Faircloth-to-RAD PHA Peer Learning Session, 2-6-24

Julia Jones: And the recording will be available on RAD Resource Desk along with the presentation, please note that we do have participant audio turned on rather than in a typical webinar where participant audio is turned off, because we'd like to be able to have a discussion later in the call after Beth and Jenny give their presentation and have a facilitated discussion. For now, though, we ask that all participants mute themselves.

To view closed captions during the webinar. You can click on the CC icon in the control bar, and immediately following the webinar, you'll receive an invitation to complete a survey on today's webinar. And we ask that you please complete this with any feedback that you might have for us based on this session. I will now turn it over to Tom Davis, director of the Office of Recapitalization for a few words of welcome.

Tom Davis: Great. Thank you very much, Julia. And thank you everybody for joining. Really excited to hear about the peer-to-peer exchange and the issues that people have been grappling with. This has been the whole Faircloth-to-RAD initiative has been near and dear to my heart. As we have explored what are the barriers to bringing these units online. First, we played with a bunch of different ideas.

We in 2021 then came out with the current baseline structure knowing that the RAD rents were still a problem. Last summer, we released a notice that started providing additional tools to help with the rent setting questions. And we're really looking forward to hearing what the next generation of problems and concerns and challenges are for Faircloth-to-RAD.

But most important, we really want PHAs who are interested to be hearing from each other about what their transactions are like and what they worked through and thought about. So really thrilled that Beth and Jenny are willing to share their perspectives on their early developments and Jaime and others engaging in the conversation. We're really excited.

There are about 15 Faircloth-to-RAD transactions currently in construction and we've got a nice pipeline behind that and really look forward to all the peer exchange and learning that will happen on this call. So thank you all for coming and thank you very much to Jenny and Beth and Jaime for participating as leaders in the discussion. And with that, I will get out of the way and let the real experts start talking about your deals, Beth.

Beth Brown: All right. Hello. I'm Beth Brown, and I am the CEO of the Gainesville Housing Authority here in Gainesville, Georgia. We're about 50 miles north of Atlanta. We're a small housing authority. We also manage three other smaller agencies in our area, the Roswell, Norcross, and Commerce Housing Authorities. And we closed on two Faircloth to RAD transactions last year.

And they were part of a 9 percent new construction project that we had gone through section 18 demo dispo prior to doing that. So as we were in the process, the Faircloth-to-RAD notices came out. And so we thought we knew we were going to rebuild back some of our Faircloth units through public housing was the original plan.

But when this came out, we sort of pivoted to the Faircloth to RAD. Jenny Wilkirson is with Walton Community. She's our developer partner. And she does have to hop off at at 2:30 for a bit. So I'm going to turn it over to her to sort of give an idea a little bit from a developer's perspective on how the whole Faircloth-to-RAD process worked from their angle.

Jenny Wilkirson: Well, hi everyone. I'm Jenny Wilkirson from Walton. We are Walton communities. We're based out of Atlanta and developed primarily affordable housing through the low income housing tax credit program. We almost exclusively partner with local PHAs in Georgia. And so we're either putting public housing units back into our development.

We're putting RAD project based rental assistance units back in our development and sometimes we're even just putting the public housing units back, but then converting after the fact. So we've had a variety of executions with respect to RAD. And so since all of our PHA closings are typically mixed finance, we're very familiar with that program because we're either putting PHA funds in our project or we're putting public housing units back into the newly developed community alongside the LIHTC units.

But since the subsidy from the public housing units are obviously very variable, we've been trying out different ways to convert it as quickly as possible. So I'll list our various executions that we've done in order of our least favorite to most desirable, which is Faircloth-to-RAD. So we try and avoid this as much as possible, but we've had a couple of phases of projects with the housing authority that is converted to RAD prior to engaging a development partner.

And then after engaging us, we went to seek tax credits to redevelop the public housing into multiple different phases of low income housing tax credit communities. And when you already have RAD in place, it's just very complicated to get approval to tear it down, utilize your reserves to put into the new development, bifurcate the HAP contracts relocate the resident. It makes it much more complicated than a typical mixed finance execution.

So we try and avoid that as much as we can and encourage our PHA partners who are thinking about RAD to wait to do it simultaneous with a tax credit execution or after you redevelop through the tax credit program and then potentially convert to RAD after. The second execution that we've done fairly regularly is where the housing authority has already repositioned through section 18 or some other disposition strategy or they're doing it simultaneous with us applying for tax credits.

