Public Housing Repositioning Wednesday - Common PHA Board Questions, 10/28/20

Mikayla Miller: All right. I'm just going to go ahead and get started. So good afternoon, everyone. Thank you for joining today's installment of the Wednesday Webinar Series. Today's topic is common PHA board questions.

My name is Mikayla Miller and I am one of your hosts today, along with Greg Byrne, Dan Esterling, Jane Hornstein, and David Pohler from HUD. Before I pass it over to Dan, I have a few housekeeping items to go over. Our speakers will share their knowledge with us for the first part of the presentation. We will reserve the remaining time for any questions that you might have.

You can ask questions in two different ways. The first way, in the right-hand navigation panel, you'll see a hand-shaped icon. And if you'd like to verbally share your question, select the hand icon and I will unmute your line so you can ask your question aloud. Or if you prefer, you would like to ask your question in the chat box, feel free to type your question in the chat box in the lower right-hand navigation panel, and I'll read your question aloud in the order it was received. And if you're unable to address your questions, we'll send an e-mail reply after the webinar.

Our webinar participants are muted upon entry. And if you'd like to notify our team of any technical difficulties, please send us a message in the chat box, and we'll try to get back to you as soon as possible. Today's webinar is being recorded and will be available on the HUD Exchange shortly following the webinar. Immediately following the webinar, you'll receive an invitation to complete a survey of today's webinar, and we ask that you please complete this with any feedback that you might have for us. With that, I'll go ahead and pass it over to Dan to kick us off.

Dan Esterling: Thanks, Mikayla. So welcome, everybody, to this installment of our Wednesday Webinar Series, as Mikayla mentioned. As she mentioned, we have Jane Hornstein, Greg Byrne, David Pohler, and myself on the line today. Jane is the direct of the Office of the Special Application Center. Just as a way of background, that's the office that approves Section 18 [inaudible] involuntary conversion, voluntary conversion, and homeownership applications. And just in terms of scale, the type of work they did last year, they approved roughly 10,000 units to convert.

Greg Byrne from the Office of Recapitalization, he's the director of the Affordable Housing Transaction Division in Recap. And just in terms of scope of work that they've done, I think RAD has recently surpassed 1,200 projects representing 140,000 units converting to the RAD program, representing close to $10 [million ?] in construction activity.

And David Pohler is the public housing director in the HUD San Antonio office, amongst others. I know he was pulling double duty as acting director for at least one other office recently. But I think he's back in San Antonio. And that San Antonio portfolio has roughly 140 public housing agencies within their stack. So he's worked with quite a few PHAs talking about repositioning. So I'm glad to have him.

And just to orient everyone, here is where we are. We have a couple more of these webinar topics lined up. So hopefully, you've registered for them. If not, please do so. If you've missed any of our previous webinar topics, these are all recorded, as Mikayla noted. So you can go back to the HUD Exchange and watch any of them that are interesting to you or of a topic of interest to you. Also, Mikayla mentioned that we have a survey at the end. We want to continue these because we've had some really good feedback following them. So if you have particular topics you want to dive into or you want our panelists to speak on, put it in your survey and let us. And we can come up with them and put them together in 2021, it looks like, because we're booked through December. So please be sure to fill out your surveys.

And as always, for the new folks, we have this evolving repositioning public housing website where we're trying to create a compendium of all our repositioning tools and products and training. So the link is there, and, of course, the slides will be available after so you can navigate it there.

Before we get started, I just want to say for folks that have been on these before, our approach today is going to be a little bit different. In past webinars, we've done deep dives into specific topics, such as streamline voluntary conversion or Section 18 or RAD. Today, we're going to do a little bit less of a traditional presentation. It's going to be more of a round table or discussion on the types of questions that board members might ask when a public housing director or a HUD employee is sort of talking about the idea of repositioning to them; right?

So we're trying to take the perspective of what questions might come to you from your board members or board members and PHAs in your portfolio with your HUD staff person. And so, some of this may be a little bit of a review of the earlier topics we touched on. You know, if you're a positioning expert, you may have heard some of this before. But we wanted to kind of pitch from that angle.

And then, part two of this presentation, after we've gone over some of these common board questions that we've heard, we'll open it up to the audience. And hopefully, there's questions that your boards have asked or boards in your portfolio have asked you. And we would love to heard what those questions are and try to run those down. So again, before I jump into the first question, as a reminder for the new folks or just as a head's up for the new folks.

When we're talking about repositioning in this context, we mean conversion from public housing to Section 8. Repositioning had a couple definitions in years past, but, really, that's what we're saying. Is taking units in the public housing program and getting them onto the Section 8 platform. And as we've discussed in previous webinars, the reasons for doing so are many. You know, reducing administrative burden. Recapitalization. Gaining funding stability. Some of these things, we'll go over in this webinar.

And then, lastly, the final reminder is the board -- these are all local decisions; right? The decision to reposition solely lies within the housing authorities' local control. No repositioning can happen without board approval, which is why we want to do this webinar to help folks be able to have that conversation with their board and have the board make an informed choice.

So with that, my first question is for Mr. David Pohler. So David, in your conversations with boards, one of the things that you heard most frequently, if there was some resistance or concerns about repositioning, is, hey, I'm running a public housing program. It's going fine. It's not broken. Why do I need to make a change? And how do you respond to that?

David Pohler: Thanks, Dan. That's actually a common thing. I understand that. You know, I never sold a vehicle with [inaudible] miles. I drive them into the grave. They still were working; everything's good. So a lot of you, credit to our housing authorities, you're financially healthy, you're turning a profit, good physical score, high occupancy. Seems to be working. So again, a credit to you for being able to accomplish that.

But if we look down the road, things might change. You know, I recall a story -- well, not a story. I remember living through it. My uncle had an old Rambler. Anybody remember those old Ramblers? There's some really cool classic Ramblers. This wasn't one of those. This wasn't an attractive car to look at. Little bitty car. And he loved that thing. You know, it had been paid off for, God, 30 years. Box of tools in the trunk. And he just kept that -- he had so much pride he could keep that thing running. Bald tires, brakes shot. The engine and transmission, 350,000 miles. Had to park it always facing downhill if he could because it needed a push. It wasn't going to start. The starter didn't work. Push start. Got him where he was going.

Like our early public housing folks who designed the public housing programs in the early days, he thought air-conditioning was a luxury. You know, rolled down the windows. This is fine. So he loved that car. My cousins, his sons, were less fond of the car. The people riding in the car were less fond of it. They made him drop them off two blocks from school. They didn't really want to be seen in it. But that Rambler got him where he needed to go. It served him well for many, many years.

