



BUILDING
A BETTER
TOMORROW

RAD CONVERSION WORKSHOP FOR HOUSING AUTHORITIES AND CITIES

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Moderator: Barry J. Palmer, Coats Rose, P.C.

Panelists: Gerald Cichon, Housing Authority of the City of El Paso
Ann Gaas, Austin Affordable Housing Corporation
Mary-Margaret Lemons, Fort Worth Housing Solutions
Antonio Williams, Housing Authority of the City of Texarkana



TEXAS AFFILIATION OF AFFORDABLE HOUSING PROVIDERS

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HOUSING AUTHORITY OF THE CITY OF
AUSTIN

HOUSING AUTHORITY OF THE CITY OF AUSTIN

1,839 Public Housing/PBRA

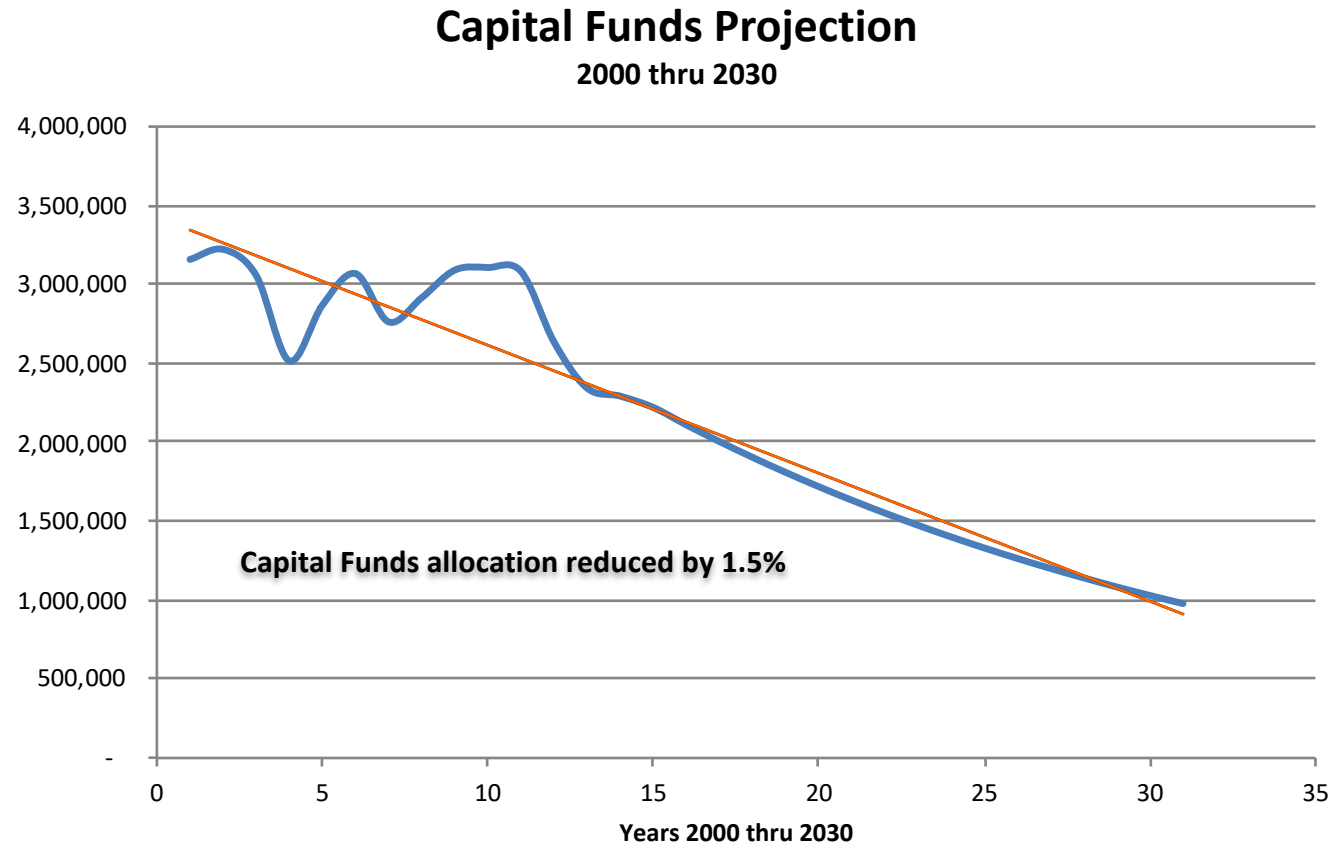
- 25,417 applications on wait list

5,888 Vouchers

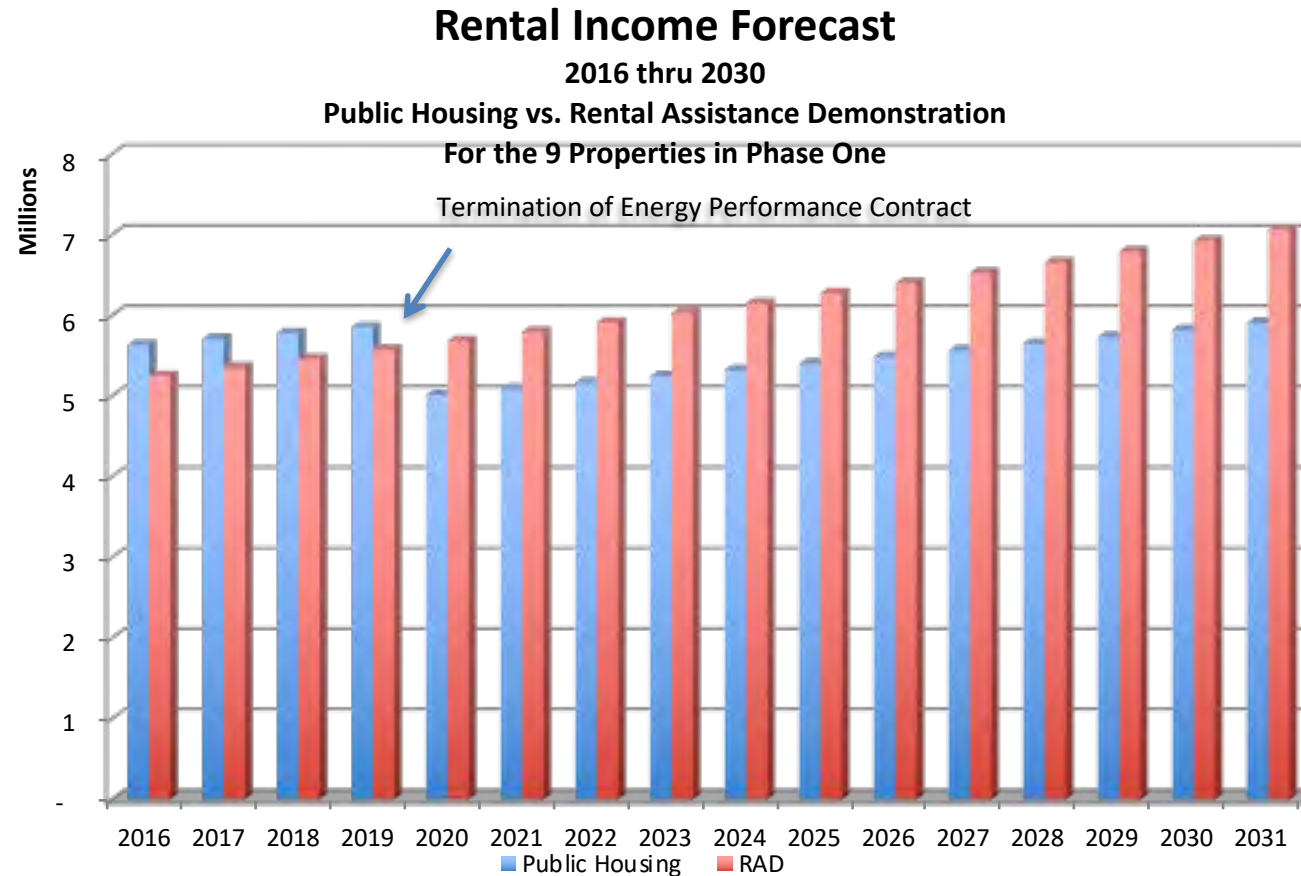
- 16,000+ applications for lottery



WHY RAD?



WHY RAD?



Annual Adjustment to Rents: Public Housing = 1.5%,

PLANNING

- Two phases
 - Phase 1 (2016/17) – 682 units
 - Phase 2 (2018-present) – 1,157 units
- Three funding models
