

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 October 24, 2018

On August 20, 2018 the PHA received notice of approval letters from HUD for all eight RAD conversion applications we submitted on August 25, 2017. The letters also serve as the “Commitment to Enter into a Housing Assistance Payment” (CHAP) awards for those Asset Management Projects (AMPs 1-8). Staff have not received any additional information regarding a CHAP award for the twelve new units at McDonough Homes (AMP 13). We submitted that application on August 24, 2018.

Staff met the first major “post-CHAP” RAD milestone on September 18, 2018 by submitting applications to remove the eight projects from HUD’s online database of public housing units in the “PIC” (Public and Indian Housing Information Center). The applications serve to confirm the PHA’s acceptance of the CHAPs, and formally identify the units that will be removed from the Public Housing Annual Contribution Contract (ACC) upon RAD conversion.

Staff continue to work on assembling the documents required for successful Financing Plan submissions for all eight projects (see attached Financing Plan checklist). PHAs have 180 days after the CHAP award to submit complete plans through the RAD Resource Desk, so the PHA’s Financing Plans are due by February 15, 2019. That date can be extended for good cause.

The primary purpose of the Financing Plan is to ensure that PHAs have fully evaluated the short- and long-term financial viability of the conversion and secured or filed the required legal

documents needed to complete the conversion. Financing Plan work items include 20-year Capital Needs Assessments (CNAs), environmental reviews, Fair Housing reviews, operating revenue and expense projections, and additional resident and stakeholder communication. As explained in a separate report on this meeting’s agenda, the Financing Plan requires an amendment to the current year’s Agency Plan that will describe the RAD conversion in greater detail than our initial Plan submission. The Plan amendment will be discussed with the Resident Advisory Board and at the public hearing on November 13, 2018.

Staff continue to meet in both small and large groups to discuss Financing Plan tasks as well as other RAD planning and implementation needs related to the conversion (see attached Project Plan).

The 20-year Capital Needs Assessment impacts a number of factors in the evaluation of the financial viability of the transaction. Staff are currently working with our contractor, EMG, to finalize the CNAs in order to determine each project’s initial year and long-term funding needs. Preliminary calculations using RAD funding tools show most of the proposed conversions might be “non-financial” (that is, “debt-free”). Staff anticipate recommending a RAD Conversion funding plan at the November 2018 Board meeting.

JTL/AJH

Attachments: RAD Project Plan
Financing Plan Checklist
PowerPoint: RAD Conversion Update