



Public Housing Repositioning  
Wednesday Webinar Series:

# Developing a Repositioning Strategy

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May 13, 2020

# Presenters

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## **Chad Ruppel**

Office of Public Housing – Office of Field Operations

## **Greg Byrne**

Office of Recapitalization



# Why are we here?

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The goal of this webinar series is to help explain and discuss common issues in the repositioning process.

Today's call will focus on:

## Developing a Repositioning Strategy

- ✓ Review HUD's repositioning resources
- ✓ Discuss reasons why a PHA might reposition
- ✓ Explain how to develop a repositioning strategy
- ✓ Go over a repositioning case study
- ✓ Review your repositioning strategy questions





<b>Webinar Topics</b>	<b>Date</b>
Developing a Repositioning Strategy	May 13, 2020
Options for Scattered-Site Units	June 3, 2020
Options for 50-and-Under PHAs	June 24, 2020
RAD and Section 18 Blends	July 22, 2020
Resident Considerations	August 12, 2020
Streamlined Voluntary Conversion	September 2, 2020
Options for Obsolete Units	September 30, 2020
Common PHA Board Questions	October 28, 2020
PHA Closeout	November 11, 2020

**All webinars will be recorded and posted at [www.hudexchange.info](http://www.hudexchange.info)**



# Additional Repositioning Materials

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## Introduction to Public Housing Repositioning (4-part webinar series)

- Previous version of this webinar training were recorded and posted at [www.hudexchange.info](http://www.hudexchange.info)
- Next live webinar is planned for August (register at [www.hudexchange.info](http://www.hudexchange.info))

## Repositioning Public Housing Website

[https://www.hud.gov/program\\_offices/public\\_indian\\_housing/repositioning](https://www.hud.gov/program_offices/public_indian_housing/repositioning)

- Training Videos
- Links to key Notices and Regulations
- Case studies and additional guidance
- Links to other HUD websites (Rental Assistance Demonstration and Special Application Center)



# What does “repositioning” mean?

Unit is taken out of the Federal Public Housing inventory and converted from Public Housing (Section 9) to Section 8 assistance

Preserve affordable housing availability,  
using a project-based unit or Housing Choice Voucher

# Public Housing Repositioning has allowed PHAs to:

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- Modernize aging properties
- Stabilize property revenues
- Conduct substantial rehabilitation
- Demolish/redevelop distressed/obsolete properties
- Increase resident access to neighborhoods of opportunity
- Thin densities and mix incomes
- Streamline PHA operations



# HUD and PHA shared goals

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- Improve physical conditions
- Stabilize financial performance & long-term operations
- Secure improved access to affordable housing



# What is HUD's role?

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- Ensure PHAs know of repositioning strategies, the tools that are available, and important rules/regulations
- Provide technical assistance to help communities weigh their options

# This is ENTIRELY Voluntary

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- HUD is not planning to end the Public Housing program.
- PHAs still have access to Capital Fund Financing, Operating Fund Financing, Energy Performance Contracts, etc.

Decision to reposition is **voluntary and entirely** up to PHAs and local stakeholders

