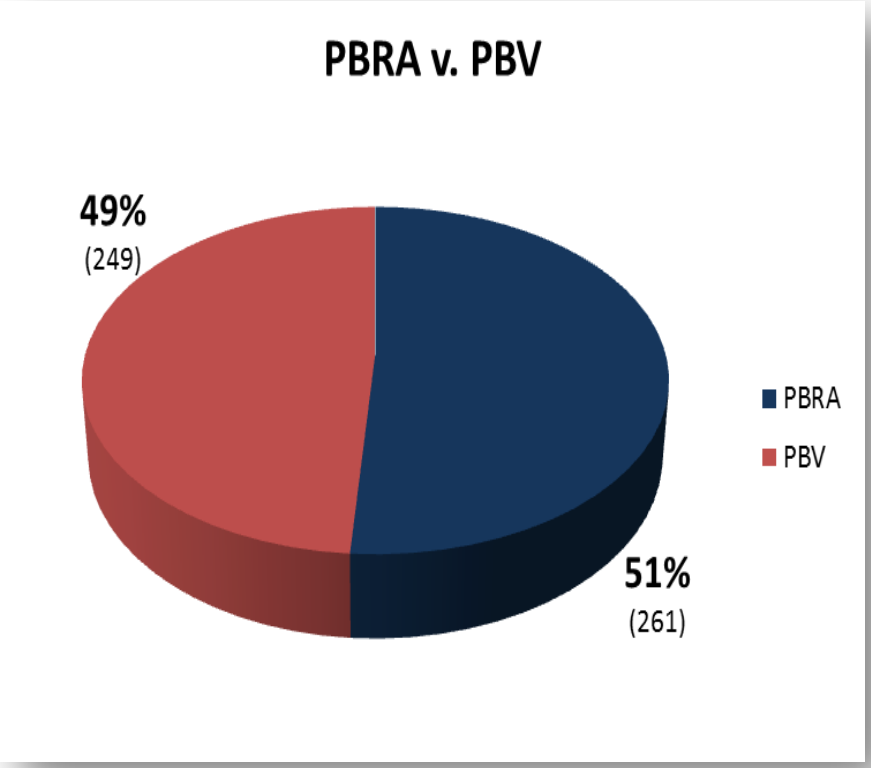
RAD Application update





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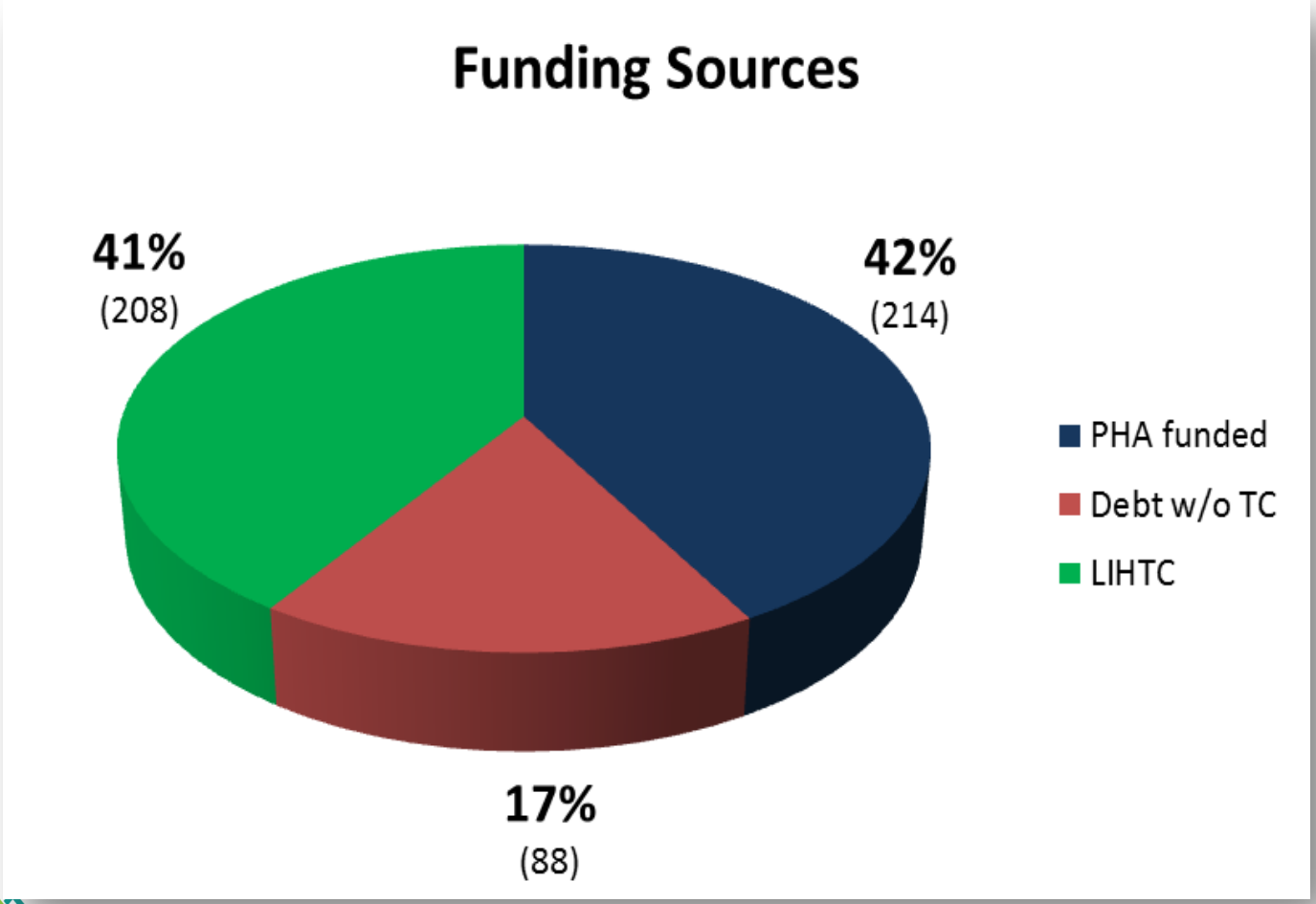
Application Overall Sources of Funding