 - Debt - Light Rehab
 - 4% LIHTC/Bonds - Substantial Rehab
 - 9% LIHTC – New Construction

DEBT - LIGHT REHAB – THURMOND HEIGHTS

- 144 units
- \$9 million in rehab since 2014 using CFP
- RAD Scope = Upgrades to Community Room
- IDRR self funded



DEBT - LIGHT REHAB – MEADOWBROOK

- 160 units
- Some recent improvements
- High opportunity area
- Candidate for later redevelopment
- IDRR funded with Fannie loan from Greystone
- Exterior upgrades, some unit work



4% LIHTC REHAB – HACA PATHWAYS

- 357 units at five sites
- \$17 million in rehab
- RAD Scope
 - Interior Unit Rehab
 - Common Area Rehab/landscaping
 - 10% Accessible
- All properties had received some improvements through CFP and/or Energy Performance Contract
- Self developed
- Bellwether Enterprise and RBC



4% LIHTC REHAB – GASTON PLACE

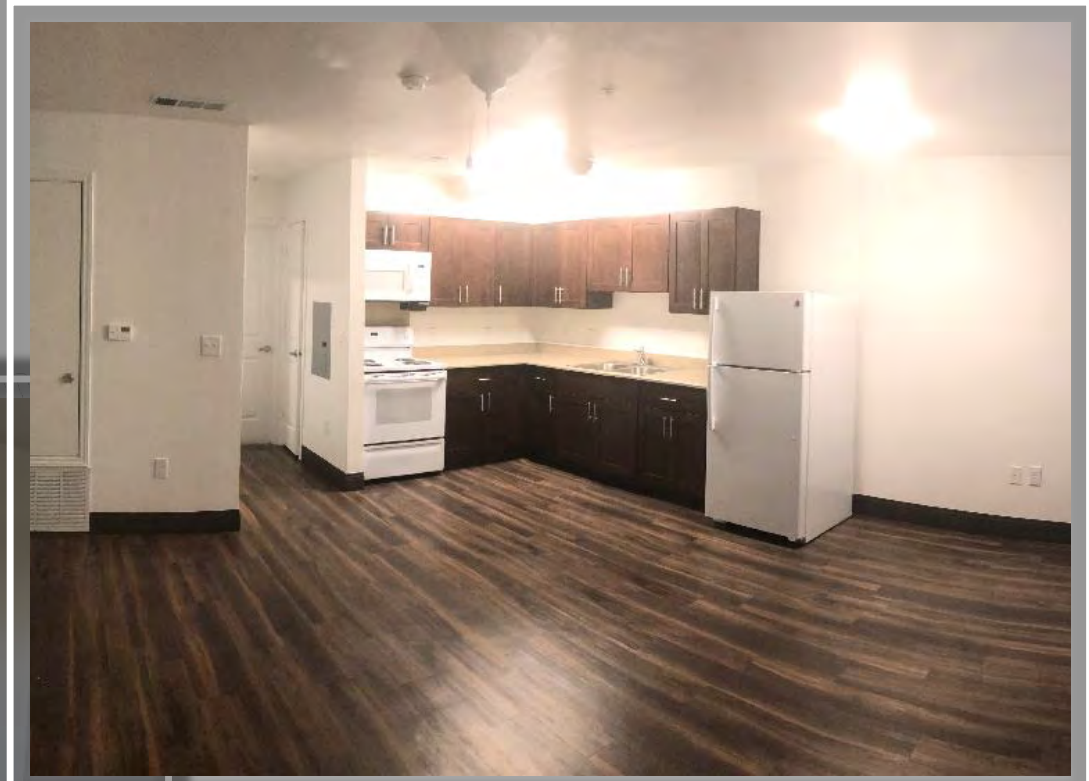
- 100 units
- \$7.5 million in rehab
- RAD Scope
 - Full Interior Unit Rehab
 - Common Area Rehab
 - New Roof/Paint/Siding
- Redevelopment would lose 17 units