And so once we build the new community and lease it up, then we'll convert those units to RAD after. The cons there are that there's not a lot of sense of urgency once the buildings are built because we're not pairing the RAD conversion with a transaction or anything like that. And so those tend to have -- they tend to drag out, if you will which means we're just paying attorneys to sit on closing calls weekly.

And then Faircloth-to-RAD is our favorite by far. And we did our first execution with Gainesville a couple of years ago. And in this case we -- the housing authority had already did section 18. We were awarded tax credits and developed the first phase and then put I think 12 or 13 ACC or PHA units into it. But when we were awarded the second phase of tax credits, we approached HUD about potentially doing Faircloth for that. But in addition to our ability to do the Faircloth to RAD for that phase, we also looped in the first phase and they accepted our mixed finance package as the financing plan, if you will. And so we did two simultaneous RAD conversions on both phases which was super efficient.

And so what -- for the second phase that was under construction, we essentially, once we had our COO, we were able to finally close the transaction and lease them as project-based rental assistance under RAD versus putting them into pick and then taking them out and then converting them, which Beth can explain that a lot more effectively.

But in any event, when you're pairing it with a tax credit transaction like that and you're already doing a mixed finance, it just makes it much more efficient to do that versus having to redo everything and potentially doing environmental reports and all those other things post stabilization.

And HUD seems to prioritize conversions that are also paired with a transaction or have a real outside date for which you need to close. And so Beth will go into a little bit more detail on those projects that we did. But that's our experience. When we are working with new housing authorities that are trying to figure out their disposition strategy, our best execution has been for them to go through section 18 reposition, but then we'll work through various ways for them to get those lower A set aside units to put back as much public housing as possible into our new development.

So I hope that helps. I'll be around for a little bit and then I'll try to jump on after our call. Ironically, I have our RAD bifurcation closing call to give you and then I'll be back to answer any questions if that helps. But I'll turn it back to you, Beth.

Beth Brown: Okay. Thanks Jenny. So Gainesville Housing, we have almost 750 units now. When we started all of our repositioning activities, we had 505 just public housing units. Of those almost 750, 331 are managed by Gainesville Housing. And then the current mix of our units is our LIHTC only is 279, market 75 LIHTC PBRA is 239, the Faircloth to RAD, which were PBRA units.

We have 25, 13 in one and 12 in the other. And then we have 131 public housing units left, 75 of which are -- have we have a chart for. That we're doing a 4 percent new construction project with a delayed HAP contract and we're doing a blend on that one, which is new. And then we have 31 units that we have a chart for that we're self-financed, just we use Capital Fund to do the rehab that was necessary on those properties.

We are not a voucher agency and we are not a moving to work agency. And so for a couple of those questions on how you may use cap reserves to augment your RAD rents and things, I'm going to have to defer that to HUD to answer any of those questions. But that's just a high-level overview of us as a PHA.

We've been -- we've done about $70 million in LIHTC development over the last six or seven years with about another 40 million planned in the next few years. So in a couple of years, all of our public housing will be redeveloped through one of many repositioning options. And our units were really spread out throughout our little small city here. I think we had 11 different sites at one time.

So I say all that to say is we really had to take a look at our units and come up with a strategic plan for moving forward in how we were going to address the needs. Some were so bad they were housing of blast resorts met physical obsolescence threshold for section 18. So that was an easy decision.

Some, we had used capital funds, we'd already put in some air conditioning units. Yeah, here in Georgia, my public housing didn't have air conditioning. And so we have to do something. So utilizing RAD to help facilitate redevelopment seemed to make sense. Do you want to go to the next slide, Julia? So where we started was strategic planning asset. I mean, I'm sure you guys have are beyond this point at this point, but we evaluated our housing stock in all of our repositioning options.

We established priorities and then we use Section 18 demo dispo, which I like because you get tenant protection vouchers and it really helps with relocation. You also get DDTF and asset repositioning fees that can help through the transitional period. We did mixed finance to rebuild public housing through our Faircloth authority. So before Faircloth-to-RAD came out, we did rebuild public housing.

We did the RAD PBRA, we mixed that with a LIHTC of 4 percent. We've self-financed and now we're working on this section 18 blend. And then eventually we'll be at the 50 units and under and probably end through the section 18 closeout for housing authorities under 50 units. We've had five 9 percent LIHTC awards over a six-year period using mixed finance RAD and Faircloth-to-rad. And our gap financing that we used was accomplished through -- we did two OFFP loans to access our operating reserves in public housing.

