



Novogradac 2018

# **RAD Public Housing Conference**





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# **Reviewing and Selecting PHA Properties for RAD Conversion**

## PANELISTS

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## **RAD Public Housing Conference**

# **What is your role in the industry?**

- A. Consultant
- B. Public Housing Board Member/Director/Employee
- C. Attorney
- D. Investor
- E. Lender
- F. Developer



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## **RAD Public Housing Conference**

**Have you  
participated in a  
RAD transaction as  
of today?**

- A. Yes
- B. No

# **Key Discussion Areas**

Prepare for a possible RAD conversion

Reviewing your PHA properties

Creative ways to use RAD to improve your entire inventory

Negotiating with development partners



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# Prepare for a possible RAD conversion

## **JULIE**

- Identify PHA Goals & Risk Tolerance
  - Income?
  - Control during development?
  - Control during operations?
  - Cash Flow?
  - Loan Repayments?
  - Ownership?
  - Will PHA be able – or willing - to provide guaranties to lenders and investors?

# Prepare for a possible RAD conversion

## **BILLY**

- **Identify Investor Goals & Risk Tolerance**
  - What are some of the key issues for investors when evaluating RAD transactions?



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# Prepare for a possible RAD conversion

## **SATISH**

- Identify HACEPs Goals & Risk Tolerance
  - Control during development?
  - Control during operations?
  - Loan Repayments? Risk?





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# Prepare for a possible RAD conversion

## **BILLY**

- What are INVESTOR typical guarantees and control requirements?

## **JULIE**

- What are typical PHA/GP/DEVELOPER guarantees and control requirements?

# Prepare for a possible RAD conversion

## **SATISH**

- What guarantees and control has HACEP portfolio considered?
  - HACEP guarantees on 100 plus unit closings
  - HACEP guarantees on less than 100 unit closings
  - Land Control



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# Prepare for a possible RAD conversion

## **SATISH**

- Can you describe the more risk HACEP takes, the more reward it requires as it relates to:
  - Predevelopment cost
  - Developer Fee
  - Management Fee under PBV
  - Management Fee under PBRA



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# Prepare for a possible RAD conversion

## **JULIE**

- The more risk a PHA takes, the more reward it requires; what has your experience been?

## **BILLY**

- The more risk an INVESTOR takes, the more reward it requires, what has been the give and take?



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# Best Practice in Reviewing your PHA Properties

## **SATISH**

- Not all properties are “RADable”\*; what does that mean?
  - Good properties
  - Bad properties
- Incorporating a physical needs assessment
- Forecasting cash flow – 30 year



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# Best Practice in Reviewing PHA Properties

## **JULIE**

- How do PHAs categorize inventory for RAD conversion?
  - Age
  - Physical Needs Assessment
  - Public/Political pressure impact
  - Scattered site projects vs. one building project
- What category should be highest priority for a PHA?



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# Best Practice in Reviewing PHA Properties

## **BILLY**

- What category would investors see as the highest priority to INVEST with the PHA?
- Which properties do investors select for RAD conversion?



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# **Creative Ways to use RAD to Improve Your Entire Inventory**

## **ALL**

- Creative ways to use RAD to improve a PHA entire inventory?
- Creative ways to use RAD in PHA scattered site inventory?
- Creative ways to use RAD with Bad properties?





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# Negotiating with Development Partners

## **SATISH & JULIE**

- What do PHAs have to Negotiate with Investor, Developers, and Lenders?

## **BILLY**

- What are best practices for negotiating with development partners?



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## **RAD Public Housing Conference**

**Lessons  
learned**

**Areas for  
additional  
focus**

**Q&A**



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