RAD Section 18 Construction Blends Overview_September 2025

0:00
This one is specifically on RAD and Section 18 construction blends.

0:07
We'll, we'll walk through a little presentation and then happy to have a, a discussion at the end or, and you're also very welcome to follow up with us afterwards if you want a more in depth conversation with your specific Housing Authority.

0:23
So RAD and Section 18 blends, what are they?

0:29
They allow pH as to convert public housing to either a project based voucher or project based rental assistance contract with increased revenue to the project.

0:40
So how does this happen?

0:41
OK, so through a blend pH as can increase the contract rents at their at their properties and increase the revenue into properties.

0:50
This happens because we could, we're converting part of the assistance, part of the public housing assistance through RAD and also through RAD when we when some, some units are removed through Section 18, tenant protection voucher assistance is triggered and we convert that tenant protection voucher assistance as well that we combine with the public housing assistance to get to higher subsidy levels, higher contract rent levels for the new section A contract.

1:19
The most of the, the, those mechanics are done in the background.

1:25
Not, not any mostly not anything for the PHA to worry about or manage.

1:32
But the key thing is this get this results in a higher income stream for the converting property, which allows the Housing Authority to take on deeper renovations of the property or to, to to redevelop the property.

1:48
And really importantly, it comes along with a lot of the rad flexibilities and waiver authority that we have.

1:57
Most, most importantly or one of the most important items being the robust resident rights that we have been able to lock in and rag conversions where residents aren't rescreened even though they're now becoming Section 8 residents.

2:11
Therefore, they they making that right of return easier to administer and residents also have ongoing the same many of the same ongoing rights to have in the public housing program around ability to organize and grieve and receive advanced notice for adverse actions.

2:34
Start off with one of the most important topics which is how are the contract run set the under a construction blend.

2:43
Our contract rents are based on the proposed plans for the project.

2:47
And I'll stop before I go on to what makes a property eligible for a construction plan.

2:51
Just to note, there's also a small PHA blend.

2:54
So once APHA has 250 units or less, they don't even need to worry about eligibility for a construction blend.

3:01
They automatically qualify for the highest RAD Section 18 blend rate, but for PHA is more than 250 units using a blend property.

3:13
The property is eligible based on whether it's doing demolition and redevelopment of the property or transferring assistance, in which case they get the highest blend rate.

3:24
What technically is 90% section, 1810% RAD?

3:29
We'll get into that in a second.

3:31
Or if they're doing rehab on the property, there's a sliding scale eligibility based on the depth of the rehab.

3:39

So as you'll see in this chart, if the rehab, the proposed construction costs of the rehab exceed 90% of HUD, Hud's published housing construction costs for the given market area, up to 90% of the units would be approved under Section 18 and 10% ran.

3:57
Continuing down the scale, if the proposed hard construction costs exceed 60% between 60 and 90%, then it's 60% section, 1840% RAD.

4:08
And if the hard construction costs are between 30 and 60% of the HTC, it's 30% section, 1870% RAD.

4:17
But you don't need to remember all of this.

4:19
We've got a nice handy dandy workbook on the RAD Resource Desk called the Workbook to test HCC thresholds where you can enter information on the proposed construction costs and it'll, it'll help you identify which blend rate it's eligible for.

4:35
Once the property is applied and it submits its financing plan, that's when we actually verify the the final construction cost that we'll we'll, we'll rely on to determine eligibility.

4:47
To make this a little bit more tangible, here is a sample property in Oregon where we looked up the housing construction cost that HUD has on its website.

5:00
And for this property type this walk up, it's $170,000 per unit.

5:07
So how does APHA or what what, what rents could this PHA achieve through conversion?

5:13
Well, it does rehab less than $51,000 per unit.

5:18
It would have RAD contract rents of 1000 on average $1036 which is about 55% of the FMR.

5:27
But if it does rehab between 51,000 and 102,000 per unit now the rents go up almost 300 bucks to 1400 and $1.00 per unit.

5:37
If it does deeper rehab between 102 and $153,000 per unit, then it's rents go up to 1766 per unit.

5:45

And then if it that proposes to demolish and redevelop the property, transfer the assistance to a new location or do rehab over $153,000 per unit, whatever rents of $2131 per unit per month, which equates to 108% of the FMR.

6:05
So overall you might have noticed the revenue for this property more than double s, more all just about double s.

6:14
Excuse me and and it's because on this scale where if it's the the more intense the renovations or redevelopment properties going to undertake, the higher rents we're able to to the higher contract rents we're able to provide for that contract, we will produce a single blended rent schedule for all the units resulting in a rad section 18 blend.

6:40
So it's even though we, we, we literally blend the, the contract rents together.

6:46
So there's one single rent schedule notably at the highest blend rate just like in this example, which applies to any redevelopment transfers of assistance or very deep rehab, Nearly every project in the country could achieve contract rents that exceed the fair market rents.

7:05
I'll say that again, for property, for a property that APHA wants to demolish and rebuild or where they're going to do really substantial rehab or where they're taking that assistance and saying this isn't the right place for it.

