Post- RAD Conversion Issues

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About Atlanta Housing

The Housing Authority of the City of Atlanta, Georgia (AH), is the largest housing authority in Georgia and one of the largest in the nation. AH provides and facilitates affordable housing resources for nearly 22,000 low-income households comprised of approximately 50,000 people.
Four Things You Should Know About RAD Public Housing Conversions:

1. The RAD program allows public housing agencies to leverage public and private debt and equity in order to make capital improvements and reinvest in the public housing stock.

2. RAD shifts units from the Section 9 public housing program to the Section 8 program platform with a long term contract. This ensures that the units remain affordable to low-income households.

3. RAD maintains the public stewardship of the converted property through clear rules on ongoing ownership and use.

4. Residents continue to pay 30% of their income towards the rent and maintain the same basic rights as they possess in the public housing program.
AH RAD Portfolio

**as of May 2019**

- Potentially, over 4,000 units currently contemplated to convert
- Current total RAD Projects: 40 (Part 1: 20 projects; Part 2: 20 projects)
- RAD Portfolio Award in March 2019. Three (3) closed prior to Portfolio Award (2 AH owned senior highrises)
- Active negotiations ongoing on 15 of the 20 Part 1 projects
  - 10 transactions are subsidy conversions only
- Calendar Year 2019: 13 transactions projected to close by the end of the year
Post RAD Conversion Issues

Asset & Property Management Lessons

- Communicate regularly with the residents and provide as many details as possible as it relates to the status of the RAD conversion.

- Determine the number of units that will be needed to support temporary relocation.
  - Stop-leasing as soon as possible to vacate enough units.

- May need special policies to support relocation if your properties have established waitlists.
  - Consider special admission or preferences for admission/transfer.

- Converted properties need to develop a Choice Mobility Plan for handling residents requests for tenant based vouchers after one year of residency for RAD PBV properties and after two year residency for RAD PBRA properties.
  - Be prepared to notify residents about Choice Mobility option at least 120 days prior to the one year anniversary.

- Be prepared to adjust the rents for OCAF on the RAD conversion anniversary date.
Post RAD Conversion Issues

Construction & Rehabilitation Lessons

- Communicate regularly with the residents and provide as many details as possible as it relates to operational changes in the property post RAD.

- If all residents relocated because of extensive rehab or demolition, some residents may not return when rehab complete due to time lapse or liking where they currently are located.

- Be prepared for resident complaints.

- Incorporate lessons learned from previous rehabs into future rehabs
  - PTAC systems, water tightness certificates
  - Accessibility
  - Have complete set of plans and specification to review and approved prior to RAD Closings
RAD Legal Lessons

General

- Have discussions about deal structure early on with all counsels involved, including borrower’s counsel and investor counsel. This can save time during negotiations and lessen the amount of redrafting.

- Pay attention to your Purchase Option/Right of First Refusal.

- Review the HUD form documents for RAD conversions, common RAD structures and participants and key legal requirements of the RAD programs, including tenant protections, and fair housing considerations.
Thank YOU!

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