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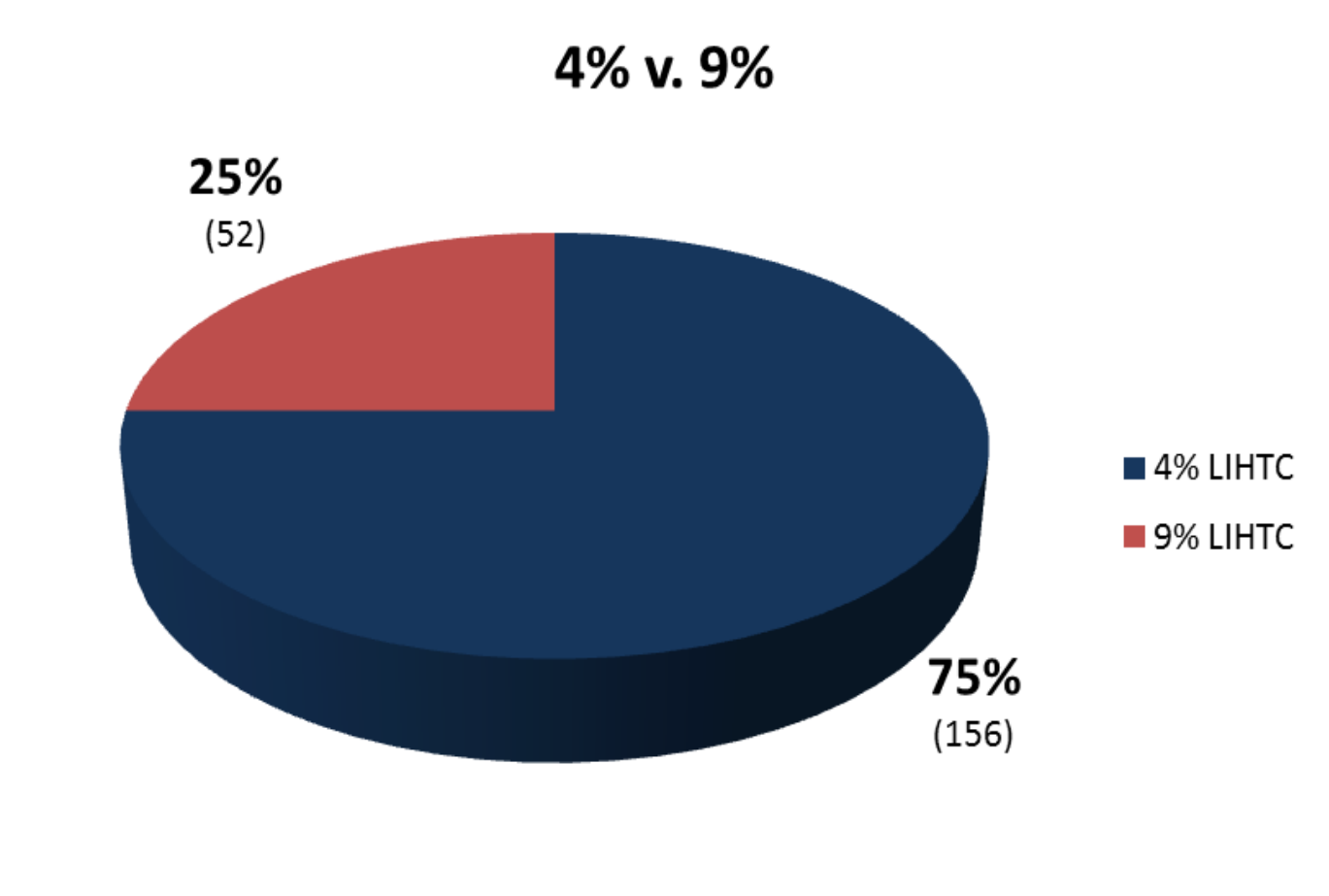
RAD Application tax credits