7:20
I can get into a better location that provides better opportunity for residents.

7:25
We'll provide rents that in almost every case exceed the fair market rents.

7:33
So we see a lot of housing authorities now saying, well, I was going to look at Section 18 demolition or disposition as a way to reposition this property.

7:41
But now under these red Section 18 construction plans at this highest rate, I get just about as good a deal.

7:49
I, I can, I can get really strong rent plus some other benefits that we'll talk about.

7:55
Now.

7:56
The contract rents are still then capped at the based on the program rules for the project based voucher or project based rental assistance programs.

8:04
For project based vouchers, it's the lower reasonable rent, 110% of the FMR or the smaller FMR or exception payment standard if the PHA has one.

8:15
And for project based rental assistance it's 120% of FMR.

8:19
These are statutory caps.

8:21
So sometimes we'll see pH as exceed the cap for project based vouchers but still need that higher revenue.

8:28
And so they'll we'll opt to for a project based rental assistance contract where the contract is directly with HUD and they can benefit from that from the higher rents there.

8:43
How do I find my contract rents?

8:44
Well, we have a multi multiple ways to do so.

8:48
First of all, if the pH as not does he not yet have a an application with HUD does not yet have an award, an initial award we call a chap the PHA can and at work partners can look up the rents on our RAD rents spreadsheet available on our on our website.

9:07
Now we have a little look up tool in that Excel workbook where you enter in your PHA name and pick your project and it'll show you what the what what the possible rent levels be.

9:21
Those are somewhat estimates because some of those things can be tweaked or need to be refined later on with some more information about utility allowances, reasonable rents and things like that.

9:32
But but provides a really good start for for your planning.

9:37

Then once the property applies on the red resource desk, PHA can enter in the additional information that we need to calculate the refine contract rents.

9:55
For those who have been working with RAD for a little while now, you might recall that there we've been doing blends for a few years, but it used to be that blends resulted in two separate HAP contracts, one RAD contract, either budget based voucher or project based rental assistance contract and another non RAD project based voucher contract.

10:21
And these two contracts would be put at the property and, and, and would follow separate rules.

10:27
Now, fortunately we can put all of the units under a single contract.

10:32
Again, a project based voucher contract or a project based rental assistance contract come up with a single blended rent schedule and all of the units and the residents of the units follow a single set of requirements and we'll walk through that.

10:48
Right now the RAD provisions apply.

10:52
You've got single set, single blended rent schedule.

10:55
There's no distinction made between the units.

10:58
They're all under the same HAP contract.

11:02
As mentioned, the PHA can choose between the two HAP contracts.

11:05
This is going to be really helpful particularly for pH as that don't have a voucher program or don't where they can instead of trying to partner with another Housing Authority to administer their a project based voucher HAP contract, they can get a HAP contract directly with HUD.

11:20
That's what the project based rental assistance contract does in RAD.

11:25
We execute the HAP contract right away.

11:27

Soon as you close on your construction financing and we're about to start your construction or rehab, we sign the RAD HAP contract.

11:35
There's no a HAP or or.

11:38
Where there's no eligible payments made because we also allow for rehab assistance statements, which is payments for unoccupied units or the units under construction.

11:49
So if a property is being demolished and rebuilt, and that's a 2 1/2 year timeline for, for construction, there's actually, there's actually cash flow coming into the property that the, that the PHA can use to, to support any operating expenses that that may be at the property taxes or, or utility bills or what not, or could, could use as a source of, of in the development itself.

12:20
The PHA can contribute public housing capital or operating reserves into the development budget.

12:24
PhDs often do this to help fill gaps.

12:29
Residents, as mentioned, benefit from all the rad resident rights.

12:33
So all the residents are not rescreened.

12:36
They're automatically admitted to the project based factor program.

12:39
Then after conversion, the contract rents are adjusted annually by an operating cost factor.

12:47
With that, I'll now turn to my colleague, John Artavini to talk through a case study.

12:51
Thanks, Will.

12:52
Hey, everyone, good afternoon.

12:53
Good morning.

12:54
You know, we have this great new policy now and let's just kind of walk it down and see how it's practiced, right?

13:01
And earlier this year, Chesapeake, VA put a thoughtful transaction together, opting in being eligible for one of our construction blends by the name of Peaceful Village.

13:11
So 30 year olds, two-story townhome, semi detached duplex public housing development that, you know, tried to keep up historically with their needs, but then thought, you know, after 30 years, let's let's try to put together a transaction to hit the, the reset button on the useful life of the project.

13:30
And really I think what made it all possible here was being eligible for a blend.

13:35
They had enough hard cost to carry them over that threshold that we'll cover.

13:38
They were hard cost over 60% of their housing construction cost standards.

13:43
And for that 65 unit project, they were eligible for 39 units removed through Section 18 and 26 units converted to RAD.

13:51
So those 39 units had a higher revenue stream through the TP VS and we blended those rents onto 1 RAD HAP contract that made it possible to then leverage.