And those were repaid immediately back using those reserves. But it was a way to get that money into our deals because we had some excess operating reserves. We used PHA de-Federalized funds, earned developer fees, CDBG funds through our city. Our 4 percent, we've had two awards. One was a PBRA rehab, which was a 100 percent project-based rental assistance.

And the one new construction we're working on right now, we should close in March. We've had gap financing through National Housing Trust Fund developer fees and Capital Fund for some of those projects. So this is our first example of the Faircloth-to-RAD. And this was your traditional duplex, triplex public housing that we were able to prove physical obsolescence on.

There were 32 units on a six acre site and we got two 9 percent awards to do this. The first one we, as Jenny mentioned, we were already under construction and planned to build back public housing, then convert them post lease up to RAD. But as we were closing on our second phase, this Faircloth-to-RAD option came available.

So we were able to wrap both of these up in a Faircloth-to-RAD project post redevelopment. Phase one now has 81 units and it's an income averaging project with 30, 60 and 80 percent units. There are 13 PBRE RAD units in there. And phase two is a 55 and older community with 85 units, 12 RAD, 53 LIHTC and 20 markets. So there's a total of 166 units with 34 million in LIHTC funds that we used for that.

The RAD units take up about 15 percent of the overall unit mix. So when we talk about, yes, those rents are very low, they're not really any lower than if you were to rebuild as public housing and get your ACC subsidy off of those. And it is a more stable platform and because our housing authority is going to eventually completely transition out of public housing, hopefully into RAD that it was just the avenue that we wanted to go through.

You can go to the next. So we use section 18 and mixed finance plan to demolish and replace the 25 [inaudible] thing here to demo and replace 25 of the 32 public housing units that we tore down. We really wanted to keep as many income-based units in our communities as possible with still having them be able to make sense financially, be able to cash flow there. Phase one was done post-construction in occupancy.

Phase two was done prior to construction completion. The one big issue and problem that we ran into is timing. One of the, I guess, anticipated questions is what were your biggest obstacles? And I would say timing overall was probably the biggest obstacle. It took a long time to get our NARS, so again, we were probably one of the first ones going through this. So there really wasn't a lot of like a field office really wasn't familiar with the program.

I think in this phase it took us from over 250 units to under 250 units, which affected maybe how your capital fund is calculated. So it just, it took a while. So we actually closed on the mixed finance transaction of phase one without having our NARS going into that. What we found were the pros to the Faircloth-to-RAD is that your investors are aware on the front end of the conversion. So everybody's going into the project.

So it's not having to go through an approval process like post construction and occupancy. And if timing works for you, you don't have to lease families up under public housing. They go straight into a 50959 and you don't have to do the resident meetings. And it does give you the ability to get your Faircloth units.

When I mentioned timing before, the other issue too is your units do have to touch public housing, which means you need to get a DOFA date. In order to get a DOFA date, you need a CO, basically. 95 percent of I think it is, your units have to be ready for lease or occupiable in order for you to get it your DOFA date. You can't close on your RAD transaction till you get your DOFA date.

If this is a tax credit development, you want to lease those units up as quickly as possible and you have certain deadlines you have to get to. We were able to, because only 15 percent of the units were going to be these RAD units, we were able to front load it and lease up all the tax credit units on the front end and still make our deadline by leasing up the RAD units on the backend of it and still meet all the delivery schedules there.

The cons are your rent, your rent is low. And like our attorney has said from his perspective, it's the same amount of paperwork is would be a traditional RAD conversion. To give you an example of this project, our rents the first one is, Harbor one, the second is Harbor two. You see our contract rents are 662 and 755 for development two is 626 and 714. And I'll defer to HUD to tell you how they got those rents there.

They range anywhere from $10 a month to $250 a month, less than our traditional RAD conversion. Have become some of our larger size units, we don't have that to compare, but yeah. So they are a little bit lower than you would see in a traditional RAD conversion, but not really necessarily if they're brand new units you're using under a traditional RAD conversion.

And I guess it all depends too on what your funding levels were at the time, what your RAD rents and things are. But HUD may be able to answer better than I can how these rents came about. And then our next steps are utilizing remaining Faircloth units that we have.