# Things to Consider When Developing a Repositioning Strategy

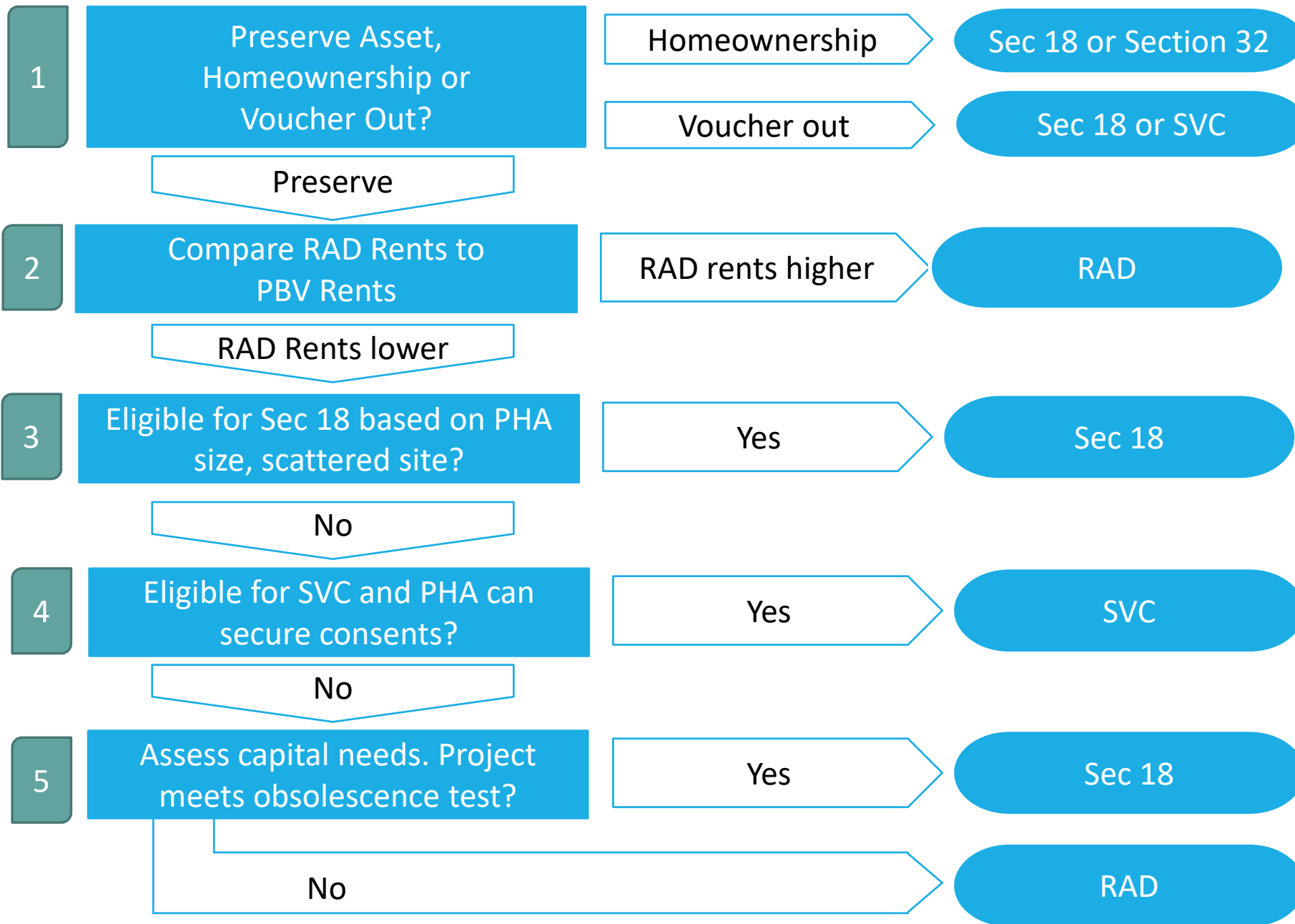
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1. **What is the long-term goal of your PHA?** (i.e., preserve a physical property, develop new units, issue tenant-based assistance, etc.)
2. **What conversion programs are you eligible for?** (i.e., RAD, Section 18, Streamlined Voluntary Conversion.)\*\*
3. **What conversion programs will generate the most potential project rent?**
4. **What are the capital needs of your properties?**

\*\*For more details on conversion program eligibility and requirements, please review additional repositioning materials on the Public Housing Repositioning Website.