14:02
They put together a 4% low income housing tax credit transaction with hard debt and they were able to do a substantial investment to the property.

14:10
They refreshed all the kitchens, bathroom and flooring in the residence units, upgraded the exteriors with siding and also upgraded site amenities.

14:19
Now to new community spaces.

14:22
Next slide.

14:24
And at the project level, which, you know, we are entering this phase where I like to think of it as kind

of the next phase of the RAD program where, you know, we've always heard historically, you know the RAD rents, they're just not working for us and totally understand that, right.

14:39
It makes sense you you need the revenue to pencil out to put a deal together.

14:43
But what I find super compelling here with the blends and, and this new policy and Chesapeake, VA being one of the first really opt in to enclose is look at the difference, right?

14:56
You have a percentage of units coming out through rad, lower rad rents, percentage of units coming out through the TP variant.

15:03
And then when you look at where 100% rad contemplation would be, you see 40% of FMR.

15:10
And when you look together, just hitting that middle band in the construction blend, you see your rents almost doubling.

15:17
And so, you know, if your Housing Authority were before you say, oh, rad wouldn't really work for me.

15:23
I think this is really compelling, right?

15:25
And it, it kind of shows you can double that revenue and what the doubling of revenue gain access and leverage, right?

15:33
Whether it's tax credits or just debt or both together.

15:36
And Chesapeake was able to do that here, right?

15:39
The tune of $7,000,000, a $115,000 a unit, right?

15:43
A deep level investment that benefited the residents.

15:46
And so how is it all possible?

15:49
How does this kind of all come together and work?

15:51
Next slide, please.

15:52
Well, for you Philly, so Philadelphia 76ers fans, you got to trust the process, right?

15:56
Here we go.

15:57
So nothing's changed.

15:59
You still submit your RAD application.

16:01
You get a rad application for the entire project.

16:03
We give you that ticket into the rad program, which is called the shop award.

16:07
Don't panic when you see those little rad ones.

16:09
We'll we'll get to that, right?

16:10
But it's, again, your ticket into the program.

16:13
That's going to be your trigger, right?

16:14
You're going to start understanding and learning about your public housing project.

16:18
You're going to complete your due diligence, if you haven't already, right?

16:20
Do a capital needs assessment, take a look at the physical needs, get your environmental review, see if there are any issues that would have to be addressed, right?

16:29
As you refine and understand those third party reports, you're going to see, well, how much do I need to leverage and what funding sources do I need to secure?

16:38
As you're going ahead, putting together your capital stack, you want to amend your PHA plan, right that that's it.

16:44
That's an administrative update that's going to have to include both RAD and Section 18 actions.

16:49
You know, as you're then going through your due diligence and your pre development, you can go in, we'll we'll alludge to this earlier.

16:57
You can actually then go in prior to your concept call and get an update and and see what your rents would be right.

17:04
You could we have a new tool in the red research that's on the concept call checklist that will actually populate what your rents will look like.

17:09
So you can go ahead and refine your models and, and, and get your commitments and letters of intent from your funders.

17:18
When the deal starts to become real, you're going to come in for a concept call, right?

17:21
We're going to then affirm what what construction blend you qualify for.

17:26
After that, we're going to ask you, hey, come on, deals real.

17:28
Let's submit that financing plan.

17:30
That's when we amend your CHAP and you actually see the formal memorialization of your higher blended rents, right?

17:38
But we'll do some back and forth, usually typically about 60 days.

17:42
We'll get you what we call our RAD conversion commitment.

17:46
As we do that, our partners at the Special Application Center will then also issue their Section 18 approval after we issue our RCC, usually within a day or two after those approvals are issued, RECAP then coordinates so the Housing Authority no longer needs to coordinate for TPV funding on the PBV side.

18:05
That's all done internally.

18:06
Now here at HUD in the RECAP office, we actually take your funding form that you supply as part of your RAD Section 18 blend as part of your financing plan, and we go ahead and process that request for you.

18:20
So it's not something you have to worry about any longer, which is great.

18:25
After the funding request is made, we're going to close and we'll said we execute that RAD HAP contract and day one the funding starts flowing.

18:32
Day one we'll release you from your declaration of trust or if you're a mixed finance, your declaration of restrictive covenants and then we execute a RAD use agreement in its place.

18:42
We'll go through that 12 to 24 month construction.

18:46
Again, have contracts in place.

18:48
There's no longer such thing as NAHAP.

18:51
And we get to the construction completion, rehab completion.

18:54
You come back to us, you submit what we call a completion certification attesting to, Yep, all the scope of work has been done.

19:02
I've made my deposits to my reserve for replacement.

19:06
And yes, I can affirm that all residents have exercised the range to return.

19:10
And here's the information to back that up.

19:13
So process hasn't, you know, changed too, too much from what we had prior to.

19:18
But I think the biggest net benefit is now you're going to see the funding request is now off the pH as table.

19:25
It's now firmly on Hud's side.

19:31
So thanks, John.

19:32
So just before we get to questions, just want to flag for folks some future office hours sessions we'll be doing in October and November with some tentative dates.

