

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING INFORMATIONAL REPORT
Project Update - RAD Conversion

DATE June 26, 2019

The Agency continues to make good progress toward closing on the RAD conversions at the end of the summer. Based on conversations with senior RAD officials at HUD, staff anticipates that the RAD closing will take place on September 4, 2019 (see attached RAD Closing Calendar).

Since April 2019, the PHA's RAD team has been working with our Financing Transaction Manager (FTM) assigned by HUD, Arnold Taylor, to provide the additional information needed for review and approval of the Financing Plans for the eight RAD projects, totaling 3,855 dwelling units. As this report was written staff believed that the RAD Conversion Commitments (RCCs) would be issued very soon. The RCC outlines the specific terms and conditions of the conversion and formally establishes the transaction closing date. After receiving the RCCs, the PHA will have up to 30 days to receive Board approval and execute the RCC documents. The RAD conversion must close within 90 days of RCC issuance. If necessary to meet HUD's timeline, staff will recommend holding a special Board meeting to approve executing the RCC documents.

In preparation for RAD closing, staff is working on items included in the attached PBRA RAD Closing Checklist, including execution of subordination agreements for construction grants with Federal Home Loan Bank of Des Moines, forgivable loans with Minnesota Housing, and Hi-Rise space rental agreements with cellular phone providers.

Staff are also working with our FTM to include provisions in the RCC confirming CHSP program continuation, utilization of a “community” waitlist for the RAD-PBRA projects, and continuation of our Officer in Residence program. (Last month the Board approved requesting a HUD waiver to classify the OIR units in the sixteen hi-rises as “unassisted”, which will help the PHA continue the program as is.) These are all critical to maintaining the exceptional level of service the PHA provides to our residents. Memorializing them in the RAD Conversion Commitment will make a permanent record that they are part of the conversion and ensure their continued operation for the 20-year term of the contract (and any subsequent renewals). The PHA’s request to include these provisions appears to be a unique concept, but HUD staff have indicated their general support for it.

Immediately following the RAD closing, staff will issue each household their RAD-PBRA Model Lease and House Rules (as approved by the Board on April 24, 2019). Both documents must be signed by all adult household members and returned by the effective date of the Housing Assistance Payment (HAP) contract. If the closing can be accomplished on September 4, 2019 as planned, staff would set the HAP effective date as November 1, 2019 to allow the maximum amount of time for staff to work with residents to understand and sign their new PBRA lease. The HAP contract’s effective date can be the first day of the first or second month following the RAD closing date, at the PHA’s option.

As seen on the attached RAD Closing Calendar, staff will hold several resident information meetings at each hi-rise and family housing site during the weeks between RAD closing and the HAP contract effective date. At those meetings, staff will explain the RAD-PBRA Model Lease and House Rules and encourage residents to ask questions. As with the other informational

meetings, interpreters will be provided. Residents may sign their new lease at the meeting or wait and return the signed lease at a later date. All leases must be signed and returned to the PHA by the HAP contract effective date.

PHA staff members continue to attend trainings in preparation for the transition from the Low Income Public Housing program under HUD's Office of Public and Indian Housing (PIH) to the Project-Based Rental Assistance program administered by HUD's Office of Multifamily Housing. These trainings include four weeklong on-site Multifamily Housing Specialist training sessions facilitated by Nan McKay & Associates, held during June and July. This training covers key property management topics in Multifamily Housing such as tenant selection and waiting list management, program eligibility, leasing considerations, and rent adjustments. Each of the four sessions concludes with a certification test. A second training, planned for August, 2019 will focus on rent calculations, the Enterprise Income Verification (EIV) system and the Tenant Rental Assistance Certification System (TRACS). This training will also provide certification testing. The contract for the second training had not been awarded at the time this Board report was drafted. Money is earmarked for RAD training in the 2018 Capital Fund Program budget. Both training sessions will be attended by approximately 80 to 100 staff members across all departments, with a heavy emphasis on Resident Services and Finance.

JTL/AJH/FAH

Attachments: RAD Project Plan
RAD Closing Calendar
PBRA RAD Closing Checklist