

Exploring the Rental Assistance Demonstration (RAD) Program



Resident Meetings
December 2013

Agenda

- Introductions and Goals
- The Rental Assistance Demonstration (RAD) Program
- RAD at HCAAC
- What it Means for Residents
- Summary – What's Next?
- Questions and Answers

Introductions

- Diane Haislip, Chief Operations Officer

Goals

HCAAC is exploring whether to participate in the RAD program. We want to keep you informed and get your feedback as we consider this program.

*Please make sure that you sign in
to today's meeting!*



What is RAD?

- The “Rental Assistance Demonstration” – RAD – is a new HUD program designed to help us access money to make repairs and improvements to public housing properties.
- RAD is a “demonstration” program, testing a new idea.
- HCAAC’s participation is voluntary – if it doesn’t make sense for our properties, we don’t have to do it.
- HCAAC would submit an application to participate. Only a limited number of properties can be in the program.

What is RAD?

- RAD would allow HCAAC to convert our public housing subsidy to Project-Based Section 8 subsidy.
- It's a different way of getting money from the Federal government, but the apartments would still be subsidized.
- The apartments you live in would no longer be part of the Federal Public Housing program.
- After conversion, the apartments will be part of the Section 8 program and will get subsidy under Section 8

Why Convert Under RAD?

- Funding for public housing is typically a lot less than we need to provide the level of maintenance and modernization you deserve.
- Funding levels have been falling and are likely to *decrease further* in the coming years.
- Funding for the Section 8 program is more stable and reliable (even though it is still subject to Congressional appropriations)
- RAD offers a more predictable income stream long-term.

Why Convert Under RAD?

- Public housing rules are very restrictive – we aren't allowed to access some types of money and HUD regularly reviews a lot of relatively minor decisions. There's a lot of "red tape."
- The Section 8 rules give HCAAC a lot more flexibility to plan and manage the portfolio here – working with you.
- Under Section 8, we're allowed to borrow money, access State and local grant funding and apply for "low income housing tax credits" in order to upgrade the properties.

Why Wouldn't We Convert?

- Once we convert from public housing to Section 8, we can't go back.
- HUD requires us to show that we will be able to pay for all of the property's maintenance and repair costs – including big things like roofs and heating systems – for the next 20 years. If the budgets don't work, we can't convert.
- We would have a lender and investor involved.
- It's a new program – not everything is worked out yet.

RAD at HCAAC

- HCAAC is looking at the potential to convert some, or perhaps even all, of our public housing properties:
 - Meade Village – \$3.8 million in capital needs
 - Stoney Hill – \$1.4 million in capital needs
 - Pinewoods Village – \$2.3 million in capital needs
 - Pinewoods East – \$0.6 million in capital need
 - Freetown – \$3.1 million in capital need
 - Glen Square – \$2.9 million in capital need
- Since we already manage some Section 8 subsidies, we won't need to manage two different Federal programs if we convert our entire portfolio.

What Would HCAAC Do?

- If we convert under RAD, we would borrow money from a bank and would bring in a “low income housing tax credit” equity investor as a partner with HCAAC.
- HCAAC would invest in upgrades to each property with this money.
- HCAAC would continue to own the property, although we would have a partner that would have a say (approval rights) on major decisions that affect their investment.
- HCAAC would continue to manage the property.



Would RAD Affect ... Your Rent?

- Residents will **not** lose their housing assistance.
- Residents will **not** have a rent increase, as long as you are paying 30% of your income (after adjustments) for rent.
- If, for some unusual reason, you are paying less than 30% of your income (after adjustments) in rent, any rent increase up to the 30% level would be phased in over time. This is unusual.

... Where You Live?

- Residents will not be permanently relocated. Don't move!
- Residents should be able to stay in your homes during renovations. If the rehab would be too disruptive, we might arrange for short-term temporary housing.
- Residents will not be subject to new eligibility standards or new screening rules.
- Residents will have the right to live in the renovated apartments.

... Your Rights?

- In public housing, residents have special rights and protections. Section 8 residents also have many of these rights and protections.
- The RAD contract (specifically, the Use Agreement) extends to the RAD units some of the public housing rights which don't exist under Section 8.
- Residents will continue to have the right to hearings for grievances, to be represented by your tenant association and a variety of other rights.

New Resident Mobility Right

- Under public housing rules, you lose your housing assistance if you decide to move out of your apartment
- RAD Section 8 residents are eligible to receive a mobile tenant-based voucher after one year living in a project-based unit.
- This jumps you to the top of the waiting list. This is a new benefit for you.
- Getting a mobile tenant-based voucher is still subject to availability.

Summary

- HCAAC can invest in your property, using the more stable, Section 8 long-term funding stream to leverage debt, equity and perhaps other outside funds.
- Residents are protected – no increase in rent and no permanent relocation.
- Residents get new rights to receive mobile vouchers.
- The conversion and rehab wouldn't begin until the very end of 2014 at the earliest.

What's Next?

- HCAAC will study the preliminary budgets and decide whether to submit an application in late December 2013.
- If we are designated to participate, we'll design and price the rehab and try to get everything in place to start construction at the end of 2014 or later (2015 or maybe even 2016).
- We will withdraw from the program if the budgets don't work.

Questions?

- Ask now or in writing after the meeting.
- We'll have minutes of this meeting or a written Q&A so you can go back and re-read the information we are giving you.

Thank You!

The staff of the
Housing Commission of Anne Arundel County
appreciates your interest!

*Please make sure that you sign in
to today's meeting!*