19:42
We'll we'll send out the specific dates later, but to confirm them.

19:46
But next month, we'll hope to focus on the small PHA blends for pH as with 250 units or less where they automatically qualify for that highest blend rate.

19:56
And then in November, we'll talk about not just the small PHA blends, but combining that with streamline processing for.

20:04
PH as with 50 units or less where they could convert really quickly and and at great rents.

20:12
So look forward to that.

20:14
And with that, let's go to questions.

20:16
If if folks don't mind raising your hands and then we will answer your questions in the order in which to receive or we'll do our best.

20:27
All right, Naomi, you're first.

20:29
Hey everybody, good to talk with you and glad to have these hours.

20:33
My question is related to the Blend and the single ham contract.

20:38
Now a lot of our PHA are in high cost areas where they actually saw a better rent boost under Blend when they had or when they had two separate hat contracts are red happen and on Red Hat contract.

20:53
Any thought to letting housing authorities choose whether they wanted to go with the single HAP contract in a blended rent or remain with or I shouldn't say remain choose to go with two separate HAP contracts so that that O CAF adjustment doesn't negatively impact the Section 18 side of the transaction?

21:13
It it almost seems like by allowing housing authorities to choose one or the other that we could avoid some of these one time rent increases under your most recent language that we're probably going to be seeing in the future.

21:28
So in Naomi, the the difference you're seeing is on the rent adjustments you're saying not not on the initial contract rent setting, correct?

21:35
Correct.

21:35
Yeah.

21:35
But you know, when you have the red and Section 18 have contracts separately, the red contract would be subject to the OCAF annual rent increase.

21:46
The Section 18 could be subject to rent reasonableness without a restriction to OCAF under the blends, though.

21:53
Now even if 90% of your units convert under Section 18, they are restricted to an OCAF adjustment, which you know is typically anywhere between 3 and 5%.

22:04
And in some of these markets that is woefully inadequate to address the rent increases we're seeing.

22:11
So if that short answer is no, there's not still an ability to enter into two separate half contracts.

22:22
But the good news is one of the issues we've seen with some of the low rents of the past is that the OCAF part of the part of the problem was the OCAF had a more muted effect because it was being applied to a lower baseline.

22:38
So with the blended rents often times getting near, near market, the the effect of the OCAF should be greater.

22:48
We're also looking at in addition to the policy that exception process that we'll be talking about later this week and exceptions to the use of the OCAF, we're continuing to work on alternative ways to adjust rents more universally.

23:09
So we're hoping that there's another solution to to, to that problem as well.

23:13
This is that the exception process that we're we talked about on Thursday is just the start and that there's there's a kind of a broader set of solutions available as well.

23:23
OK, thanks everyone.

23:25
Thanks, Naomi.

23:27
OK, Corey, good afternoon.

23:32
Two or three quick questions.

23:33
My first question is we have a unit that experienced a kitchen fire.

23:40
We have an insurance claim on it.

23:42
We're in the process of going through our red conversion.

23:44
Our financial plan is being reviewed.

23:48
I've passed some exchanges and it's my understanding we can't use capital funds right now.

23:52
So we get to our RCC.

23:55
My question is, can we, we have we filed insurance claim, can we use admin or some other non capital funds to pay for that and then get reimbursed by our insurance carrier?

24:08
Is that permitted?

24:09
Because we want to make sure we could pass the the HQ inspection.

24:15
So let me at least answer parts of your question.

24:19
So the in if the property is converting through RAD or through RAD section 18 blend, you don't have to do an HQS conversion at the point of conversion doesn't have to need HQS until the work is done.

24:31
So at least so you're not required to do work, you know, kind of throw money at a problem that's going to be fixed more comprehensively later.

24:43
Right second there.

24:48
I'm wondering if maybe a side conversation on this would be better to understand to, to, to guide you through what you should be doing or what you can or should be doing at the property until up until the property converts.

25:02
Because our general guidance is it's still public housing and there's no guarantee the property will convert.

25:08
So you should continue to operate it as if you were it's still in public housing.

25:14
So let's let's, if you wouldn't mind, Corey, just sending us a side note and we'll, we'll get on get on a line with you.

25:20
Excellent.

25:21
Great.

25:21
I've I've two of the quick questions a real quick.

25:25
So I hear that once you go through and you get to your financial closing, the half contract is issued.

25:33
I, I think I've seen somewhere where like if you don't close by a certain like by December 1st, your half contract wouldn't take place until the next fiscal year.

25:42
And is it correct to say that even if we close on December 15th, our half contract will go into place immediately or will we have to wait to the next calendar year for it to take place?

25:52
Nick, you want to take this one.

25:58
So the at the point of closing, right when the when the use new right use agreement is recorded, the HAP contract's executed HAP contract takes effect usually the first of the month after that closing or the first of the next month.

26:15
So if you close December 15th, your HAP effective date would be at the January 1st or February 1st like they and they would be in the next calendar year.

26:27
OK.

26:29
And my last quick question, we talked about no recertifications or required you're automatically allowed through the red conversion process.