And so, you may be doing well now, and your scores are good. Remember, the REAC scores are really based on the condition of the property on the date of inspection. REAC is not saying how many years' life does your roof have? Your systems? What's the quality of the asset going forward? It's really designed more to assess are there health and safety defects on the day of the inspection?

So most of our public housing is like that old Rambler; right? It's old. It's over 50 years old. Has significant capital needs. You've seen the bullets. Your board may not have, but you've seen the talking points from HUD that here's the capital funds that have been appropriated each year and here's the estimate of capital needs of public housing. So HUD has put out -- and you've heard this from other industry advocacy groups. You know, a couple years ago, we started explaining that there's an estimated $30 billion capital needs backlog, and that's increasing by $1.5 billion a year.

So it may be working for you now, but down the road, you may face the challenges. Repositioning not only gives you a chance to access capital to take care of capital needs, but potentially increase operating income in the future. Again, you guys have heard this; right? But your board may not have. They might not understand that.

So we're asking you to look into the future and get your boards thinking about -- sometimes, board members, I hear it sounds like HUD's trying to get rid of public housing. Why are you trying to get rid of public housing? And we just need them to understand that we're not trying to get rid of public housing. We're trying to preserve affordable housing in a sustainable model for years to come.

So I think as an ED, when you're doing the capital needs plan and you're -- hopefully, the board members that are on the line, when you're doing capital needs planning, you have a good healthy understanding of your capital needs over the next five, ten years, and beyond. And you can start to project are we going to have sufficient funds to meet those capital needs? So drive that old car till it dies, but it may not be the best idea with your housing.

Greg Byrne: Hey, Dave, this is Greg. [inaudible] Rambler and your uncle was satisfied, but your cousins weren't so thrilled to be in that car. And they also needed to be concerned about the safety. I know the brakes weren't good or something. And so, yeah. I may be getting a decent PHAS score, but I could be pumping in $20,000 or $30,000 or more in rehab for these units, but [inaudible] I'm missing that opportunity. Yeah, I may have housing, but it may be frumpy or it maybe it's really [inaudible] to keep it up because I got a bunch of non-maintenance people because things keep breaking.

But wouldn't it be lovely if I was able to freshen it up, rather than just surviving, which is what a lot of PHAs, what happens to them these days. Didn't really get a chance to recapitalize the property. But yeah. So it might be I'm doing okay with my PHAS score, but that's a pretty low bar. I think that's what we've trained our boards to care about, is the PHAS score.

David Pohler: Yeah. Agreed.

Dan Esterling: Okay. Jane, if there's nothing you wanted to add to this, we can move on to our next question, which also is for David. There's a few questions on this, but it's really one ultimate question, David, that boards might ask, is what happens after we repositioned to us? You know, what does the board look like? You know, is my public housing authority going away? Where are we at after we convert to vouchers?

David Pohler: Yeah. [inaudible] You know, sometimes [inaudible] the staff, sometimes from the board, like what people think. Are you asking me to help eliminate my job? Not a lot of interest in that. So first of all, I think it's good to understand -- this is so commonly misunderstood in the industry, hopefully not the people on this call.

But I think, especially when we get new board members that are unfamiliar with how things operate, people tend to think the Office of Public Housing and public housing authorities, it's kind of one and the same. My parents, for years, whenever some news would break about a housing authority, they'd call and say, hey, are you in trouble? And I'd say, well, [inaudible] HUD, they work with housing authorities, but it's not the same. You talk with somebody and say I work for HUD, oh, yeah. Do you know so-and-so? And I say I think you're talking about the housing authority and not the HUD office.

So housing authorities [inaudible] state [inaudible] legislation, not HUD regulation; right? Because we're independent of HUD. You're not federal entities. Housing authorities can do what state laws say you can do. And there's many housing authorities around the state of Texas that [inaudible] business without HUD having much to say about what they do. So HUD's relationship with the housing authorities is set out in the [inaudible] contributions contract, where we basically say, look it. If you accept these funds from us, you've got to follow these rules. Here's how the program works. Here's what you have to do.

HUD helped with the funding to build the public housing units. So there's a declaration of trust on those units that restricts what you can do not only with the property but with any funds associated with running that property. And in short, public housing funds have to be spent on public housing, period. That's it. Public housing, period. You can't pledge assets as collateral without HUD approval. You're pretty restricted to what you can do. And there's a healthy set of requirements you have to follow in doing so.

So repositioning changes the structure of the housing authority's agreement with HUD, but it doesn't change the mission or the structure of your board. So what we're hoping to do is give you an opportunity, if it works for you, to change the way you receive income from HUD to going away from a really old HUD subsidy program that was designed in the late '30s and is kind of patched together over the years. We want to replace that with a newer Section 8 program that allows you to access capital outside of federal dollars. Allows you to potentially expand your housing to do other things, to do mixed-use [inaudible]. Things that not only [inaudible] operate as a housing authority but improve the health of your community and create more housing options.

So repositioning would free you from the declaration of trust that greatly restricts what you can do with your property and assets. It frees you from a huge amount of administrative tasks associated with the management of public housing property. You guys have seen that long list, and you know what I'm talking about; right? When we talk with people in the industry, if I ask executive directors, I say what percentage of your workday is spent complying with all these public housing requirements, the administrative work associated with that? And what percentage of your workday is spent being a good property manager, managing real estate? Housing people? Collecting rent? Doing all the things you need to do as a property manager or a property owner?

And most people will estimate that 80 percent of their time is spent on the administrative, the other stuff, all adds up. So wouldn't it be great to reverse that and focus more on being a really good property manager providing good product, keeping your units occupied, keeping them in good shape, generating income, thinking about what you can do to expand affordable housing in your community? So repositioning, really, it gives you the freedom to use -- you also get the freedom to use income generated through the advantage of your rental property to do other things.

If you turn a profit in public housing, for those of you that have healthy public housing reserves, what can you use those reserves for? You can use them for public housing. That's it. Period. So you're pretty restricted. [inaudible]

Greg Byrne: So let's get to the very basic, which is if you reposition, if you go onto Section 8, do these repositioning tools require the PHA to go out of business? Does it in any way say to the board you no longer exist?