I think we have about a 100 and some left after this that we're going to combine with LIHTC development and or other development funding sources to try to replace as many of those as we can, knowing we only can do, I think we figured like that 15 percent is that sweet spot for percentage of Faircloth or RAD units to tax credit intermarket units there.

So we're using the market units, the 80 percent units to offset the low RAD rents. But section 18 -- Okay. So section 18 of course generates Faircloth units and section and if you do a RAD blend, it's going to generate additional Faircloth units as well. So if you use a blend, you're going to keep generating Faircloth units, I guess until you're done. So our goal is to remain straddling public housing until we can utilize as many of our Faircloth units as possible.

There. Also considering the potential of acquiring a naturally occurring affordable housing, a complex or somewhere else where we could put these Faircloth units. So it wouldn't necessarily require a new construction project. But that's been our experience. And then I think that is that, that's the end of my presentation. Right Julia?

Julia Jones: Yes it is. Thank you so much, Beth.

Beth Brown: So then I can just answer any questions you may have or Jenny is Jenny's on for four more minutes if anybody has anything for her?

Julia Jones: Yeah, it looks like we may have lost Jenny, but she said she would try to come back towards the end of the session. But we're going to transition now to our discussion or q and a. We have the office of Recapitalization on in case you have any questions for Hud. We have Jaime, who's a TA provider that's been doing this for a number of years, who brings that national perspective.

And then of course we have Beth with Gainesville, so you can ask her any questions about her experience with Faircloth to RAD. We had this a regular session so that y'all can unmute and actually ask your questions if you'd like. So if you would like to ask a verbal question, just go to the reactions at the bottom of the screen and press use the raise hand feature and I will call on you to unmute and ask your question.

If you cannot unmute and you would still like to ask a question, you can message me in the chat, Julia Jones. You should be able to message me and pose your question there and I can read it aloud. So we'll go ahead and open the floor for questions. So feel free to raise your hand or send me a chat. All right.

It looks like our first question is coming in the chat. Has there been any experience or advice doing Faircloth to RAD outside of a LIHTC deal or not combined with other federal funds? And I think Jaime certainly answered this question or someone from -- I'll turn it over to you guys.

Jaime Bordenave: I'll turn that over to Stacy. Stacy, can you handle that?

Stacy Harrison: I think the date, what we've primarily seen is tax credit transactions. We're, like Tom had mentioned, we're working on a portfolio or pipeline rather that is 15 projects under construction and four that have actually closed their RAD conversion. So I think all of them have had a tax credit component to it, but happy to be proven wrong if that's not the case.

Ashwin Warrior: Yeah. And this is Ashwin Warrior also with Office Recapitalization. Just to add on, I think part of that is the function of something that Beth mentioned at the beginning of the challenge of sometimes lower than expected Faircloth to RAD rents in order to be able to make pen projects pencil.

I think we've -- the traditional mix we've seen is something that Beth showed where you've got a small number of Faircloth to RAD units, you've got a mixture of tax credit units and then occasionally you'll have some market units or some more LMI type units mixed into a project.

Jaime Bordenave: So one approach to doing a project that does not involve a new recapitalization would be an acquisition of an existing tax credit project or even a partnering with a developer, local developer who is in the process of doing a tax credit project so that the authority can come in with its commitment of the Faircloth subsidized subsidy funding and layer that on top of the existing project in an acquisition or the project that's under development.

Beth Brown: One other -- this is Beth. One other option may be, I don't know about you guys, but we get a lot of -- in Georgia we have, we call it call a private enterprise agreement authority, where we can partner through certain channels and give tax abatement if we're involved in the partnership.

But it could be part of those negotiations that hey, like inclusionary zoning types of things that we can work with you and become a partner and maybe achieve some tax abatement through partnering with the housing authority in return. Maybe a certain number of your units, you could put Faircloth authority on, you could convert those undergrad, that might be an interesting pathway.

Stacy Harrison: Yeah, so you don't actually have to use tax credit, it's just happens to be the most frequently used vehicle. But just to further clarify on that and I'm oversimplifying simplifying, but we rely on the mixed finance development process as a as the vehicle in which HUD reviews and approves the development proposal.

And just very broadly, the definition of a mixed finance project is one that the PHA is not the sole owner. It may not have ownership in that development. So that's not to say that there's a specific financial structure that dictates how you can use Faircloth to RAD. It's just that mixed finance is the definition. We've used and have relied on in terms of the underwriting review and approval process.