26:38
But what if you're funding your your construction through low income housing tax credits?

26:43
I mean, there is some certification screening for that that's separate does Brad.

26:51
So so that's we should even make the two conversations, right, right, right.

26:55
I apologize.

26:56
That's it's a really good point.

26:57
Thanks for catching that, Corey, though we should be more precise when we say no HUD recertification is necessary, right.

27:03
If you're using cash credits and you need to qualify and folks need to income qualify for that, you need to fully go through those that that certification process.

27:16
And Corey, thank you.

27:17
One, one thing to add to that is all those residents as you're qualifying under the tax credit program, they have the right to remain even if they're over income.

27:25
So just keep that in mind as you're putting your deal together.

27:29
Excellent.

27:30
Thank you.

27:34
All right, thanks, Corey.

27:36
OK.

27:39
Is this Karen?

27:40
Yes.

27:41
Hi, I hello.

27:43
I actually think you referenced what I'm trying to locate, which is additional information on the recently released guidance for the exception for the OCAF, the application process.

27:55
You mentioned there's something on Thursday.

27:58
Yeah, we're going to have office hours specifically on that topic Thursday at 2:00 Eastern Time.

28:06
We can if you reach out to us, we can send you the link.

28:09
So so you've got that perfect.

28:11
Thank you so much.

28:13
Thank you.

28:13
You could just put your contact, put your e-mail in a chat or something and we'll get to you.

28:18
Thank you.

28:19
Sure.

28:22
All right, Mike.

28:25
Hey guys, Mike, my of Bangor ME.

28:27
I had a question on the on the blends and, and I can use the maybe the Chesapeake as an example when they had the 39 units that were identified as Section 18 units, even though they were redeveloping the existing deal.

28:43
Does the 39, Section 18 come out of Faircloth and they can repurpose the 39 somewhere else or does it just stay with the deal?

28:53
Yeah, you're, you're exactly right.

28:54
So the, this is also kind of behind the scenes work, but when we're counting which units were taken out of public housing through RAD, which units were taken out through Section 18, the units that come out through Section 18 are added back to your Faircloth authority.

29:09
So you have the ability to to to rebuild those to your Faircloth at a future date if you wish.

29:15
So Chesapeake has has the 39 sort of on the shelf, so to speak, that they could repurpose in another deal.

29:21
Exactly.

29:22
Great.

29:23
Thank you very much, JJ.

29:30
Yeah.

29:31
In a case that is similar maybe to the case study that was presented in terms of financial modeling with a tax credit and and debt, is there any nuance to whether Build America by America would still apply?

29:52
So build, so Build America by America or what we call Baba wouldn't apply just because it's a RAD conversion.

30:03
So it depends on, it would depend on the sources of financing that you're using.

30:07
So if you're using debt and tax credit equity, there's no Baba implications.

30:14
If you're using home funds in the deal, then then Baba would apply as some examples.

30:23
That's great.

30:24
Thank you.

30:30
OK.

30:30
Jen, Jen Garrison, you there?

30:39
OK, this is Audria.

30:41
Sorry, that's our IT person.

30:43
Quick question.

30:44
I have a question and I know there are some HUD individuals on this call for the pic information.

30:50
You know when we go through the process, we have to enter all of the units into pics showing that it is going to be under.

30:57
Brad, is that still something that we have to do for the Section 18 blend?

31:03
Yes.

31:03

So you will be submitting a pick removal application for the whole property as all as a as as a RAD removal.

31:16
And what we do behind the scenes when you submit your financing plan, we coordinate with this.

31:22
One of the things we ask you for is then a, a more specific unit breakdown to show which units would come out through RAD, which through Section 18.

31:30
And behind the scenes, we work with a special application center and they'll create the Section 18 application using the units you've you've given us and borrowing a lot of the materials you've given us for the RAD conversion, like the environmental review and, and things like that, that are, are that are that are cross cutting that work for both.

31:53
There's also a couple of additional pieces of information we'll need we'll get from you for this, for the special for the Section 18 application as well.

32:01
But to answer your the specific question, yes, when you submit the the pick removal application include all the units in the RAD application.

32:12
OK, thank you.

32:17
OK, back to you Naomi.

32:20
Thanks.

32:21
Clarifying question on and this was related to I think it was person #2 asking a question the year conversion funding versus first full year conversion funding.

32:34
Just want to confirm that if you close for example, before November 30th, that your your blended rent funding would only be for December of that initial year, that year of conversion, but then you'd get the first full year of HAP, all 100% HAP, no prorated HAP and OP cap funds starting January that year.

32:58
However, if you close in December, then you're looking at 13 months of that blended rent, prorated HAP plus OP and cap funds and then your first full year at 100% HAP wouldn't actually happen until the following January.

33:12
Is that correct?

33:15
Yes, that's correct.

33:16
And for just for the benefit of the audience who may not be as immersed in RAD as you are.

33:23
Naomi, in RAD conversions, properties generally rely on the public housing subsidies that have already been provided to the PHA.