David Pohler: No. The board, you do what you did before. You might be doing it in a different model, but you're still involved and overseeing the housing authority's operations and providing affordable housing. It's just a different income stream. It's not changing what you do as a housing authority board. For staff, it's you might spend more time managing property and doing things like that than you were spending -- and less time on the administrative stuff, but there's still that function of housing people. That doesn't change.

Jane Hornstein: Right. I mean, depending, too, on what you do with your assets, the board, it may be land leases that you're overseeing. It might be a Section 8 program. I mean, there's lots of different things that the board should still be involved in. I don't think that the board will go away, but their responsibilities may change.

David Pohler: It's really [inaudible] saying what do you want to do; right? What do you want to do as a board? Now, that's changed; right? That's very new from what -- for housing authorities that just operate public housing or Section 8 with HUD, our programs aren't designed -- while you have some local autonomy, they're pretty prescriptive.

But now, you've got a chance to operate like a business and say, hey, is there a better business model for us to accomplish our goals and objectives? And so, you really have some discretion here. What's going to work best in your community? That's kind of new thinking for folks. So when you're talking with a board, getting them to think about what would you like to do? You know, how do you want this to look?

Greg Byrne: Yeah. I often think of boards or housing -- as lines of business; right? You know, so one line of business is, like, project-based assistance; right? Because I'm an owner of properties. Another might be tenant-based assistance, another line of business. Or maybe I do fee-for-service management for other PHAs or other owners.

All of these are lines of business that from time to time certain products or tools come out of our place and they're better for that time period. And really, sort of with -- we kind of see is that the Section 8 subsidy program [inaudible] is, like, let's swap it out. [inaudible] housing authority, still within its mission, say, hey, we think in today's era, letting off the Section 8 program is a better long-term preservation tool.

It gets you the board to kind of what you want to do, which most of you are interested in long-term preservation of properties. Then the public housing program, it shouldn't feel any misgivings about leaving the public housing program. It's like, in fact, if this is something that provides better service, ultimately, to your residents, then great. Choose whatever program best meets your needs. But as you said earlier, David, that the public housing program really, you know, built in the '30s and cobbled together for decades, it's got some quirky stuff that is much harder [inaudible] public housing [inaudible]. You know, effectively plan and manage that then is possible in the Section 8 program.

David Pohler: You know, we have housing [inaudible] around the country. Certainly, we have some in Texas; we have one in San Antonio. They started developing non-profit affordable housing over a decade ago. Getting started was difficult because seed money to kind of get that first one going, it was hard to come by because, again, you couldn't use our funds for that. But they got started in it. And you turn around today and you see that their non-profit affordable housing inventory, their non-HUD inventory, is now bigger than their public housing inventory.

And so, it's because those ventures that they did turned a profit and gave them non-federal dollars that they could use creatively to further expand affordable housing in their community and to do lots of other things besides housing that were high priorities for the board. Some folks have already it, but it's hard to get started. You now have some opportunities to get to a point where you can generate non-federal income and do things that need to be done in your community, like expanding affordable housing.

Greg Byrne: [inaudible] the boxes here on this slide, on the second row. It says what are the ongoing responsibilities of the board? You know, one thing that will change for boards is, because as you move off to the Section 8 platform, as those projects really are independent assets and they have to perform; right? They've got, certainly, revenue [inaudible] have taken on debt and whatnot that housing authorities -- in ways that just aren't the same in public housing. Really need to be, whatever, looking at the financials, whether it's every months or every quarter or semi-monthly at these properties.

And it's much more akin to non-profit sponsors of affordable housing that that non-profit board [inaudible] saying, okay. What's the balance sheet? And what's the income statement for this property? Are we doing okay? Are we going to be able to pay the mortgage this month, or what have you? And we've tried that with public housing for the past ten or so years and it's still kind of an imperfect revolution in terms of getting project-based funding and project-based accounting.

But it's not a complete set, right, because you have the operating funds [inaudible] to attract that. But you really don't see -- like, the capital funds is part of the same financial statement or [inaudible]. But this will really change for boards to say I got to look at the bottom line in ways that just don't happen in public housing today. [inaudible]

Dan Esterling: Mikayla, I think we can jump to the next one. At the outset, Greg, I had mentioned this one's for you. I mentioned the number of transactions that your office has approved and the number of units you've converted and the amount of construction that has resulted from that. And it's my understanding that more than half, something like 60 percent, of those RAD transactions involve some sort of debt. Can you speak to the board members out there who are concerned about taking on debt on their properties and maybe they're not as familiar with it other than maybe they have a mortgage on their own home?

Greg Byrne: Yeah. It's really a big obstacle for a number of PHAs or their boards because the public housing program, again, never held any debt or, rather, their housing authorities didn't have any debt. The federal government paid for these buildings usually directly with the bonds. But the PHAs didn't make the payments, HUD did. And then, after a period of time, public housing is built with grants and bonds, so that's really not part of our DNA; right? It's, housing authorities, that this is an unnatural act for us, to take out debt. And so, therefore, we tend to be averse to it; right? [inaudible] If I take out a loan, I want it to be 10 years or something like that.

And so, again, it's part of sort of this peculiar history of the public housing program sort of being like a parallel universe to the multifamily program. And so, it is always a little bit outside. And so, it took on some practices that are unusual. And what's unusual in the world of multifamily housing is not having a long-term mortgage; right? That's, I mean, how people deal with affordable housing, is just everyone -- unless you are so lucky to either have a wealthy uncle or you get a 9 percent credit and everything else lines up, you know. Much multifamily product that gets built is built because of long-term mortgages.

And so, I think on this one, it's really on the PHA staff and executive directors that they say when you approach your board and you run up against this, it's really trying to educate them to say, well, first of all, try to think of your own house. You know, do you happen to own this house? Did you put down the cash to purchase the house all up front or did you take out a mortgage? Most people on the board are likely to be homeowners, and they're going to say, yeah. Why would this be any different? But it is tough sometimes to get some board members to be able to sort of get comfortable with the idea that it's okay to have debt, just like any other property.

You don't want to be reckless with debt. You don't want to [inaudible], of course, under the RAD program. We have some pretty strong underwriting criteria. We don't let people do crazy stuff, like for [inaudible] mortgages or balloons that come due in five or ten years. So we still apply some conservative underwriting, but that is really essential in the world of multifamily housing, just to see what you can do to just make boards more aware that we're sort of alone here in the world of multifamily public housing. And we have traditionally not taken on debt.