Jaime Bordenave: Although Stacy, it's worth, worth mentioning that if it's going to become a RAD project or be converted from Faircloth to RAD, the authority we'll have to meet the requirements of the RAD program for some elements of control. And there's half a dozen or so of those including a ground lease participation in the ownership entity. That's not an absolute requirement, but it is a common way of the authority demonstrating its control.

Stacy Harrison: Yep, that's true. It's a critical piece of the review that we do upfront when the mixed finance review is taking place to make sure that the RAD ownership control requirements will be met upon conversion. I do see a hand, so Miguel?

Miguel Herrera: Yes. Hi to everybody. We're new to the Faircloth to RAD process. We're currently have three 9 percent tax credit applications here in Texas and we're looking at possibly doing the rent augmentation. And we understand that that will come out of our reserves that HUD reserves. How is it that -- I guess this is actually performed because for the Section 8 program, we wouldn't even get our funding letter until probably May.

And by the time the -- if we are awarded the three tax credits by the time the units are up, it'll probably be early 2027. So I mean, we have no clue what our funding, I mean, our funding and reserve levels will be at that time. So I mean, I'm just wondering how the whole process as far as utilizing the HUD reserves for the rent augmentation works.

Stacy Harrison: So we are also at the beginning of this process and partnering with PHAs who intend to use the reserves to augment their rents. And so unfortunately because of that, we don't have a PHA to demonstrate how they have managed that projection for future use of reserves.

And so I'm hoping that that's a session we can build off of in these peer-to-peer learning sessions. But what you have today obviously is not going to be the same amount of reserves you would have in a few years from now.

And there's also special considerations to be made when you're going through your funding exercises with Office of Public Housing and right now we're actually in conversation with them to establish a process by which your PHA can earmark those funds that you intend to use, which may not be for two years, and you have them there today.

And we don't want the department to use those funds to offset your subsidy amounts in future months. We want to hold those set aside for that purpose. So we don't have written guidance to put out to date but it is something that we're talking about internally, how we establish standard protocols to be able to earmark those funds that you have in reserves today.

If you don't have them available in your reserves today, then that's seriously one of your biggest planning tasks is to project where your lease up activities will be over the next couple of years to be able to have those reserves available for use.

Miguel Herrera: Understood. Thank you.

Jaime Bordenave: So Miguel, let me talk a little bit about the various ways authorities can augment their Faircloth rents. I think Beth mentioned that they seem to be blessed with their red rents not being significantly reduced. That's not the most common experience. I think maybe Stacy or Oshman will comment on that, but you do take a haircut. Right?

But the first thing to say about that is -- and this may not be obvious to everybody on the call, when you're going through a Faircloth to RAD, so when you're developing Faircloth, you're turning back on your capital and operating subsidies for the new project units under your ACC contract with HUD. Right?

So that's new money and it's not as much money as you would get if it was a straight RAD project of an existing project because your capital funding is going to be less because the Capital Fund formula is typically based in most cases on the existing projects level of capital funds. And that includes a significant portion of your capital fund that is backlog funding.

That is it's HUD's formulas looking at the age of the property, the condition of the property. And so if you're doing a fresh project developing new public housing, it's going to have a very recent DOFA date and it's going to have a lot less than the capital fund subsidy. Also, the operating subsidy calculation also takes into effect -- into account some of those same features.

So project size, the age of the project, the unit types that is the family or elderly and so forth. So that is a situation that in my experience most authorities are struggling to deal with. There've been a couple of the methods mentioned. And Miguel, you talked about the opportunity, the newest opportunity, which is to -- for projects that meet certain conditions, which are not easily met.

So you're lucky that you have project that at least qualifies for using your HCV reserves. And of course Beth doesn't have any HCC reserves. So they didn't have that opportunity. But moving to work has been mentioned. I don't know how many of the authorities on the call are moving to work agencies. They have what's called fungibility on of their voucher funding.

They can take their voucher funding and use it to support the rents in a public housing development as long as they're still meeting their requirement to serve the number of agency of households that they're supposed to serve. So the one thing that you do see in Beth's properties is they're addressing the shortfall by having the Faircloth units be a small portion of the total project.

So they're cross subsidizing in effect from, they've got some up to 80 percent tax credit units by using the blend and the tax credit program. They have some market rate units in one of the projects that they're also blending with. And Beth, you referred to DDTF earlier, which is demolition disposition transition funding.