33:35
The properties continue to rely on that funding for the rest of the calendar year and then the new half and funding according to that.

33:43
So the normal half contract begins January 1st and so the half effective date is what determines that.

33:51
So the property would need to have 1/2 effective date of December 1st, 2025 in order to start getting regular half funding, funding the contract for all of 2026.

34:08
I'll also note last week we published revised funding instructions for the year of conversion that describe how this works in a blend context, because in a blend we actually provide some of the HAP funding right away.

34:27
So it's only partially reliant on public housing funds in the year of conversion and partially gets funded from you.

34:35
You have funding either new TPBS provided to the Housing Authority if it's a project based voucher contract or if it's a project based rental assistance contract.

34:43
We just put new money on the contract right away that that that, that the owner can can start to requisition for.

34:52
Thanks 'cause I just, I just wanted to make it clear for folks that aren't doing a lot of these that there still looks to be a financial benefit for closing prior to December 1 'cause then you're only operating with that pro rated half and op cap fund for a month versus if you close in December or anytime after that, then you're looking at pro rated hat for the length of that first year of conversion.

35:16
So if you can, and I think that's still correct.

35:20
Yeah, you got it.

35:23
Thanks Naomi.

35:26
OK floor.

35:30
Hi everyone.

35:31
I have a question about relocation after the conversion.

35:35
And then we are trying to right sizing some units.

35:40
I have tenants that they've been living in that unit for 20 years for bedroom apartment, but it's just two persons.

35:46
So we got to recycle those tenants.

35:49
What is the the time that I had to give them to those tenants to get ready and move to the next unit to the right side units is 30 days notice or how long I'm supposed to give them in another way?

36:05
Let's let's start with that question, then I have another question.

36:10
Yep.

36:10
So we say that you have to right size if you have families that are in units that are too large for them based on your own occupancy standards, you once an available unit is available once once a unit is available, yet you have to give them a reasonable time to relocate.

36:35
So and we don't define that.

36:37
So oh, sorry, go ahead floor.

36:40
No, that that was my question.

36:41
What's exactly the reasonable time to compliance with that?

36:47
We don't define it.

36:51
So I think that's for you to it's best to work out locally between you and and the residents.

36:56
What what, what timing works works best.

37:00
OK, so it's up to us, but of course it's not going to be less than 30 days.

37:06
I just want to make sure it's it's no, OK, because we got to pay for the storage and the tenant.

37:15
They don't have an specific time how long they they're going to need to take a decision what they're going to do with the extra stuff they have.

37:23
So that's I just want to have clear how long we supposed to give them.

37:29
Yeah.

37:30
Another question is about the tenant relocation agreement they had to sign.

37:35
Is this a relocation agreement required just when they going to move to a different property or even if it's inside to a different unit?

37:47
So the you said a relocation agreement.

37:50

The only thing that I can think of that we require where you say, yeah, we have to get an agreement for a resident is if they are not going to return to the property.

38:05
If a resident, if a resident says, you know what?

38:07
I, I know you're building this great new property, but I don't want to deal with the hassle of moving out and moving back in.

38:16
Just give me a voucher and I'll, I'll move where I can move with the voucher and I'm relinquishing my right to return to the property.

38:27
That's the only time where we say you need to get a written acknowledgement from the letter from the resident waving that return.

38:35
Yeah.

38:36
And then if you're thinking project specifics, you have a relocation plan that would spell the all these kind of iterations out.

38:44
Now I'm going to relocate off site for X months and this is how we're paying for it.

38:47
This is how residents are going to be compensated.

38:50
We're taking care of all the cost.

38:51
But as well said nothing specific, no specific agreement to the to the resident unless they're wishing right a return.

38:59
OK, so when those for those transfers, if I'm going to recite tenants, I don't need that relocation agreement, then it says in the same property.

39:10
It's just when they going to move to a different property, like you say, they agreed to like just move out and give me the voucher right?

39:20

Right now, even for residents that are going to move out temporarily for six months and then they're going to move back, you don't need a written agreement with them either.

39:29
It's just, it's just the residents who are going to who are are going to permanently move.

39:35
Thank you so much.

39:36
Thanks, Lord.

39:39
OK, Amber.

39:42
Hey all.

39:42
Thanks for the office hours today.

39:45
I have a few questions.

39:48
Or a RAD Section 18 construction blend.

39:51
On the Section 18 percentage portion, there's a requirement that a unit is not vacant for 24 months or longer in order to be eligible for that Section 18 voucher funding.

40:08
Is there any exceptions to that under a construction blend that I might not know about?

40:15
Yeah.

40:15
So unfortunately, not that we are constrained by that.

40:21
Just just to repeat that for folks that part of the magic behind the blends is that by getting the Section 18 approval triggers tenant protector vouchers, which we use to fund the higher rents.

40:37

But those tenant protection vouchers are only provided by statute for units that have been occupied within the last 24 months.

40:45
So a few ways around this one, RAD, the percent of units converted through RAD have no such look back requirements.

40:54
They could have been vacant for five years and they're still eligible through RAD.