And you can say, well, how well has that worked out; right? It hasn't. You know, for years, we've not had access to capital, or we weren't allowed to. So what happened? The buildings got worse; right? We weren't able to refinance them. And if we had been able to, you probably would have been able to save a lot more of the public housing lost to us in 15 or 20 years.

Jane Hornstein: To chime in on that, too, is there's other forms of equity now, too, that come into these. And those also require some debt.

David Pohler: Again, it's kind of like that old air-conditioner that you keep repairing and nobody wants to buy a new air-conditioner because most people don't pay for that with cash; right? They're going to have to finance that thing. But you realize, well, if I get a new air-conditioner, that operating cost is much lower. There's all these benefits that, yeah, I'm taking on some debt, but I'm getting a warranty. I'm getting away from this uncertainty of what's going to break tomorrow and where am I going to come up with the money? So it's always a dilemma. I'm a big believer in minimizing debt personally. I think it makes sense. But there's times where it makes sense to take on the debt.

Dan Esterling: Good. Let's turn to Jane in the next question here. So the applications that come to your office for Section 18, streamlined voluntary conversion and home ownership, they don't necessarily require one-for-one replacement. So they're essentially removing units from the public housing inventory and at times vouchering out. So how do you address that issue with board members that might be concerned about a loss, potentially, of affordable housing in their communities?

Jane Hornstein: [I'm not familiar with your question ?]. Under Section 18, under Section 22, under Section 32, Congress has actually said, no. You don't have to replace hard units one-for-one. But what we will do is give you vouchers, tenant protection vouchers, for all of the units. And those that you want to -- so you can replace them, in which case we will give you what we call a relocation voucher. It gives you the ability to move the residents while you tear down the old buildings and build the new building. Then, the residents will back in and then that voucher kind of goes away. Otherwise, those vouchers can stay in the community as replacement vouchers if you want to project-base them. Or if your tenants to keep them in the private market. But it moves them into the voucher program.

There's only one instance under Section 18 where we don't give you a full one-for-one replacement. That's under efficient and effective justification. There, we we would only give you 25 percent, but we will ask a lot of questions because we really don't want to see you lose the units or vouchers in your community. You want to have the assistance for the same number of units available.

So we will ask you lots of questions. We will look at what your current voucher program is. And if that's something that can be easily replaced -- there are communities today that have voucher programs that are hard to use for a variety of reasons. And we'll look into all of those reasons, try to understand why those vouchers are not getting used and why you think it's a good idea to replace these units with those vouchers. But that's only under Section 18, efficient and effective. Otherwise, we will give you 100 percent vouchers. Greg, do you want to talk about the RAD program?

Greg Byrne: Yeah. And no doubt [inaudible] that replacement is a huge issue. It's a very real issue, which is I don't want to lose a hard unit because I'm in such a tight market. It's one reason why some advocates, board members, and such like RAD because RAD, it's essentially a one-for-one replacement program with some [inaudible] and every resident has an absolutely right to return to the project, and that gets some people uncomfortable. But the Section 18, the Congress has said, hey, there are times when -- you know, [inaudible].

You know, we're not -- if you ever choose to go to Section 18, it's because you can't find any other way to save the units inside the public housing program or through RAD. And if the units are in such poor shape, which is one of the main criteria that people use, obsolescence, for Section 18, then go ahead and make a business decision that if you can't find a way to salvage, we'll let you remove them. But at least, we'll make your community whole with respect to [inaudible] protection vouchers.

Now, for some reason, if you come back and project-base those vouchers, well, great. All the power to you. But again, even though Section 18 doesn't require any hard replacement, there are ways in which many PHAs are using Section 18 sort of actually as a preservation tool, so pretty exciting. But, two, again, it's voluntary, the PHA's choice. Because at some point, you say I've got this inventory that I'm not doing anybody any good. It's bad-quality housing. I don't have the resources to preserve it and I am triaging my inventory. I'm making a decision that there are some properties that I can't keep any more and thank goodness that HUD and the Congress are going to give me some tenant protection vouchers. But at some point, it just comes down, I think, to economics. But, again, HUD's not requiring anybody. This is still all the board has enormous control over whether they feel something has gone to the stage where now it needs to be removed through Section 18.

David Pohler: Greg and Jane, I think I hear from board members a lot or from PHA staff, there's some level of distrust. Sounds like you're trying to sell me on this. Why would this be -- you get a little suspicious; right? You get that all day on telemarketers and stuff, somebody has a deal for you. They're looking after your interests. And we tend to get a little cautious; right? Within the environment we're in.

So I understand that. And what I would say is when you talk with other -- if I were doing this, I'd want to talk with other PHAs who've done it. I want to say, hey, you did it. Did you -- because I want to learn from other people's mistakes; right? If you could do this over, would you still do it? Would you do it differently?

So we're getting to the point now that we have a number of PHAs who've gone through various repositioning options. So there's that opportunity to reach out to folks, and I would encourage anybody who's thinking about this to be thinking about talking to other folks who've done it. Learn, hey, if we could it over again, we'd do it this way, or we'd go further, or we'd do it faster. There's a lot of information out there.

What I've not heard when we've done these panel discussions and asked people who've done repositioning at these conversations, like NARO [ph] and PADA [ph] and what not, ask people to speak up what their experience has been. With folks who've done repositioning in various forms through RAD or Section 18 or even streamlined voluntary conversion, I don't hear much regret. It seems to have gone well for them. Anyway. Just wanted to throw that out.

Dan Esterling: Good. I've got another one for Jane here. And this is a little bit of a miscellaneous question, but if I'm a PHA board member and I'm thinking about the types of questions I might need to run by attorney or some of the sort of legal considerations I might have, can you speak to that?

Jane Hornstein: Sure. Thanks, Dan. So I think the one thing that I think all of us have been saying is the PHA board in particular should be thinking strategically and thinking carefully about what's in my community now and where do I want to be in ten years? What housing will we need? And I think that that's a legitimate question to be asking and something that they should be considering.

And as they're thinking about their legal considerations as well, that's all wrapped into it. Who do they want to be too? As a PHA board, do I want to continue to own the property? Do I care about what's going on in the actual buildings? Or am I more interested in taking a -- and just making sure that there is land available to build affordable housing and making sure we have other private actors who are maintaining it.

So those are bigger questions that they should be looking at. Most of the PHAs, many of them around the country, bought their land early. And so, this land is precious land. It cannot be replaced easily. If they sell it today and they go to buy it in five years, that price just went up if it's in an inner-city or if it's in an area that we know today will be of value. So these are things that they should be considering. We encourage ground leases because that allows you to maintain control of the land while leasing it out and having somebody do the building and they just pay you a lease fee every year.