4% LIHTC REHAB – GASTON PLACE

- ITEX Group - Developer
- Bellwether Enterprise - Lender
- Bank of America - Investor

AFTER



BEFORE

8/1/19

9% LIHTC RECONSTRUCTION PATHWAYS AT GOODRICH PLACE

- 40 units → 120 units
 - 40 PBRA
 - 70 LIHTC
 - 10 self restricted to 80%
- Team
 - Developer: Atlantic Pacific
 - Lender: CBoT
 - Investor: Wells Fargo



9% LIHTC RECONSTRUCTION PATHWAYS AT CHALMERS COURTS



158 Units
in Central East Austin.
Built in 1939.

TEAM

Carleton Residential
Tremore Construction
Nelsen Architects

9% LIHTC NEW CONSTRUCTION – CHALMERS COURTS

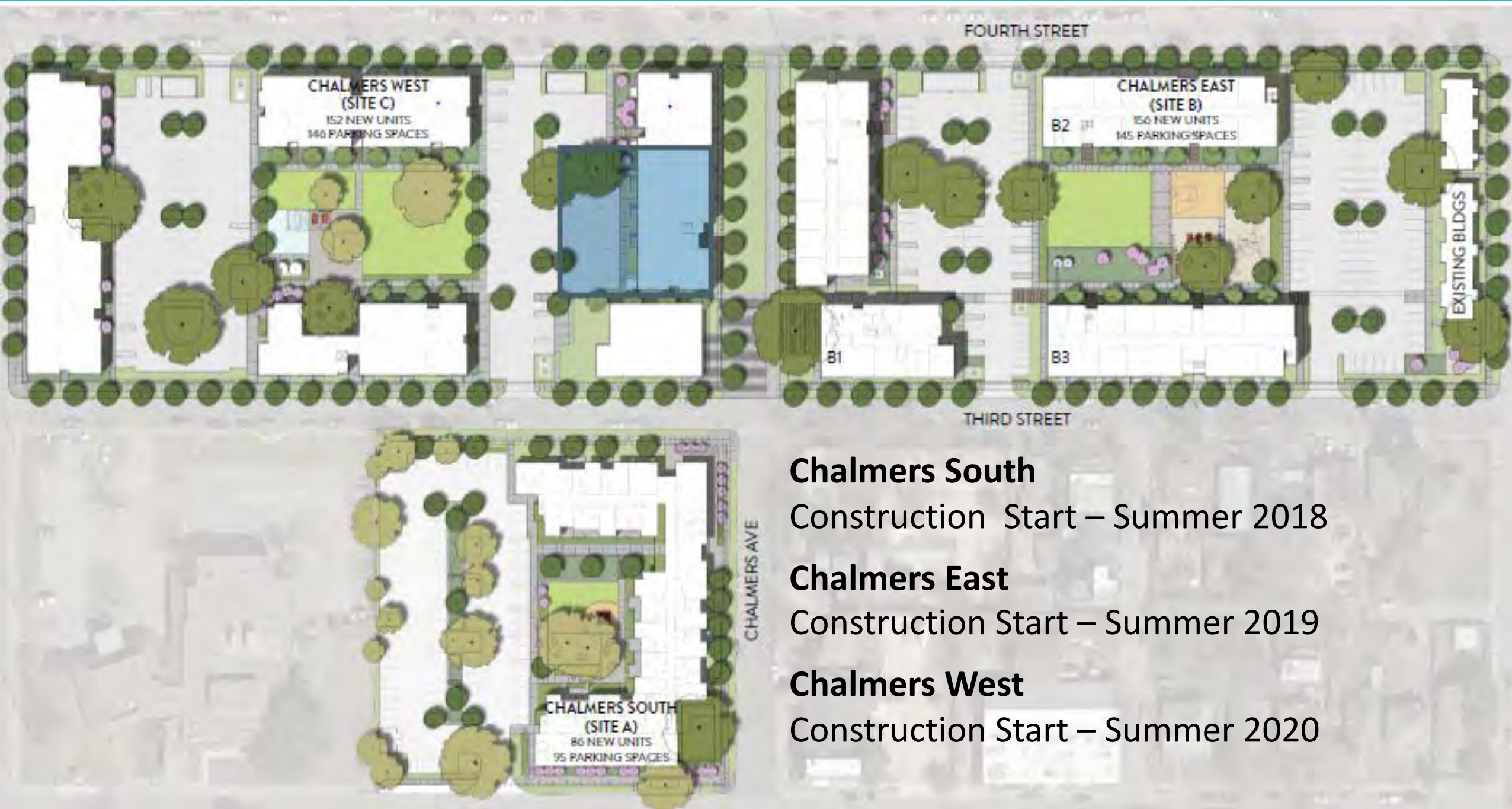
NOW - 158 Units

- 56 Families with Children
- 114 Children
- 38 Elderly
- 105 Disabled

NEW - 394 Units

- >50% family units
- >275 Children projected post redevelopment
- 10% Handicapped Accessible





Chalmers South

Construction Start – Summer 2018

Chalmers East

Construction Start – Summer 2019

Chalmers West

Construction Start – Summer 2020

PHASE 1: CHALMERS SOUTH

- Site of former admin bldg.
- Not RAD
- 86 units @ 60%
- 4% LIHTC/Bonds/HACA Funds
- Relocation housing for 3-5 years using HCV
- JP Morgan Chase and NEF



PHASE 2: CHALMERS EAST

- 156 units
 - 80 RAD PBRA units
 - 50 PBV (8 VASH)
 - 6 LIHTC only
 - 21 Market
- Sources
 - 9% LIHTC
 - 221(d)(4)
 - CFP
- Mason Joseph & NEF



PHASE 3: CHALMERS EAST

- 152 units
 - 78 RAD PBRA units
 - 58 PBV or LIHTC only
 - 16 Market
- Sources - TBD





COMMUNITY ENGAGEMENT

1. Residents, Residents, Residents
2. Elected Officials
3. Neighborhood Associations
4. Others as appropriate
 - a. Preservation Groups
 - b. Service Partners





