

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 August 28, 2019

The Agency continues to make good progress toward closing on the RAD conversions. Staff is still preparing for closing the RAD transactions in early October 2019, resulting in a Housing Assistance Payments (HAP) contract date of December 1, 2019 (see attached RAD Closing Calendar).

On July 26, 2019, HUD approved the PHA's Financing Plans by issuing RAD Conversion Commitments (RCCs) for the eight RAD projects totaling 3,855 dwelling units. The RCCs outline the specific legal and financial terms and conditions of the conversion and establish the transaction closing date, estimated to be October 3, 2019. The Board authorized the Executive Director to execute the RCCs at a special Board meeting on August 14, 2019, and the documents were subsequently uploaded to the RAD Resource Desk, HUD's web-based document submission portal.

On July 22, 2019, staff submitted draft versions of the documents listed on the attached PBRA RAD Closing Checklist for AMP 4 (Roosevelt Homes) for review by HUD's local Field Office, led by HUD's Chief Counsel of the Minneapolis Field Office. As described in a separate report on this meeting's agenda, the PHA's Legal team will submit drafts of the closing packets for all eight RAD projects to HUD on August 23, 2019. Much like the Financing Plan, there will be ongoing HUD review and continued conversations between PHA staff, our Closing Coordinator, and HUD staff to ensure the final documents meet all HUD requirements. According to the

PHA's assigned Closing Coordinator, finalized documents must be submitted to HUD by Wednesday, September 18, 2019 in order to close on October 3, 2019.

At the suggestion of HUD's Chief Counsel and to facilitate a smooth closing process, staff issued a request for proposals for specialized legal services to assist with reviewing and analyzing title commitments and other real estate documents for all PHA properties undergoing RAD conversion. Staff received three proposals from local firms, and on August 14, 2019, the PHA entered an agreement with Ballard Spahr LLP, of Minneapolis to provide the services. Among the reasons Ballard Spahr's proposal scored highest were their demonstrated experience providing real estate consultation for RAD transactions, a strong professional relationship with HUD's Office of Recapitalization which administers the RAD program, and a deep bench of attorneys experienced in all types of HUD matters, including title work.

Staff are determining the best way to communicate with residents in regard to the PBRA Model Lease and House Rules. Having concluded that a "one size fits all" approach to lease signings would be inefficient and unnecessary, staff are working to identify and accommodate the variances between the hi-rises and family housing developments. The resident communication schedule for lease signings has not been finalized, and is dependent on HUD's review and related progress towards closing. At a minimum, staff will provide informational meetings where the Model Lease and House Rules will be explained and residents will be encouraged to ask questions. As with the other informational meetings, interpreters will be provided.

The Model Lease and House Rules must be signed by all adult household members and returned to the PHA by November 30, 2019 to meet the requirements for a (HAP) contract effective date of December 1, 2019. Closing the transactions on or near October 3, 2019 would allow the

maximum amount of time for staff to work with residents to understand and sign their new PBRA leases before this date.

PHA staff members continue to attend trainings in preparation for the transition from the Low Income Public Housing program under HUD's Office of Public and Indian Housing (PIH) to the Project-Based Rental Assistance program administered by HUD's Office of Multifamily Housing. In early August, staff concluded four weeklong on-site Multifamily Housing Specialist training sessions facilitated by Nan McKay & Associates. This training covered key property management topics in Multifamily Housing such as tenant selection and waiting list management, program eligibility, leasing considerations, and rent adjustments, and concluded with a certification test. Two three-day sessions focusing on Multifamily rent calculations, the Enterprise Income Verification (EIV) system and the Tenant Rental Assistance Certification System (TRACS) are planned for mid-September. This training will also conclude with certification testing. Money is earmarked for RAD training in the 2018 Capital Fund Program budget. Both training sessions will be attended by approximately 50 to 60 staff members across all departments, with a heavy emphasis on Resident Services and Finance.

JTL/AJH/FAH

Attachments: RAD Project Plan
RAD Closing Calendar