When a housing authority converts a project through section 18 for units being removed from their ACC, they do receive five years of continuation of their capital funding. And that's called demolition disposition transition funding, DDTF. That DDTF funding can be used, can be converted to a rent augmentation.

And then all of the opportunities that are currently available under the RAD program can also be used. So for example, if your project has had excess tenant utility reimbursements, you can take that amount of funding and use that to add it to the RAD rents.

So I don't know if any of the Faircloth to RAD projects have had that, but I know in typical development, we do look at that and add that in to augment the rent. You also have rent bundling is available where you can bundle the rents between multiple RAD projects. And then --

Beth Brown: Opportunity zone.

Jaime Bordenave: Oh, the opportunity zone, yeah. You want to explain that one?

Beth Brown: Well, if you're in a federally designated opportunity zone there's an opportunity to augment your rents. That's is all I know.

Stacy Harrison: Yep. I think it's up to a $100 per unit. And that's only for PBRA conversions.

Miguel Herrera: And you were doing --

Jaime Bordenave: That's the thing we're going to go with PBV

Miguel Herrera: Yeah.

Beth Brown: Using a blend too or PBV, I mean, you mentioned saying we're blessed with our RAD rents might be a stretch because they're still half of what the fair market rents are in our community. So we're still struggling with that.

That are -- whether they were public housing or RAD or Faircloth to RAD, they're all still dramatically below fair market rents in our area. I know in some areas their fair market rents are higher, I mean lower than their RAD rents, but in this area, they're literally half of fair market rents.

Miguel Herrera: Yeah. And is it just Section 8 HUD reserves or could it also be Section 8 admin fee reserves or?

Stacy Harrison: It has to be HUD reserves.

Miguel Herrera: It has to be HUD reserves.

Stacy Harrison: And I phoned a friend while we were talking. There's a two year tool on HUD's website for in from the voucher office. So that can be a tool you use to project what your reserves will be in 2027 or two years out, but using that to assess where you'll be in reserves

Miguel Herrera: And yeah we have a scheduled call with FMC for tomorrow.

Julia Jones: Great. It looks like we have another hand up. Doug, did you have a question to ask?

Doug Faust: Yeah. I was just curious from a policy standpoint and this is directed to the HUD folks. There are so few production programs out there to bring affordable housing to the market. Is there any way that HUD can look at figuring out how to raise these RAD rents, especially in Faircloth where you have all these units that were demolished over the years and I was one of those guys doing that demolition.

And so I'm just checking to see, can you think of ways to introduce this to Congress as a production tool? Especially if what you did is you said if you agree that what you can do is go through the Faircloth and bring it straight to PBRA that you're not adding to the public housing inventory that they don't like in Congress and look at this as a way to produce more affordable units, because there's, as I said, so few ways to do it.

Stacy Harrison: Yeah. Thank you Doug. So we wish we could use Faircloth available units to go straight to Section 8. And so we are in a position where we have to put the pieces of the puzzle together. So they have to come online as public housing currently in order to be able to convert them to Section 8.

And what we did with the RAD supplemental notice was one step forward in trying to address that problem of them just being so low that properties when they are able to use them, it's primarily PHAs that are participants in the MTW demonstrations, so they're able to use their flexibilities to augment rent.

So this HUD reserve augmentation was one of the biggest steps we have been able to take to date policy-wise to allow PHAs to use available funds to supplement the rents to make them pencil. So we would love to see one day being able to use Faircloth authority and make it go straight to Section 8 and have the Section 8 HUD contract.

You know, in a perfect world it would be executed before we even start construction on that property. But we are bound by the legislative programs that require us to go through those certain processing steps in a way that can feel less efficient but is certainly something we exercise to think creatively about all the time. I assure you.

Doug Faust: I'm just encouraging that because as Beth and others have pointed out the cost for the attorneys in these transactions is phenomenal. And just imagine what we could achieve if we weren't having to go through months of conference calls where it's costing $5,000 a call while the time you have 12 attorneys sit there. So just keep working on it.

Stacy Harrison: Yeah. We've heard that. And we certainly recognize the expense of performing two closings. You have your mixed finance approval and closing, and then you have your RAD closing. And so we certainly understand the burden from our perspective that that's putting on our constituents and our stakeholders as PHAs and that's using their funds for a property that we recognize that as a financial hardship.