COMMUNITY ENGAGEMENT

RESIDENT PROTECTION TEAM

- Austin Tenant's Council
- Austin Travis County Integral Care
- Austin Independent School District
- Boys & Girls Club
- Capital Metro
- Family Eldercare
- Austin Energy
- Austin Interfaith
- ADAPT
- Communities In Schools
- HACA Residents



BOYS & GIRLS CLUBS
OF THE AUSTIN AREA



TEXAS AFFILIATION OF AFFORDABLE HOUSING PROVIDERS

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COMMUNITY ENGAGEMENT

RAD = PIC

- Protections
- Improvements
- Choice





OPERATIONAL CONSIDERATIONS

- New processes
- New partners
- Extra staff
- ALL departments impacted





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RAD: MAKING IT WORK

Mary-Margaret Lemons, Fort Worth Housing Solutions

CASE STUDY: BUTLER PLACE

- 412-unit public housing property
- Built in late 1930s, additions and upgrades in 1960s
- Aging, costly to maintain, surrounded by highways, lack of access to amenities



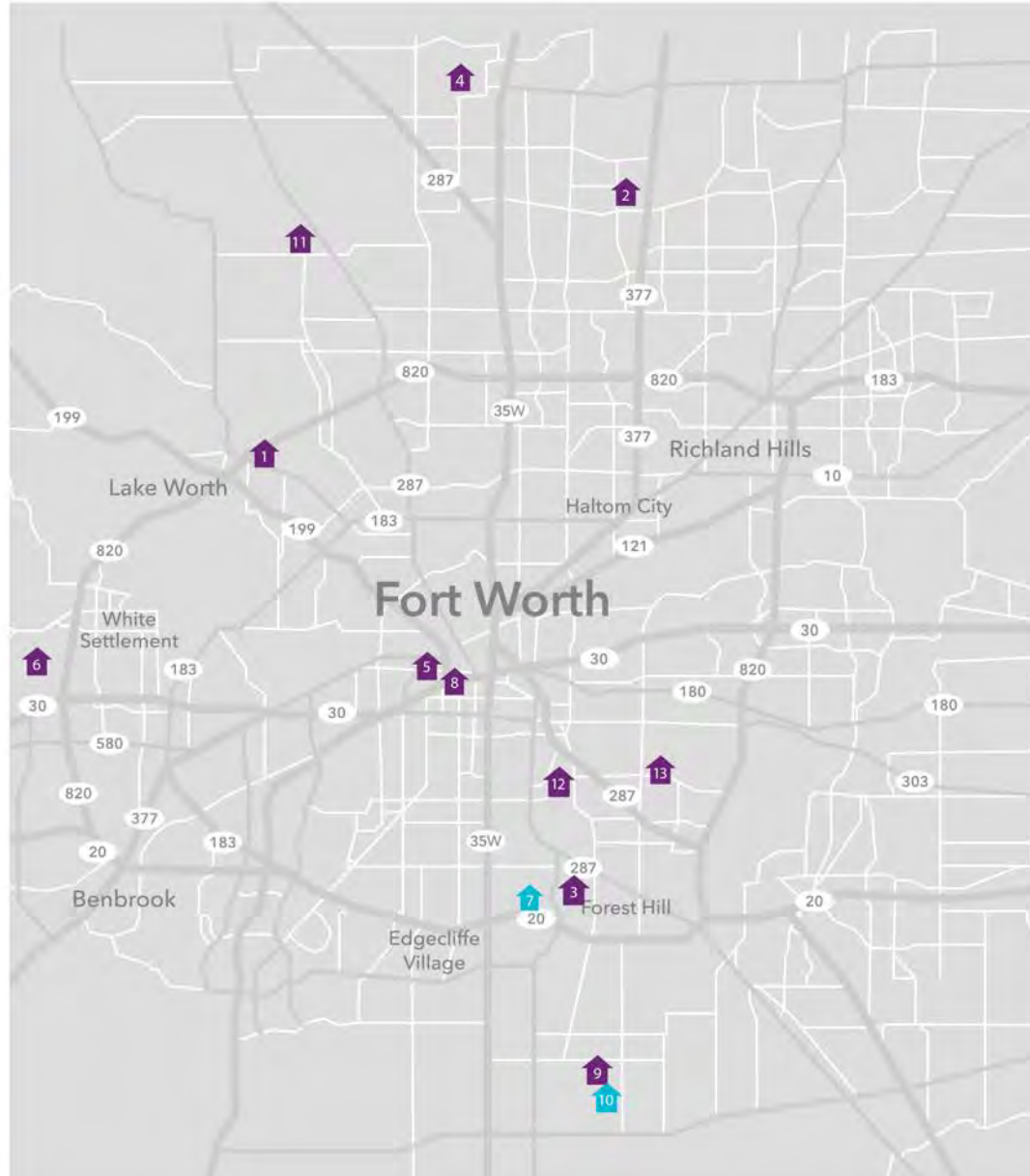
GREEN LIGHT FROM HUD

- RAD begins: FWHS received portfolio-wide award in October 2015
- All 412 Butler units will be converted using transfer of assistance through 13-plus RAD transactions
- Enabling FWHS to create more than 2,000 new units from 412 public housing units
- Key ingredient: Public/private partnerships with LIHTC developers, City of Fort Worth and FWHS Commissioners

Butler RAD Portfolio

- 1 Alton Park
5712 Azale Avenue
- 2 Aventine Apartments
5551 North Tarrant Parkway
- 3 Campus Apartments
469 E. Campus Drive
- 4 Harmon Senior Villas
2401 Golden Hingeta Road
- 5 The Henderson
1009 Henderson Street
- 6 Palladium
9520 Club Ridge Drive
- 7 Patriot Pointe
Southwest Loop Rd and Resource Dr.
- 8 Siddons Place
230 Pennsylvania Avenue
- 9 Stallion Pointe
9053 S Race Street
- 10 Stallion Ridge
9075 S Race Street
- 11 The Standard at Boswell
1886 E Old Denton Road
- 12 Villas by the Park
2450 E Berry Street
- 13 Villas of Eastwood Terrace
4700 East Berry Street