41:00
So one option of course is identifying those units as the ones that are going to be removed through RAD rather than removed through Section 18.

41:07
What we're seeing some other folks doing is if they've got a more complex property that they're redeveloping and they're accumulating some vacancies and that the timeline for those vacancies is, you know, coming close to that 24 months, but they're not near.

41:29
They're not quite ready to submit a financing plan to us for the first phase of the redevelopment, possibly putting some of those units in what we call a converted awaiting transfer agreement or we can hold on to that.

41:41
We can convert the subsidy now as a RAT Section 18 blend and that kind of locks in the TPB funding for the for those units as long as they've been occupied in the last 24 months.

41:55
If you're in that boat, sorry to even raise such a complex scenario.

41:59
If anything of that sounds vaguely helpful or or or curious, feel free to reach out to us since it's probably worth a, a smaller conversation.

42:11
But yeah, going back to your first point, Amber, that that is still a constraint that we need to that folks need to kind of manage around.

42:22
OK, thanks.

42:23
That's really helpful.

42:25

I think I am in the cat boat and I'll have to just double check the dates on that cat and kind of where things stand today.

42:32
So might be reaching out to you on that.

42:37
I think that it was said the confirmation of the HTC Blend eligibility percentage is done at financing plan review and approval.

42:48
Is that correct, Amber, when you're invited in for concept call, that's what we'll confirm.

42:54
Oh, concept call.

42:55
OK, yeah.

42:57
And then obviously if things change substantially, there would be a RE evaluation.

43:04
Maybe if things change substantially with hard costs, there could be a RE evaluation.

43:09
OK, sure.

43:10
And yeah, we obviously we're going to see that in the different iterations that you guys, you know, put forward, right.

43:16
If if we're on the fence, yeah, we'd probably be checking that.

43:21
OK, last question, the HCC calculation is per unit.

43:29
However, the hard costs that go into the tool and are stated in the CNA and E tool can include like some site improvements, community space improvements, thinking of properties where the units would be in really good shape, but maybe some more of the common or community spaces need the rehab work.

43:55
That's OK.

43:57
The HCC doesn't need to necessarily be the percentage spent on the actual like residential units.

44:04
Yeah, you got it.

44:06
That's correct.

44:07
OK, great.

44:09
That's it.

44:10
So thank you so much.

44:11
This was helpful.

44:16
Hey, Jen, Hi, everybody.

44:18
Thanks for holding the office hours, really appreciate it.

44:22
Can you please revisit the discussion on the initial year and use of the blended rents versus I thought the blended rents schedule would be in, in effect even going into January 1st of the following year when the HAP rents take effect.

44:43
So we just, again, as I mentioned, we, we just put out some instructions on this and we'll need to do a separate webinar training on the topic because it, it, it gets a little complicated.

44:58
But yes, the the in a blend scenario, the, the funding for the contract partially comes from the new voucher, new new TPV funding and partially from the public housing subsidy that that PHA already has or is getting for the rest of the year.

45:22
And and so unlike in a straight rat conversion in a blends there for PBV, the owner would be still getting would be eligible to get HAP funding from the Housing Authority, but up to a limit.

45:40

And and similarly, if it's a PBRA conversion, the owner can requisition for funds for for HAP funding following the HAP contract, but again, up to a limit.

45:52
So it's a better scenario than than we have with me.

45:58
We had before with it just the the 100% rad conversions.

46:03
But it's still there's still nuance that I think will probably best be covered in a in a separate session.

46:10
OK, thank you.

46:11
And I didn't see the instructions in a rad blast.

46:14
Are they on the resource desk document library?

46:18
They are, yeah.

46:19
OK, perfect.

46:20
Thanks again and take care.

46:21
Thank you, Chris.

46:27
Hi.

46:28
Hi everyone.

46:29
I had a question about the small PHA blends and I know it's a topic for the the next office hours.

46:36
But if a Housing Authority has let's say 300 units, is there a way to convert all three hundred of those units over at the same time and just get the 90% TP VS on 250?

46:48
Or do they need to get down to under 250 units before they convert the remaining of their portfolio?

46:59
To get the 90% PP VS right, they have to be at 250 units at the time of financing plan.

47:08
So you could have, let's say your PHA was 300 units, you could be converting a 60 unit property and a 240 unit property kind of along the same timeline, but get the 60 units converted 1st and have the 240 units trail behind a few months.

47:26
And if by financing plan the 60 units are out, the PHA is less than 250 units.

47:32
It would then it would go through out through a small PHA blend.

47:36
But but you couldn't do all 300 at the same time like as as you're proposing and just having 250 count for the blend.

47:44
OK.

47:45
And then I had another question.

47:48
We have some MTW neighborhood service units that are occupied, but the residents aren't in pick that we plan to convert to RAD.

47:59
Would we need to basically move away from neighborhood services units to get those tenants in the pick before converting to RAD?

48:12
I think we're going to have to look into that one separately.

48:14
We're not we're as familiar with that classification and pick MTW neighborhood services units.

48:21
OK, OK, thank you.