[https://www.hud.gov/program\\_offices/public\\_indian\\_housing/repositioning](https://www.hud.gov/program_offices/public_indian_housing/repositioning)





# Preserve vs Voucher Out

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- Some sites are poor locations for affordable housing, are too expensive to maintain, or are in markets with excess supply of housing
  - Voucher out (Section 18 or Streamlined Voluntary Conversion)
  - If the site does not qualify for Section 18 or Streamlined Voluntary Conversion, consider RAD Transfer of Assistance
- Original property can be sold, and proceeds can be used to support RAD rehabilitation or redevelopment
- Homeownership also an option in lieu of preservation as affordable rental

# Compare RAD Rents to PBV Rents

- Compare the RAD Rents vs. the regular PBV rents (lesser of 110% of FMR, less utility allowance, or reasonable rent)
- If RAD rents higher (~20% of all public housing), stick with RAD (unless wish to voucher out)
- If RAD rents lower, consider Section 18 where eligible

RAD Rent	PBV Rent
\$600	$110\% \text{ of FMR} = \$800$ $- \text{UA} = \$100$ <hr/> $110\% \text{ of FMR, Less UA} = \$700$ $\text{Reasonable Rent} = \$900$ $\text{PBV Rent} = \$700$

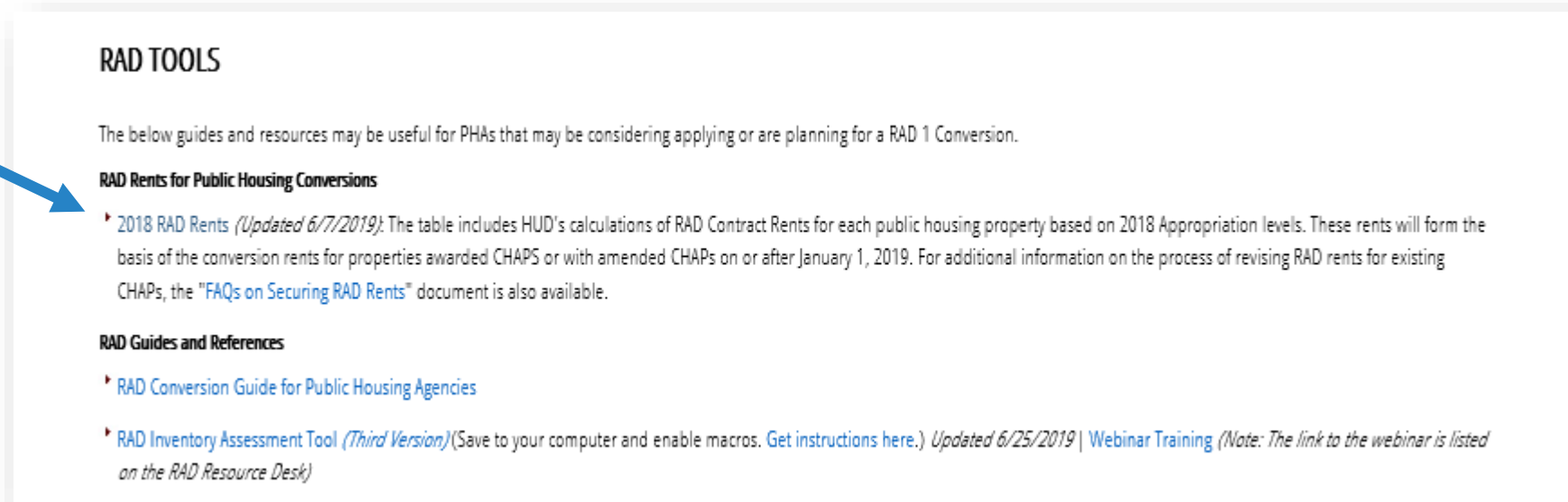
Wondering what your rents are? Find them at:

[https://www.hud.gov/sites/dfiles/Housing/documents/2018\\_RAD\\_Rents.xlsx](https://www.hud.gov/sites/dfiles/Housing/documents/2018_RAD_Rents.xlsx)



# HUD posts the RAD Rents for EVERY Public Housing Project Online.

- Just go to the HUD RAD Website (<https://www.hud.gov/RAD/library/notices>)
- Click on “[2018 RAD Rents](#)” or the most current RAD Rent Table



**RAD TOOLS**

The below guides and resources may be useful for PHAs that may be considering applying or are planning for a RAD 1 Conversion.

