

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 May 22, 2019

In late March 2019 staff submitted the PHA's eight RAD Financing Plan packages by uploading over 300 documents to HUD's online "RAD Resource Desk", thereby completing another major milestone in the RAD conversion of 3,855 public housing dwelling units to Project-Based Rental Assistance (PBRA). The Financing Plans demonstrate that the PHA will "self-finance" the approximately \$9.039 million Initial Deposit to Replacement Reserves (IDRR) using the 2019 Capital Fund Program (CFP) grant, as approved at the November 28, 2018 Board Meeting. The PHA's 2019 CFP grant, announced by HUD on April 23, 2019, is \$11,628,402. That amount will cover the IDRR and allow the PHA to designate additional funds toward the RAD projects, while also funding capital improvements at the PHA's remaining public housing units at the scattered sites and duplexes. This will allow the PHA to avoid incurring debt at the time of conversion and allow for greater long-term funding flexibility.

Since early 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 Financing Plan review and approval. Once a Financing Plan is approved, a RAD Conversion Commitment (RCC) can be issued. The RCC outlines the specific terms and conditions of the conversion and establishes the transaction "closing" date. Staff anticipate receiving the RCCs for all eight projects in late May or early June, 2019. Upon receipt of the RCCs, the PHA will have 30 days to execute the documents. The RAD conversion must close within 90 days of RCC

issuance. The RAD team is working toward RAD closing with an anticipated close date of August 5, 2019 (see attached RAD Closing Calendar).

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. (More information about the OIR program request is included in a separate Board report on this meeting’s agenda.) 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.

In preparation for RAD closing, staff is working on items included in the attached PBRA RAD Closing Checklist, including finalizing drafts of the RAD-PBRA “Tenant Selection Plan and Occupancy Policies” (TSP) for Board consideration at this meeting (a separate agenda item).

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. The HAP contract’s effective date is one of the few dates that can be set by the PHA; it can be the first day of the first or second month following the RAD closing date. If the closing can be accomplished on August 5, 2019 as planned, staff would set the HAP effective date as October 1, 2019 to allow the maximum amount of time for signing the new leases.

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 Multifamily Housing Specialist and Multifamily Rent Calculation certification courses presented by Nan McKay & Associates. In addition to those trainings, staff is in the process of procuring contracts for on-site RAD training. One contract has been awarded to Nan McKay & Associates to provide Multifamily Housing Specialist training that will include a one-day RAD-PBRA overview, followed by more intensive training on key property management topics in Multifamily Housing such as tenant selection and waiting list management, program eligibility, leasing considerations, and rent adjustments. The session will conclude with a certification test. The second training will focus on rent calculations, the Enterprise Income Verification (EIV) system and the Tenant Rental Assistance Certification System (TRACS), and 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. The trainings will occur in June, July, and

August, 2019, and 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