So other things to think about are establishing non-profits or affiliates. A lot of those have tax consequences as to how they operate and what happens to them. And will also affect their real estate taxes. So need to look at all of those considerations as they're structuring the deals, whether they're going to be -- how you want to structure them and how the PHA wants them to operate going forward. So I think those are all part of the strategic planning process and what's important.

Dan Esterling: David and Greg, did you want to jump in on any of that or we can move on? So I think Jane has kind of touched on this question in your last response. But obviously, the housing authority has some assets, real property, physical assets, maybe construction or vehicles and different sorts of equipment. They also have their personnel, their staff, their human resources. So talk to us about what the PHA can do with those physical assets and maybe some considerations for the human resources issue that's coming down the pike as they consider a conversion.

Jane Hornstein: So these are all considerations to be thought through before embarking on any kind of repositioning that the housing authority plans to do. So this should all be in the planning process. In terms of physical assets, like trucks or snowblowers or desks for the offices, whatever those are, if they're trying to preserve and asset -- let's say they want to take a current senior building and they're going to convert it to Section 8. They want to do some rehab, but they want to basically keep the function of the building the same.

Then, in that case, they probably want to transfer those assets. And whatever repositioning tool they choose to go through, whether it's RAD, Section 18, Section 22, then they probably want to include those in that application. And those will just transfer to the new entity if it's a natural transfer or retained if it's under RAD. In terms of staff, something similar will happen as well. You know, clearly these are staff members who understand the operations in the building. So the new entity may want to hire the staff.

So it really kind of depends where you're going and what you're doing and should be considered as part of the planning when you're going through all of this. Other things that the housing authority has are some liabilities that they want to look at currently, including pensions. And they should think about those. We don't have a whole lot of advice on those, but something to be considered.

Greg Byrne: One of the earlier slides was what impact does the repositioning have on my board; right? He says his board is resisting his converting to Section 8. And does converting to Section 8 in any way change the legal structure of the board? Well, no, it doesn't. It changes the program result. But there are certain things that happen when people reposition, and particularly when they recapitalize property.

And when they recapitalize a property, then it probably is not as conducive inside public housing. Could also happen in mixed finance public housing. But the PHA is more dictated by the lending and investment community, is going to want to see a single-asset entity or single-purpose entity owns the real estate. And they do that often just -- largely for liability purposes. They don't want the rest of the organization or some other asset that may have some lawsuit to then jeopardize this particular property. And so, insulates them from risk.

So it's this creation of this [inaudible] of every asset that you're going to go out and get a loan or a get task credits to the transfer; right? You need to put it under a new legal entity. And to me, that's the area that's fascinating, to see how PHA boards manage that. So there's lots of PHAs that have done tons of those; right? That they've already built a lot of affordable housing outside of the public housing program. And when they've done that, they've had to create these sort of separate ownership entities for each asset. They're still controlled or overseen by the PHA board, but they're -- and they don't have any qualm -- I remember a small PHA that was converting under RAD.

And they were converting, actually several properties. They had their hands around several agencies. They converted them all at once. And one of them also was going to be the voucher administrator. He can't be both the voucher administrator and the owner of the property. There has to be some -- you can't be on both sides of the contract. And so, the PHA, within two days, came back. Okay. We're going to create this separate non-profit arm to own the property.

And the board didn't seem to have any concern with that whatsoever. And yet, other boards get really nervous about that. They say, well, what does it mean for me that that asset no longer is owned technically by the PHA board but through a PHA's non-profit? And I think that's the place where you have some boards that just, again, are unfamiliar with that, even though that's sort of common in the whole world of non-profit, public sort of affordable housing development. It's not something for which a lot of PHAs, especially the small ones, have done.

And so, in what ways can the board then, if they're not going to be the direct owner, how can they still have some control over that? And so, it's either one that is obvious, is, look, put it under some related [inaudible] or an affiliate of the PHA. Or very common thing that PHAs do is even if they turn it over to their non-profit, they'll still maintain a long-term ground lease [inaudible] with the owner of the property. And that keeps them in the game for 70 or 99 years, however long they decide the lease.

But also, it offers another importance or benefit, which is in most states, as long as the PHA owns the land, the property is exempt from real estate taxes. So it helps them on that score too. But yeah. So there's different ways in which housing authorities can continue to sort of -- this asset needs to be set up under single-asset entity. That way, they can still maintain control of the asset long-term.

Jane Hornstein: We have a question from Klenela Richardson [ph]. "If a PHA is having trouble because of getting the board of commissioners, advocates, and/or tenants on board with repositioning, how can they connect with PHAs that have successfully gotten over those hurdles?" I would suggest that you contact your local field office to find out what other housing authority have been repositioning in the community to get their experience.

One of the other things that we've been doing as a group has been working with field offices to set up what we call virtual round tables. And we're trying to get small groups of PHAs so that they can talk to each other and get those organized because we think those are really helpful, just for PHAs to be able to support each other as they go through this process. So it's not so straight-forward and simple.

David Pohler: Jane, I think one of the training sessions, in Texas, we have a consortia of 19 PHAs, very small PHAs, run by one consortium. And they're repositioning all 19 of those, some through RAD, some combination of RAD, Section 18, and voluntary conversion. And for that executive director to convince 19 boards, again, very small agencies, really, really challenging. And I remember the executive director came to so many informal and formal training sessions leading up to the point of saying, okay. Yes. I'm going to go back to the board. I think I'm ready to -- I'm sold on this. I think it's the right way to go.

And I think one of the effective training sessions we had, we actually just had one of those -- their hospitality suite at one of the conferences where they let us use it. The bar was closed, by the way, just to clear the record there. The bar was closed. But during the day, we got people in there. We had six or seven PHAs sitting around the table asking questions. In the comfort of hearing their colleagues ask a question and now I don't -- I'm starting to get more comfortable because I'm hearing other people thinking the same things I'm thinking and asking the same thing.

So I think that however you find that, whether it's your board members talking with board members of another PHA or getting a group together to have a conversation about that, I think that's a good learning environment that really relaxes people to kind of think through this, think about what they want to do.

Jane Hornstein: Yeah. [inaudible] or the 22, that helps. I just wanted to share another question that we had that came in. They asked if you guys could explain the concern about pensions. Is it a concern for PHAs to utilize a third-party to administer? I think that works. If a third-party can administer it, that's helpful. I'm not sure that answered the question, though.

