

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING INFORMATIONAL REPORT
Project Update - RAD Conversion

DATE May 23, 2018

The PHA's RAD conversion applications that were submitted to HUD on August 25, 2017 requested approval to convert the public housing funding for the sixteen hi-rises and four family housing developments (3,852 dwelling units) to long-term project-based Section 8 subsidies under HUD's Rental Assistance Demonstration (RAD). The PHA's scattered site single family homes and duplexes (418 units) were not included in the initial applications.

The PHA's RAD applications are included in the 230,000 RAD units added in the Omnibus Appropriations Act approved in March 2018. Although no timeline is set for RAD applications included in the latest expansion, the PHA's RAD consultant Jaime Bordenave estimates that the PHA could receive CHAPs (Commitments to enter into Housing Assistance Payments contracts) within the next five months. In preparation for the pending CHAP awards, staff continues to meet in both small and large groups to discuss RAD planning and implementation (see attached Project Plan).

In preparation for the pending CHAP awards, three PHA staff members, Jon Gutzmann, Angela Holm, and Jordan LaSota, are attending a training entitled "Keys to A Successful RAD Conversion", May 17 and 18 at HUD Headquarters in Washington, DC. According to the training sponsor, HUD's Office of Multifamily Housing, Recapitalization Division, "The content will be particularly geared towards preparing PHAs who are new participants in RAD to execute well-planned and efficient conversions that best address local needs and priorities. The

conference will cover critical topics for any PHA initiating a RAD conversion, including strategic portfolio planning, resident rights, creative RAD tools, and the latest updates on policy and practice. It will also include opportunities for one-on-one discussions with HUD staff and networking with industry experts.” The training agenda (attached) is very robust with sessions on all aspects of RAD transactions presented by HUD staff from the Office of Recapitalization, as well as guest speakers from housing authorities with RAD experience. In addition to the large group sessions, HUD staff will be available both days for small group and individual meetings.

PHA staff continue to work with contractor EMG on the required assessments of capital needs and environmental issues. As of early May, EMG has delivered 90% of the Environmental and Capital Needs Assessment drafts for PHA staff review. The Environmental Assessment is intended to identify any hazardous environmental conditions at the properties, and the twenty year Capital Needs Assessment (CNA) provides a blueprint for the short- and long-term rehabilitation needs of a project. Staff are utilizing CNA data to estimate both the “Initial Deposit to Replacement Reserve” (IDRR) and the “Annual Deposit to Replacement Reserve” (ADRR). These two factors, in conjunction with other project data, help determine whether external financing options are needed to complete a successful RAD conversion.

After the PHA receives the CHAPs, and as part of the Financing Plan, staff will direct EMG to submit our Capital Needs and Environmental Assessments to HUD online.

JTL/AJH

Attachments: Project Plan
Training Agenda - Keys to Successful RAD Conversion