 — Property Under Construction



- Butler RAD portfolio at Fort Worth Housing Solutions

13 CLOSINGS: HOW WE GOT HERE

- Five 4% LIHTC projects
- Three 9% LIHTC projects
- Two acquisitions
- Three existing properties converting units to RAD

NEW AND IMPROVED HOUSING FOR RESIDENTS



- Residents are able to choose
- Lottery system allows for greater choices
- 10% to 20% at each LIHTC property
- Multiple group and one-on-one meetings

NEWEST LIHTC PROPERTIES WITH RAD UNITS



Fifteen households relocated to Campus Apartments (4% project, 224 units) and 15 to Palladium (9% project, 150 units)

OTHER NEW HOMES FOR BUTLER RESIDENTS



Fifteen families moved to Alton Park (4% project, 195 units) and 12 families to Standard at Boswell (9% project, 128 units)

UNDER CONSTRUCTION: PATRIOT POINTE AND STALLION RIDGE APARTMENTS



- Patriot Pointe: 220 units (22 RAD)
- Stallion Ridge: 204 units (20 RAD)

RAD: A WIN – WIN – WIN

- Fort Worth Housing Solutions deconcentrates low-income families
- Families move to better neighborhoods with greater opportunities
- Fort Worth gains additional affordable housing (729 units added to city's inventory last year)
- Construction activity creates jobs and contributes to local economy
- Developers and investors make a profit

KNOW YOUR WHY: STICK TO THE MESSAGE



MAKE A PLAN: HAVE EVERYONE AT THE TABLE



Identify an expert or someone who will become your expert, or a combination

GAIN AMBASSADORS



Get city/political support early and educate them so they can be ambassadors for the conversion

ENGAGE PROPOSED NEIGHBORHOODS EARLY



OVER-COMMUNICATE

- You can be in compliance with the RAD requirements and still not have done right by your residents
- Do what is right for the residents and the community in the long run

REMEMBER, HUD IS YOUR PARTNER



Document
everything



Track
everything



Use
checklists

HUD WILL WORK WITH YOU

- Ask HUD for modifications if it will make RAD work better for your PHA
- HUD is helpful, solution-oriented and truly wants to get to “yes”

GETTING TECHNICAL

- Over-income: It's a big deal if tenants relocating from Public Housing earn more than the tax-credit limits in LIHTC properties
- Right-sizing: It can be complicated to make sure you right-size tenants for their new homes
- Financials: Sometimes RAD rents aren't enough to support a deal. Consider layering PBVs to balance out the pro-forma



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RAD PORTFOLIO CONVERSION OVERVIEW

Texarkana Public Facility Corporation (TPFC)

Housing Authority of the City of Texarkana, Texas (HATT)



THE CONGLOMERATE...



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THE HATT CONGLOMERATE

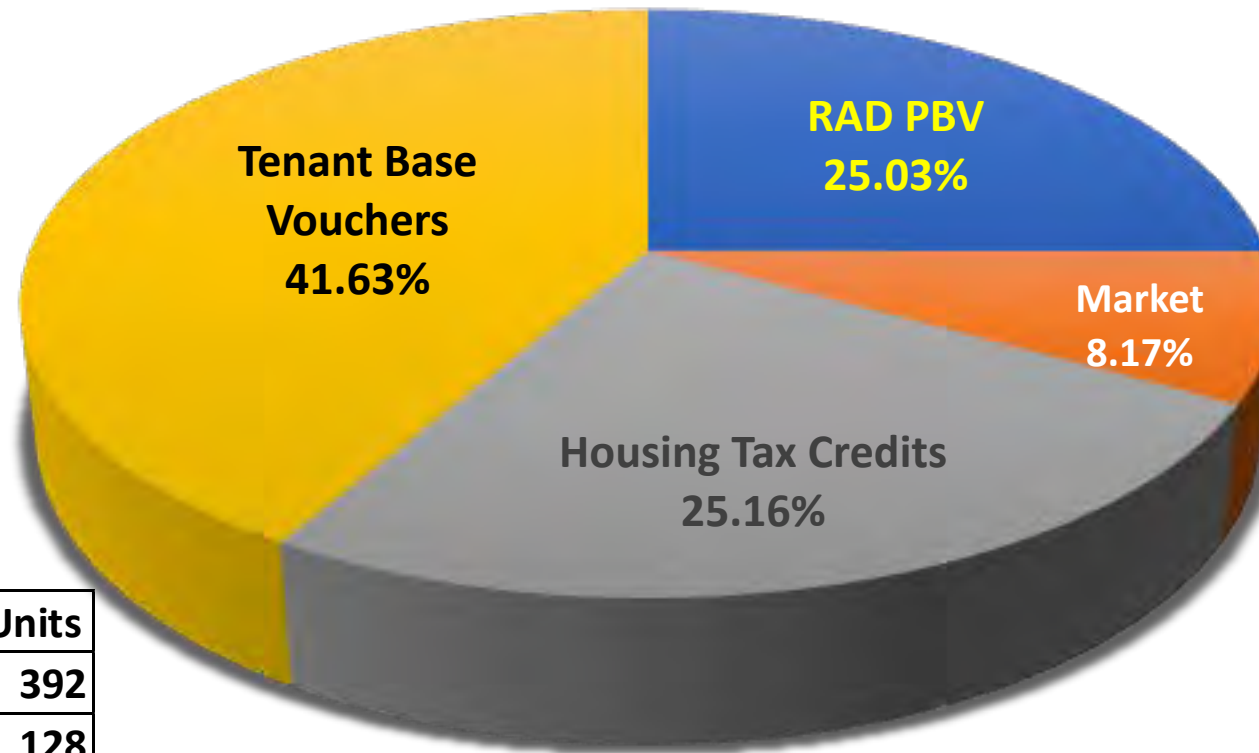


- 3 Instrumentalities (including a 501c3)
- \$7 million dollar overall operating budget
- 1,536 Apartments in 13 communities
 - 392 Low-Income Housing Program (LIPH) Apartments (*converted to RAD*)
 - 622 Housing Choice Voucher Program (HCVP) Vouchers
 - 394 Low Income Housing Tax Credit (LIHTC) Apartments
 - 128 Market Apartments (non-federal)
- 20 affordable homes in the HATT's Homeownership Program
- 22 affordable rental homes
- HATT owns 138 parcels of property