David Pohler: It's probably more of a legal, more complex; right? Folks that have a pension, those pensions can be challenging, whether you stay in the program or not; right? It adds another layer of decisions if you're going to change the structure of your assets from public housing to something else. But yeah. I'd be hesitant to go too far with that. I would rather defer to lawyers.

Dan Esterling: Sorry for the dodge on that one, everyone. It's just that pension laws are different in each state. And I think answering on a global basis is tough for that. Okay. So the last question I wanted to get to toss over to David. Resident considerations; right? So obviously, getting resident feedback and their thoughts on this is a huge component of the decision-making process. Just tell us a little bit about what your view is of how this impacts residents positively or negatively and when do you loop them into the conversation?

Greg Byrne: Early and often; right?

Jane Hornstein: Yeah. And this is a major consideration.

David Pohler: I was yakking on mute. So as far as when do you engage residents, we want you to -- like any other changes you're thinking about making, we want you keeping residents informed, stimulating conversation about those decisions. We don't want the board operating in a vacuum. We don't want the PHA operating in a vacuum. We want you to talk about these things early and often. Just like it takes you and your board a while to get comfortable with change and any proposed change, the same applies for residents.

So like other major changes in your program administration, plans to reposition units should be [discussed during the planning ?] process. You should have the public hearings to discuss it, allow the 45-day public comment. There's lots of details in there that we can cover in greater detail to make sure you go through the right steps on this when you get there. But bottom line is consult early and often. You've got to consult with the resident association if you have them, resident advisory board, on and on.

So as far as how does it affect residents? Well, this is one of those that I think is really -- so the same hesitation you might hear from board members or staff. You'll hear that from residents; right? We're going to lose our housing. This means we're going to be out in the street. We hear all these crazy stories. But the reality is it's quite a win for residents, I think. And let's talk through how. So in public housing, and again I don't know the whole audience, how much everybody knows this stuff. But we'll talk at the simple level.

Public housing tenants choose between a flat rent or 30 percent of income [inaudible]. In Section 8 project-based voucher, or PBRA, if you went that model through RAD, or just tenant-based vouchers, tenant-based, 30 percent of income towards rent. But they often receive a higher utility allowance than in public housing. So in Section 8, you're required to offer a air-conditioning utility allowance if air-conditioning is available in the unit.

So while the tenant is still paying 30 percent of income for his rent, their actual share of rent to the owner may be less. And again, as we talked about throughout this, one of the goals of repositioning is to improve housing. So he still had public housing that doesn't have air-conditioning. I mean, now it's different for different parts of the country. I'll say in Texas, pretty tough. Pretty tough. It was 85 degrees on Sunday here. So hopefully, that's an upgrade for the residents.

So if a participate chooses to move to a privately-owned unit with a tenant-based voucher -- let's say they get a tenant protection voucher as part of this and they want to move. Then they would pay 30 percent of income towards rent, plus any income -- but, again, the rent's above the payment standard. Because project-based vouchers, the unit will never rent to both the payment standard or they're going to pay 30 percent of income for its rent.

So again, if it's public housing, you're paying -- choosing between a flat rent and 30 percent of tenant income. So there are a small percentage of residents that are currently paying flat rent that could experience an increase when they move to a Section 8 model because there's -- the very reason you're paying the -- choosing the flat rent is because that figure is less than 30 percent of your income.

So for that small sliver of residents, they could see an increase in their rent responsibilities through HCV or PPRA, project-based vouchers. And higher-income tenants, tenants who don't qualify for Section 8, [inaudible] they may not be able -- if you're going to convert to project-based vouchers as part of a RAD or a dispossession, Section 18, or even through -- they may not be able to stay in that unit with Section 8 assistance; right? Because they don't qualify for a voucher. So in those cases, you may have to relocated folks to other comparable housing.

What I would tell housing authorities, always as we're going through this, if you're thinking about repositioning, one of the things that's really important that you should be doing all along, we want to make sure that your flat rents are really representative of what that unit would rent for in the open market.

Because the ideal is, whatever -- if you're paying the flat rent, you could go rent other comparable units without assistance from HUD of same quality. If you understate those flat rents, then we have people that might be in a position to actually rent on their own that never move out because the deal's too good. And so, that inhibits your ability to house other very needy low-income families in the area. And then, when you get to repositioning, you now could find yourself with a lot of over-income tenants. But that's pretty rare.

So on the rent side, absent those folks who were paying a flat rent that was maybe understated, they might get a little increase. But most people, they'll pay no more than they were paying in public housing, and they get a utility allowance at higher -- for air-conditioning. So they'll be better [shape ?]. What really changes for them, while the rent doesn't change much, what really changes for them is mobility.

So public housing tends to move from public housing. You know, they're on their own. The assistance stays tied to the public housing unit. Next person moves into the unit gets the benefit of the assistance, but the family who moved is on their own. There's no way to port that public housing assistance. You let the unit -- so if you have a job opportunity somewhere else, you have to choose between taking the job and giving up your affordable housing.

Tenants who move from public housing during repositioning or when converting to the voucher program, they're allowed to take that voucher subsidy with them. So if you did project-based vouchers through RAD or pretty much [inaudible] disposition, at the end of a year in that unit, the tenant could say, hey, I've enjoyed it, but I think I'd like to take my voucher, I want to move closer to Mom; my parents are ailing, aging, and I want to be near them; I've got a job opportunity. Whatever it is, like the rest of us, you have the opportunity to move, do that mobility. You could take the assistance with you. So that term we call choice mobility, it really creates a lot of greater freedom and economic opportunity for our participants.

We sometimes hear housing authorities, well, they're worried they're about to take their voucher and move. I don't know that -- I don't think that's likely to happen. Most times when a tenant takes a voucher to move to another location, the housing authority that's administering vouchers in that location chooses to absorb that family. So it frees up their voucher to issue to another low-income family on your waiting list; could be a project-based voucher waiting list.

And when you do a -- if you have project-based vouchers as a result of RAD or Section 18, the fact that once you move into that development at the end of a year or two years, depending on the situation, the fact that there's a path to a tenant-based voucher down the road, that actually creates a lot of demand for your unit. And you wouldn't allow somebody to move out with that voucher until you had enough voucher funding available to replace the family in that unit.