**RAD Rents for Public Housing Conversions**

- ▶ [2018 RAD Rents](#) (Updated 6/7/2019): The table includes HUD's calculations of RAD Contract Rents for each public housing property based on 2018 Appropriation levels. These rents will form the basis of the conversion rents for properties awarded CHAPS or with amended CHAPS on or after January 1, 2019. For additional information on the process of revising RAD rents for existing CHAPs, the "[FAQs on Securing RAD Rents](#)" document is also available.

**RAD Guides and References**

- ▶ [RAD Conversion Guide for Public Housing Agencies](#)
- ▶ [RAD Inventory Assessment Tool \(Third Version\)](#) (Save to your computer and enable macros. [Get instructions here.](#)) Updated 6/25/2019 | [Webinar Training](#) (Note: The link to the webinar is listed on the RAD Resource Desk)

# Eligible for Section 18 Based on PHA Size or Scattered-Site?

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- Scattered-site (non-contiguous) with operational challenges can qualify under Section 18 without demonstrating “obsolescence”
- PHAs with 50 or fewer units (including last 50 units of a larger portfolio) can qualify under Section 18 without demonstrating obsolescence
  - Note: HUD has also created a streamlined RAD conversion for PHAs with 50 or fewer units
- If property is eligible for Section 18 or SVC, Section 18 generally better tool
  - PHA’s choice to PBV or give tenants vouchers





# Eligible for SVC and PHA can Secure Consents?

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- PHAs with 250 or fewer units (including last 250 units of a larger portfolio) can qualify under Streamlined Voluntary Conversion, without demonstrating cost-effectiveness
- SVC a good option if:
  - PHA wants to voucher out and dispose of the property for non-rental use
  - PHA can secure consents or has excess voucher capacity to backfill
  - Property doesn't need financing or PHA wants to manage a mixed-income property

# RAD vs Section 18 Considerations

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- When a property qualifies for Section 18 (obsolete, scattered site, PHA under 50), RAD might still make sense if:
  - RAD rents are comparable or higher to PBV rents
  - PHA wishes to convert to PBRA
  - PHA has no voucher program and cannot find partnering agency
  - PHA has large amount of public housing Capital funds & Operating Reserves
  - PHA seeks to adopt RAD resident protections

# Middleton Case Study Example

Property	Units
Northside Duplexes	30
Abbott Heights	80
Renaissance Homes	60
Westlawn Gardens	20
Village Square	40
Heritage Towers	200
Washington Court	220
<b>Total</b>	<b>650</b>



# Repositioning Tools: Consider the entire portfolio

Property	Units	Repositioning Strategy										
		RAD				Section 18					SVC	Section 32
		Standard	Streamlined 50 or Fewer	Section 18 Blend	OZ Boost	Obsolete	Health and Safety	Scattered Sites	50 or Fewer	Efficient and Effective		
Northside Duplexes	30											
Abbott Heights	80											
Renaissance Homes	60											
Westlawn Gardens	20											
Village Square	40											
Heritage Towers	200											
Washington Courts	220											
<b>Totals</b>	650											



# Key Considerations

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1. Consider the whole portfolio;
2. The tools/process is going to be different depending on the PHA size;
3. This is iterative (revise your plan as you go);
4. Develop a timeline/sequence (i.e., all at once or multi-phase);
5. Identify financing sources; and
6. Consider conversion types (i.e., no debt, debt, tax credits).

# Still want more?

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- **Check out the Public Housing Repositioning Website**

[https://www.hud.gov/program\\_offices/public\\_indian\\_housing/repositioning](https://www.hud.gov/program_offices/public_indian_housing/repositioning)

We just posted a two new videos that walk through repositioning strategy examples.

- **Contact your Local Public Housing Field Office** – PIH Field Offices can get you in touch with a subject matter expert and request a Repositioning Assistance Panel with program experts from HUD Headquarters.
- **Email [Repositioning@hud.gov](mailto:Repositioning@hud.gov)**



# Questions?

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