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HATT'S ASSETS – 1,566 APARTMENTS



Asset Type	Units
Conventional (LIPH)	392
Market	128
Premier (Tax Credit)	394
Housing Choice Vouchers	652
Total	1,566

■ RAD PBV ■ Market ■ Housing Tax Credit ■ Tenant Based Vouchers

HATT PHASE I RAD CONVERSION – (HOPE VI)

- Rose Hill Ridge – closing and RAD conversion completed July 7, 2017 – HATT's first RAD conversion. **(32 units)**
- Pecan Ridge – closing and RAD conversion completed August 21, 2017 **(30 units)**
- Oaks at Rose Hill – closing and RAD conversion completed September 5, 2017 **(36 units)**
- LEDIC Property Management started Property Management of Hope VI communities on October 1, 2017 **(includes 98 converted RAD units)**

RAD PHASE II PROPERTIES

- **Robison Terrace – 130 Units - Senior**
- **Williams Homes – 52 Units - Senior**
- **Scattered Sites – 42 Units - Senior**
- **Hampton Homes – 50 Units - Family**
- **Bright Street – 20 Units – Family**
- **Closing and RAD Conversion Completed June 14, 2019**
- **294 Units Total**

RAD PHASE II PROPERTIES SCOPE OF RENOVATION

- **294 Units to be fully renovated and converted to PBV via the RAD program, including:**
- **All new energy efficient kitchens and bathrooms, with all new fixtures and appliances**
- **New energy efficient heating and air conditioning**
- **New windows and doors**
- **All new energy efficient electrical and light fixtures**
- **Upgraded mechanical, plumbing and electrical systems**

ROBISON TERRACE BEFORE & AFTER KITCHEN





ROBISON TERRACE BEFORE & AFTER LIVING ROOM





ROBISON TERRACE BEFORE & AFTER WALKWAY









HAMPTON HOMES BEFORE & AFTER KITCHEN





HAMPTON HOMES BEFORE & AFTER LIVING ROOM





WILLIAMS HOMES & SCATTERED SITES BEFORE & AFTER KITCHEN





WILLIAMS HOMES & SCATTERED SITES BEFORE & AFTER LIVING ROOM





THE FINANCIAL DEAL STRUCTURE

- The largest combination of Revitalization, RAD, and HTC in the NE Texas region to date.
- One 4% tax credit/bond transaction with \$18 million in bonds.
- Over \$10 million in tax credit equity, HATT soft loans, seller note proceeds and other funds.
- The total development cost was approximately \$35 million.

THE MAJOR PLAYERS – RAD II

- ISSUER/BORROWER

- TPFC/HATT

- HTC SYNDICATOR

- Hunt Capital Partners

- DEVELOPER CONSULTANT

- Boulevard Group
- Purple Martin Real Estate

- PROPERTY MANAGEMENT CO.

- LEDIC Management Group

- HATT COUNSEL

- Coats Rose, P.C.

- CONSTRUCTION & PERM LENDER

- Citi Community Capital

- CONSTRUCTION COMPANY

- Cordova Construction Company, Inc

- ARCHITECT

- Cameron Alread, Architect Inc.

ADVANTAGES OF RAD CONVERSION FOR HATT/TPFC

- Finance substantial renovation of all eight properties
- Facilitate a significant leverage of HATT funds
- Transition to a more stable subsidy under Section 8
- Remove public housing program restrictions
- Assure long-term capital improvements
- Generate positive cash flow from properties
- Generate developer fee for TPFC



NEXT STEPS – PREMIER TEXARKANA

HOTEL GRIM – TEXARKANA, TEXAS

- Catalysis to the revitalization of Downtown Texarkana
- Sorely-needed housing in the historically underserved area of downtown Texarkana
- Tax Abatements
- Bond Inducements



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RAD CONVERSION WORKSHOP FOR HOUSING AUTHORITIES AND CITIES

The Transformation of El Paso



RAD STRATEGIC FINANCING

Managing RAD Conversions

- RAD conversion of the 14th largest agency nationwide
- Convert 6,100+ Public Housing Units in 40+ properties all over El Paso
- Administer 40+ closings in 5 years
- Manage \$1.2+ billion in funding
- Create and develop new partnerships in a private sector-like business model



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No. of Communities
to close

48

No. Units to Close

6321

No. of Communities
closed

42

No. Units closed

5672



NUMBERS: THE HIGHLIGHTS

TOTAL MOVES

4,008

Temps: 2,412 // Returns: 1,596

UNITS COMPLETED

4,516/5762

UNDER CONSTRUCTION

1,246

Approx. Investment To-Date

\$1.2 BILLION

5,762/6321

COMPLETED RAD Conversions

2,402
JOBS



Conference
TWENTY NINETEEN

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RENTAL ASSISTANCE
DEMONSTRATION

 Housing Authority of the City of El Paso



RAD Strategic Financing Plan

THE TRANSFORMATION OF EL PASO

Types of Financing Sources

- Conventional Debt/FHA Debt
- Tax exempt Bonds
- Freddie TEL/Forward
- Operating Fund Reserves
- Capital Funds
- 9% LIHTC
- 4% LIHTC
- State Historic Tax Credits
- Federal Historic Tax Credits
- FHLB Grants
- 45L Energy tax Credits
- HOME Funds
- Community Block Development Grant
- Unrestricted Funds
- Deferred Developer Fees
- NOI from Operating



RENTAL ASSISTANCE
DEMONSTRATION

 Housing Authority of the City of El Paso



RAD Strategic Financing Plan

THE TRANSFORMATION OF EL PASO



Major Considerations for Development

- Self Develop or Co-develop
- PBRA or PBV; Section 18 RAD Blending
- Rehab or Re-built
- Substantial rehab or moderate rehab
- Sustainability for the next forty years
- Higher opportunity areas
- Fair Housing Concerns
- Staffing Capacity
- Financial Resources



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DEMONSTRATION

 Housing Authority of the City of El Paso

RAD Relocation (Operation & Logistics)