So probably confusing you guys, talking about this. But essentially, it creates some demand for your units, the fact that after a year or two years, a tenant has a chance to get a voucher to move wherever they want. So again, engage the tenants early and often. HUD staff are available to help you through those conversations. In some cases, we'll try to be at the briefings to help you explain things so tenants can hear from HUD that what you're saying is accurate. But I really think it's quite a win for tenants. And once tenants understand that, they should be, in most cases, very much on board with seeing this happen.

Greg Byrne: Thanks, Dave. You know, some board member and housing authority, PHA staff, have presented me with repositioning strategies or whatnot. Somebody would say, hey, this is great. We're going to have a product that's in better shape, that's stronger financially. So looking by that, as a board member though, I want to make sure we've protected the residents.

So one of the things that I would want you as a PHA staff to make me feel comfortable with, I would say making sure that everyone is protected; right? Protected meaning where are they are going to live? They're going to live back in the property or there's going to be some relocation? What's the relocation [inaudible] what's the comparable housing people are going to get, particularly if it's not RAD, if it goes through Section 18, whether or not guaranteed, they have to come back.

You know, what are you doing with making sure that everyone is appropriately housed through this? And what's the rent they're going to pay? Is it going to be the same that they paid before, after conversion? What about families that today may have become over income? How are you going to treat them? What's the issue with them? Or families, the rent's going to go up. And if so, how are you going to do it? Then, of course, all the things that Dave just said as well about how are you going to make sure that you keep them engaged, keep them informed of all this? Because this is a lot of tricky stuff. But making sure that not only is this a good deal for our buildings, is it a good deal for residents today?

David Pohler: A good challenge is just, honestly, overcoming distrust. Very challenging.

Jane Hornstein: We have Tara [ph] with us, too, Tara Radovich [ph]. Tara, do you have any other things to add on resident considerations? I know you've done a lot of work there.

Tara Radovich: I don't have anything today I could pull. I know my division has been working on some guidance on this. A colleague in my group has been. And so, that will hopefully be coming soon. Big message, I would echo what Dave Pohler said, early and often. And then, what we want to make sure with the resident guidance is that where there are required steps or meetings or briefings, that those are included.

And then, lastly, there's additional guidance coming on how to do these kinds of briefings and meetings remote and making sure that in the time of COVID, if you want to socially distance and you're doing these meetings remotely, there's going to be guidance on how to make sure you're considering technology of the residents, what they have access to, what funds you could use to help them be more connected.

And then, lastly, if you need to make reasonable accommodations for any disabilities, what that looks like to do things remotely and still be in compliance for housing and all accommodation requirements. So stay tuned, and more is coming, and we'll publish them on the PHA COVID page.

Dan Esterling: For folks that want to deep dive into resident considerations, we also have a recorded webinar back from the summertime. So on the HUD Exchange, there's another one of these Wednesday Webinars talking specifically about resident considerations.

David Pohler: And so, what Tara kind of prompted me to think about, too, is we're talking a lot about the housing units and the housing conditions, but our goal of really improving lives of residents and creating the economic opportunity and better educational opportunities, we still have public housing where the kids that are working from home now, they can't access the Internet. They don't have the basic access to Internet that's needed to function effectively. So all of those things that you can -- when you're -- as long as we're going to include this housing, we've got to look at all of those things and really make a difference in people's lives.

Jane Hornstein: So just know that the one thing that's very clear in all of this, and I'm just saying, under all of the repositioning tools that we have, you got to work with the residents. That's key. It changes their lives.

Dan Esterling: So with that, we hadn't prepared any kind of discussion topics, but we have plenty of time if there are folks either in the chat feature or wanted to unmute their line, Mikayla, maybe you can help folks with that. We wanted to bring up any questions that had come up from board members in either their PHA or a PHA in their jurisdiction if they're a HUD staff. Mikayla, do you want to remind them how to unmute their phones?

David Pohler: I see a number of people on the call who actually have converted. And so, they probably can share with us lessons learned about how they did it or how they would do it this time.

Mikayla Miller: If anyone wants to unmute their line, in the right navigation panel, there's a hand icon. And if you click that, I'll be able to unmute your line.

Dan Esterling: In the meantime, while folks are doing that, I just wanted to echo something that Jane mentioned regarding -- to Klenela's question; right? If there are PHAs that kind of want to talk to other PHAs in their area and find out how they're doing it or where they're at in their process, definitely reach out to either your field office or this repositioning@hud.gov e-mail box and say you want to do a repositioning virtual round table; right? And we can work with your local field office or your local field office can work with other PHAs in your region to pull a group together.

And you can have this conversation, similar to what Dave described in Texas. Where you can meet with your peers and evaluate your portfolios and talk about next steps as a group and what the commonalities that the group has. So feel free to reach out to us, and we can set those up. We've had a lot of success with them, and I think a lot of PHAs have gotten good -- a lot of good has come from it, from the PHAs that have participated.

Mikayla Miller: Thanks, Dan. We have a question that just came in the chat box. They're asking, "How do I address board concerns about losing control under a LIHTC RAD conversion?"

Greg Byrne: Yeah. This is really fundamental to the heart of things. So the LIHTC [inaudible] it means that the project has potential rehab needs and the PHA decided it doesn't have enough money under its own capital fund to do it and it doesn't have enough money under the RAD normal so that the -- rents to sort of do a DEP-only [ph] transaction. It needs to dig deeper. So the property has extensive needs and the agency wants to accelerate those needs, give residents better housing than what they've got now.

And so, if it's a tax credit, even if it's a 4 percent credit, chances are you're talking at least $30,000 or $40,000 a unit. And of course, this new construction, much, much higher. So then, we say okay. The only way I can find to address those large capital needs is to go through the tax credit program. There's no other sort of soft funding that I'll get. [inaudible] I mean, roughly, about 40 percent of all RAD transactions turn out to be 4 percent tax transactions.

And so, the first thing is, well, as a PHA, do I have the capacity to do this? Can I be the development entity? In which case, it won't be the PHA, necessarily, owning it, but it's the PHA's affiliate, possibly, being the controlling general partner. And if the PHA has capacity and they're able to make the lenders and investors comfortable, that's great; right? And then, well, yes, technically, it's leaving the public housing program and technically it can't be owned still by the umbrella PHAs. Still owned through, likely, an affiliate of some sort, a non-profit through a taxpayer partnership.

And the board should say, hey, you took an asset that was underperforming and wasn't giving people the quality of life they were interested in. And look what we were able to do. We were able to bring this up to modern standards, but the PHAs, they no longer own that property directly like it does today.