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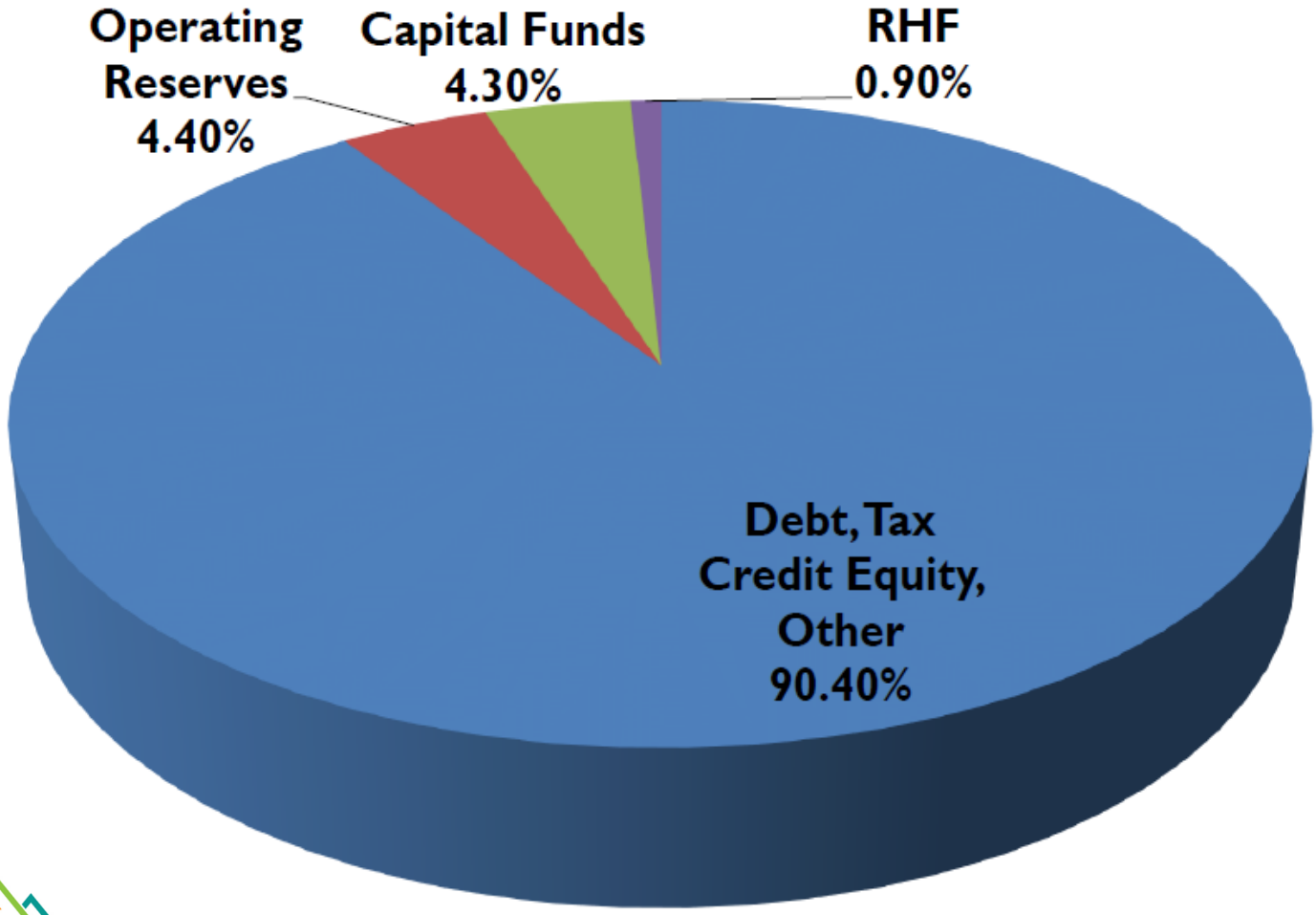
PH Development Resources



Note: Not listed PHA PBV at FMR, PHA Cost Center Funds, Admin Fees

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