THE TRANSFORMATION OF EL PASO



OPERATIONS AND PLANNING

- **RAD Systems (Relocation Survey, VMS, RCS)**
 - Define system requirements & work with IT Developer to create in-house software
 - Provide system training to end users
- **Process Mapping**
 - Create flowcharts and workflows by function and determine interdependencies across RAD project
- **Project Planning**
 - Assist with resident outreach, deliver RAD presentations, support all RAD functions as needed
- **ArcGIS (Graphical Information System)**
 - Explore the system, create maps and adapt for RAD use
- **Vacancy reporting**
 - Create reports and provide projections
- **RAD Make Ready**
 - Request make readies, facilitate communication with PM's & RAD team
- **Data analysis**
 - Analyze and maintain construction schedules, create various reports



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OPERATIONS AND PLANNING

Vacancy Management System (VMS)

- Construction Schedule
- Resident Unit Finder
- Resident Unit Plan
- Reports:
 - Vacancies
 - Portfolio Unit Inventory
 - Units Under Construction

ArcGIS

- Create, manage, analyze and visualize data in graphical form
- Build Maps
- Geocoding of HACEP Properties and Units
- Symbolology by Unit Type
- Facilitates layering School Districts, Schools, Representative Districts, Zoning, Hospitals, Sun Metro Bus Routes, etc.



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- RAD Relocation Team
- Relocation Plans
- Process Overview
- General Information Notice
- RAD Presentation & Surveys
- Notice To Relocate
- Individual Meeting
- Appeals Vs. Reasonable Accommodation

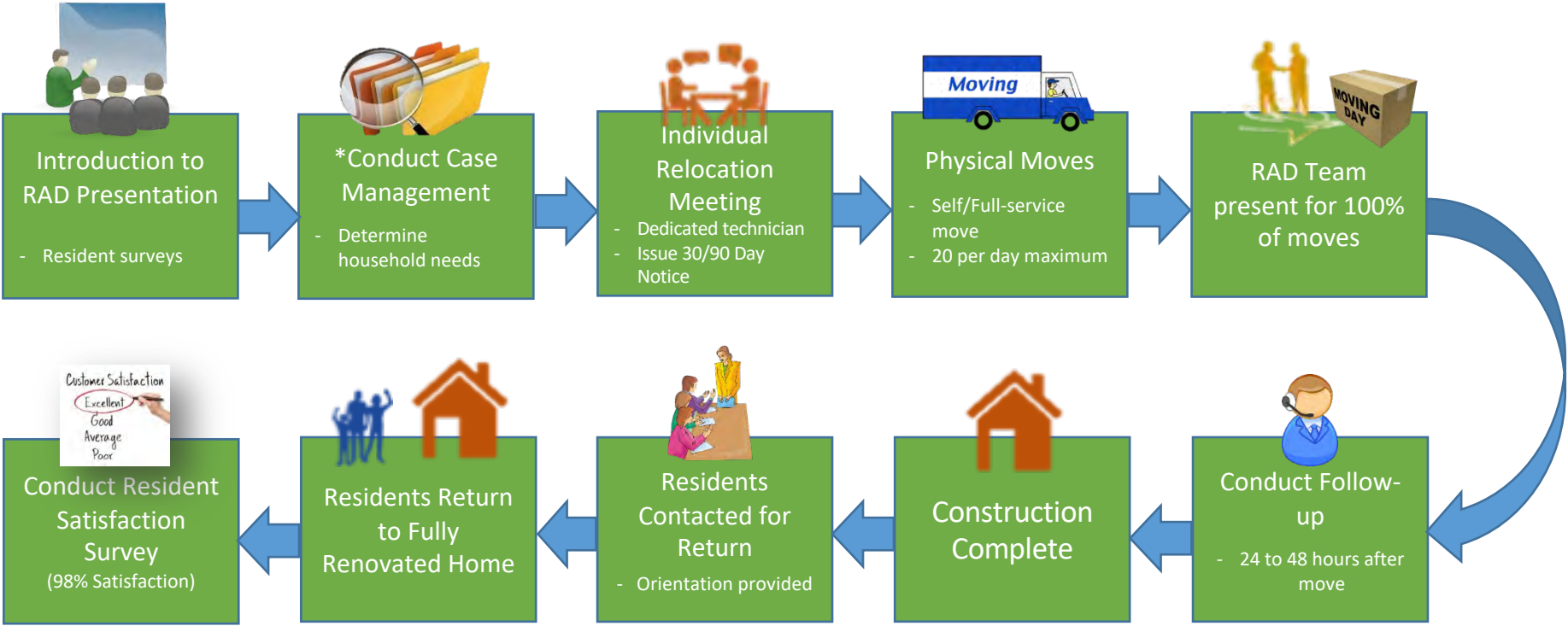


TWENTY NINETEEN

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RELOCATION PROCESS





RAD Logistics Department

- Manages & Trains Moving Company Vendors
- Schedules moves with Moving Company after Relocation Team notifies move out date when resident receives 30 Day Notice
- 72 hour courtesy call
- Provide Boxes for Packing
 - Resident fills out “Packaging Request Form”
 - Property Manager's Office
 - Maintenance
 - Delivered directly to residents that have a hardship or need help
- Monitors Open Claims
 - Resident has a total of 14 days after their move is complete to file a claim with the vendors.
 - Moving Company is Responsible and Insured for Claims in the event that damage or loss occurs during the move,
- Provide Support During Move
- Ensure Customer Satisfaction



RENTAL ASSISTANCE
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 Housing Authority of the City of El Paso



RAD Law 101:

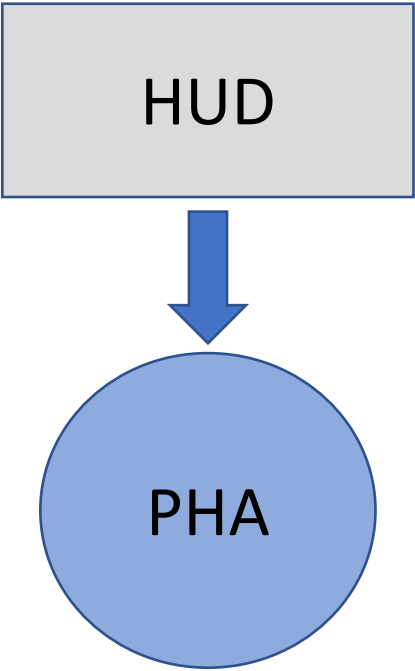
**A High-Level Overview of Legal Issues
Arising in Large-Scale PHA RAD Conversion**