48:25
Thanks Chris.

48:30
Maria, good afternoon.

48:35
We're in the middle of a section in a, in the middle of a rat conversion that's supposed to close at the end of November.

48:45
And since we normally turn in operating fund documents in October, do we forego turning those in at all or do we still submit them?

48:54
You should still submit them.

48:57
And when the conversion happens, the operating fund will, will, will find out from us and, and from pick that they're out of public housing and then, and then we'll correct your submission afterwards.

49:09
But it's best for you to continue with the submission just in case the it's necessary for the operating fund to, to fund that property next year.

49:19
And then again, HUD will correct it once your conversion occurs.

49:25
Thank you so much.

49:39
OK, any more questions?

49:41
We just have a few minutes left in the hour.

49:43
A lot of great questions so far.

49:46
We've got some more juice in the tank.

49:48
So hey Will.

50:09
Hey, how you doing, Sir?

50:11
I dropped my question in the chat, but I'll I'll read it since I was hoping you might just just jump to it.

50:16
But so we're thinking about the 9010 blend and was our, our plan is to acquire replacement housing units for your acquisition and use transfer of assistance.

50:30
And just wondering if you could describe kind of how the, the cat in that scenario could work and if that impacts the rehab assistance pay assistance payments or can you still use rehab assistance payments in those in that scenario to renovate the former public housing site?

50:49
So you so well, can you describe the situation again, you've got a current property that you're walking away from that you, I don't want to say walking away from, but we're going to maybe acquire replacement housing through acquisition, do a transfer assistance to the to the acquired site.

51:13
But in, in the interim, so we got, if we get the, I'm assuming we get the chap.

51:17
So there's going to be some timing issues in order to preserve the 24 month look back.

51:23
Can we put a chat on those units?

51:26
I'm sorry, the cat on those units and you know, kind of stop the, the look back in the interim, you know, acquire the property, transfer the assistance and then I'm assuming we're going to do something with the the former public housing site at that point.

51:44
Just curious if, if we still get the rehab payments in that scenario.

51:50
Yeah, so the if the units, the only reason you'd consider doing a cat in this scenario you're talking about is if, yeah, you've got a bunch of vacant units and some of them are aging and and approaching that 24 months.

52:05
So I believe that now I'm now I'm remembering your scenario and yeah, that's it.

52:11
It sounds like that's that's possibly the case.

52:14

So if you put the units in to a cat, what we'll do is we'll remove them from public housing now and we'll hold on to them and kind of say in the cloud and they can be placed, they'll be they can then be placed under a half contract or we we're at the site that you're doing acquisition rehab at whatever point you submit to us financing plan for that those replacement units and it goes to the process we issued the RCC and it gets goes to closing.

52:49
That can happen before the rehab begins, in which case, yeah, you get you that you could have a have contract that's there before rehab and rehab assistance payments being being paid on that new have contract throughout the course of the rehab.

53:08
OK, All right, thank you.

53:10
I appreciate you.

53:15
Hey, Naomi, got another one.

53:18
You said you had Jews, so I got one more question.

53:22
Shutdown, possibility of a shutdown.

53:25
Obviously as we're going through issues at the federal level, how does the shutdown impact the RAD work, including reviews and signings for closing post October, November and December or in those months?

53:46
Yeah, great question, Naomi.

53:48
The the ticket to go forward if you, if there's a government shutdown is you have to have your RCC to continue working on the transaction so that you can continue working through closing.

54:02
But if you do not have an RCC, it's pencils down.

54:06
We stop our reviews.

54:08
So we've definitely been reaching out and trying to get everybody with financing through the door as fast as we can with that 930 date in mind.

54:17
Obviously ones that have been in longer than 30 or 45 or 60 days, but folks have just walked in the door, that's going to be much harder to do.

54:27
So hopefully everything course corrects and we're open for business on 10/1.

54:31
But if not, it could be pretty disruptive that we've experienced that five years ago with that 35 day shutdown.

54:43
Appreciate that.

54:44
Thanks.

54:47
Great question.

54:57
Jim Garrison's account.

55:00
Hey, quick question.

55:01
So during the shutdown, if, if for whatever reasons the shutdown, do you pick back up when it opens where we left off or does that process begin again?

55:12
No, we picked back where where we left off.

55:14
Great question, though.

55:15
So it's just essentially picking the deal exactly where we left it and obviously asking if anything's changed on your end to refresh and we'll take it from there.

55:40
OK, Thank you everybody for your great questions and look out for future office hours and trainings that we'll be putting on on blends and other topics.

55:54
Keep your questions coming.

55:55
If you don't, you don't have to wait for these office hours.

55:57
You can always reach out to us at man@hunt.gov.

56:00
Or do you have any of our contact information?

56:03
We, we, we love emails and if you have a complex situation or or a simple situation, you just want to learn what's going on again, feel free to reach out to us.

56:14
We are.

56:15
We're happy to help, time permitting.

56:18
Have a great day.

56:19
We'll see you next time.

56:23
Thank you, thank you, thank you.

56:24
Yes.