And that's, you know, most PHAs have done this and said, okay. That's acceptable. My mission here is to make sure I'm providing for the housing needs of low-income families. I don't necessarily have to own it in ways that I've owned it before. I still can control it by doing a ground lease or something.

There's no doubt about it, though. It is a tougher sell when the PHA, particularly the smaller ones, when they need to do a major recapitalization, and that means tax credits, and they don't have development experience, and they may have to be the co-developer. Or the developer may say I'm not comfortable yet with you managing the property. And so, maybe with my [inaudible] company -- this is direct from the management of the property. Maybe over three years we'll train you how to do it.

And I just don't want to run away from that very real issue. But hopefully, the boards can be convinced that it's necessity. The only way I can get this property to be recapitalized is that I may need to bring in some partners that hopefully that's still thinking of the best interests of the residents. And again, I, as the PHA, still have a lot of control over that, even though I may not directly own it anymore. Anybody else want to try to --

Jane Hornstein: You mentioned the ground lease. I mean, they can still hold the land and then lease it to the tax credit entity to build the new building and own it.

David Pohler: I would just say that lot of these are deals, sometimes PHAs are approached by a developer; right? I think we can give tax credit to you've got a parcel of land that would work for this and we'd like to work with you and partner with you. So I think over time, housing authorities have become -- the business model and tax credits has evolved a little, where housing authorities have become increasingly aware of what they bring to the table in a tax credit deal.

And the opportunity -- they're negotiating advantages in those deals because you're a key needed partner to make these tax credits work. So I think some of the early tax credit deals may not have been as favorable to PHAs, the ones done, you know, [40, 50 ?] years ago. But I think now that's evolved a lot, where PHAs and the consultants helping these PHAs better know how to protect the PHA's interest. So it creates, I think, a lot of opportunity for you where those properties that would qualify for tax credits exist.

Michael Miller: We have another question that says, "How is affordable housing protected if a new development project goes bankrupt?"

Jane Hornstein: That, basically, if it's sold under Section 18 or Section 32 or Section 22, we will require a use agreement that will go in first place. It says that the land has to be maintained as affordable housing. So that will stay with the property even through bankruptcy. Under RAD, I think there's other protections in there, but I'll let Greg speak to those.

Greg Byrne: Yeah. So RAD, some of those key provisions about RAD, because RAD's supposed to be a preservation program and it's supposed to be permanent project-based housing essentially in perpetuity. But you also have situations where at times you haven't seen any. You know, at one point, there will be a property that will go into foreclosure even if all the best things, right, that we do, you know, it's likely to happen. How can a lender loan on a property if he can't take over the property in any event there is a foreclosure? So the statute has -- recall some of the waterfall, where any property in that situation has to get sort of transferred first to -- I think it's a PHA and second to a non-profit or a public body and then a non-profit body.

The lender has rights to foreclose but has to go through a process in order to find some other public or non-profit body to own the asset. So there's protections that exist that just aren't present in any other program. It's unique in that regard. And of course, all of these transactions, whether it's a RAD transaction or a property that's disbursed for less than fair market value under Section 18, that comes with use restrictions. And those use restrictions also require ongoing affordability provisions.

David Pohler: It wouldn't be unique to -- sometimes, there's other affordable housing in your community that is struggling for some reason. And housing authorities offer some -- they come with some inherent advantages in managing and acquiring and so forth. And so, there's some economic opportunities out there for housing authority boards.

But you have to have non-federal dollars to pursue those things. So maybe some advantages down the road. But back to that basic question that once affordable housing exists there, it's going to continue. Ownership may change, but the fact that you created affordable housing in your community, it's going to remain affordable. It just may be a different owner if the current owner doesn't succeed.

Dan Esterling: I see another question in the chat feature.

Mikayla Miller: I have a follow-up question from the first question, about the LIHTC RAD conversion [inaudible] to the do the tax credit guarantees because the PHA itself cannot?

Greg Byrne: I couldn't hear the question.

Mikayla Miller: It was a follow-up question about the LIHTC RAD conversion. They were just asking if a PHA affiliate can do the tax credit guarantees because the PHA itself cannot.

Greg Byrne: So my kids criticize me for shooting from the hip and giving answers to questions they ask about things that, Dad, do you really know that answer? So I think on this one, I think I would really need to see more of the specifics. But if someone wants to send a [inaudible] I'll be able to do a better job than live answering that, just researching it. Send us that question and we'll get back to you.

Dan Esterling: I'll follow up with that. You can e-mail that question to repositioning@hud.gov. And we have a follow-up question from someone who was saying what is the e-mail to discuss setting up a repositioning round table? So you can either e-mail the repositioning@hud.gov email box or I would recommend, if this is the PHA reaching out to the public housing director in your office, we can all get together and set it up.

Mikayla Miller: Thanks, Dan. That sounds good. It looks like we don't have any more questions right now in the chat box.

Dan Esterling: Do you want to see if there's any more call-in questions? If not, I think that's all that we have.

Mikayla Miller: Okay. Yeah. We don't have any call-in questions either. So if you guys want to go ahead and wrap up, I think that would be okay.

Dan Esterling: Thanks to Dave, Greg, and Jane for answering some good questions today and fielding some good questions from the audience. And stay tuned for our next repositioning Wednesday Webinar, which off the top of my head, let's go back and look at our chart here as a reminder. You have public housing closeout, which is coming up Wednesday, November 18th. So if you haven't registered for that and you're curious about that, feel free to do so. And with that, anybody else have any parting words?

Greg Byrne: Good luck. This webinar is really just trying to have a conversation with a few people who are here in the different program offices of what things we've heard about that PHA boards are nervous about. So hopefully, some of what we've shared from what we've learned from others is helpful for you. But we know that repositioning is not self-implementing. That ultimately, a board has to approve it, and that means the PHA staff have to make a case and they have to be ready for certain questions that the boards are going to have. So our hats off to all of you, and hopefully this has helped you in some of your preparations for those board meetings.

Dave Pohler: Yeah. And if people have questions that we didn't capture, if there's things that you think of after this call, please share those with us. And we tried to capture all those and put FAQs out and continuously evolve the materials and information available for PHAs interested in repositioning. So you have a question, your board has a question, please share those with us.

Dan Esterling: Thanks, everyone.

Jane Hornstein: Thanks, everyone.

Mikayla Miller: Don't forget to fill out the survey.

(END)