THE TRANSFORMATION OF EL PASO

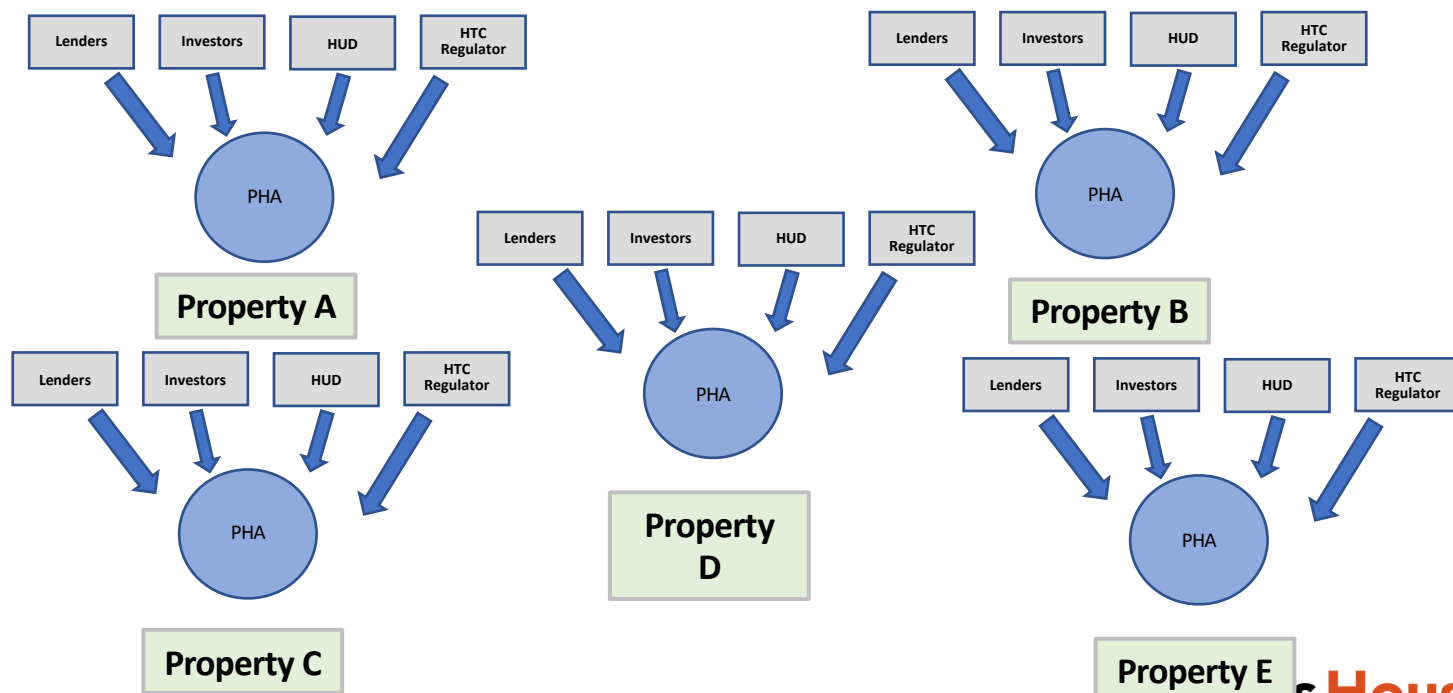


BEFORE-AND-AFTER SNAPSHOT:

BEFORE RAD



After-RAD Property-Model Gets Complex





ENHANCED TENANT PROTECTIONS FOR PRE-CONVERSION RESIDENTS

- **Right to Return**

- Tenants may waive
- Households that do not want to transition to new program can be offered transfer to other public housing as available
- Review Relocation Notice for procedures

- **No rescreening**

- True even for income eligibility of new financing
- i.e. residents with income between 60% and 80% of AMI or more must be offered a unit in a project refinanced with tax credit

- **Phased Rent Increases**

- Three to five year phase in of any rent increases of more than 10% of \$25.00



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CROSS-CUTTING FEDERAL REQUIREMENTS

- **Environmental Review: Part 50 (HUD) or Part 58 (usually City/County)**
- **Davis Bacon: expanded applicability for RAD**
- **Section 3**
- **Fair Housing**
- **Uniform Relocation Act**



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LESSONS LEARNED

- Governance
 - In-house Vs Outsourced Services
 - Importance of Public Facilities Corporations
 - Moving from Government to Private Sector Model
- HUD
 - Fair Housing Issues
 - Unrealistic milestones for portfolio Awards
- Tax Credits
 - Twenty million dollar limit for on application per year (Texas 4%)
 - Need to wait until August to avoid cap- “collapse”
 - Hiring of competent Tax credit expert team
 - Negotiating the best sell price of tax credit
- Development
 - Abatement considerations
 - Reasonable accommodation Issues
 - Acquisition Cost



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LESSONS LEARNED

- Construction
 - Defining General Conditions/General Requirements
 - Negotiating best fee structure
 - Staffing personnel to oversee construction
- Financing
 - Multi-Property Projects Vs Per Property
 - Choosing Financing FHA/Fannie Mae/Freddie/Conventional Etc
 - State Tax Agency additional restrictions
- Information Technology
 - Vacancy Management System
 - Mobile handheld to survey resident relocation needs
- Accounting
 - Adherence to PBRA rules; 4530
 - Potential change to agency Fiscal year
 - Additional Reporting requirements to syndicators



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LESSONS LEARNED

- **Communication**
 - Elected Officials/Residents/Employees
 - Chambers of Commerce/School Districts/ Community Partners
 - School Districts
- **Operations**
 - Certification for Tax Credit/PBRA
 - Phasing of construction- need for adequate vacant units
 - All units not one-for-one e.g. Over/under housed, accessibility etc.
 - Consideration for flat rent families
 - Over Income families
 - Building a dedicated RAD team



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- Gerald Cichon
 - Chief Executive Officer
 - Housing Authority of the City of El Paso Texas