Julia Jones: We have a question in chat that we started to touch on a little bit, and that is, is there an advantage or significant difference to using Faircloth to RAD with PBRA versus PBV?

Jaime Bordenave: So that's really a question of for any given project is PBV better than PBRA and typically -- so Beth for example doesn't have an HCV program. So PBV is not really an option that they have. So an authority would have to have a voucher program or a neighboring authority that could administer their vouchers just to be able to use PBV.

But then PBRA has a higher rent cap than does the PBV program in some -- well, the cap is higher, so you can go to 120 percent of FMR and the rent reasonableness doesn't get applied. So if the RAD rents happen to be better than the PPV rents, that's an advantage with going with the PBRA.

Ashwin Warrior: Just one thing to reiterate, and we already touched on this before, in addition to those examples Jaime gave of just which program you feel more comfortable with or works for your agency, obvious with PBRA, there's the option for the opportunity zone rent boost something to consider for the augmentation. Rent augmentation is specifically for PPV.

Jaime Bordenave: Yeah. So Beth, you're now a small PHA and going to Doug's policy question. I don't know if anybody has done this. So Stacy, and Ashman may chime in on this, or even Tom Davis if he's still on the call. So a small PHA technically develops new public housing. And for the most part you can't do a RAD blend on a project.

So on that new public housing project, because it's existing. Right? You build it and right before you convert to RAD, it's public housing and the -- all the development work is already accounted for in getting it to be public housing. But it occurred to me that it might be possible, I'm asking this as a question or and a suggestion quote, a small PHA do a small PHA blend.

And in the small PHA blend, the project gets 80 percent of its rents as a tenant protection vouchers and 20 percent get the RAD rents. And because in a small PHA you do blend, you do not have to hit a certain level in the RAD part of the transaction, a certain level of hard construction costs. So I don't know if anybody's approached Stacy, your offices to see if that could be done. Beth, that would help you with your --

Beth Brown: It would help and that's why we're doing it on our other project as a blend. We're partnering with our state housing finance agency to administer our vouchers for us. So that'll sort of be a new, I don't know,

Jaime Bordenave: Variation on the theme.

Beth Brown: A little variation on all of this. We'll see how all that goes. But the, like I said, the rents are double. It made it so much more economically feasible, almost generating too much cash flow if that --

Jaime Bordenave: There's no such thing.

Beth Brown: Well, to HUD there is.

Jaime Bordenave: Well, that's right. Full subsidy review. Sorry.

Beth Brown: But yeah. But that would be -- I mean, I would envision that it would be -- the challenge would be there's no existing units until you close. So how you get Section 18 approvals and units that don't exist. And I'm not saying there isn't a pathway for it, but that could be. It's already very complicated, even with the existing units, like to get your I's dotted and your T's crossed and things like that.

But I would think technically it could probably happen because technically they have to go back into public housing before they come back out. But that's a lot of different avenues they're working together.

Jaime Bordenave: Tom turned his camera on, so he's going to jump in with a comment here.

Thomas Davis: Well, I don't want to cut off Stacy or Ashwin if either of you wanted to. But I think that the challenge there is also a little bit of a optics and little politics challenge of bringing online a unit with the preconceived decision to dispose of it immediately thereafter. Because certainly we explored whether there could be a way to structure one of the construction blends or something like that.

And we got a fair amount of pushback as we had those conversations. And I think while I recognize the logic of it I think that -- and I certainly could see there may be an element of if you did a Faircloth development and then you were running it for a year and then you're disposed of it that may be hard for the section 18 rules to say no, that wasn't allowed.

But I think that we would have a lot of trouble trying to get pre-approval for disposition under Section 18 of a unit that was only going to be a public housing unit for 14 minutes or something like that. So I think that -- well, I see the logic that you're outlining, I think that it may -- we would probably struggle to get HUD on board as a whole with that approach.

Jaime Bordenave: I appreciate that. So maybe because this only seems to be something that could work with small PHAs and small PHAs are the most challenged in terms of figuring out what to do and have generally have a lot less capacity than the larger agencies. You know, since it's a subset and a pretty small subset of the universe of what you have maybe that's more palatable from the optics and the policy perspective.

Julia Jones: I did want to point out, we do have Jenny Wilkirson back with us. If anybody had any questions for Gainesville's development partner, they have joined us back on the call. And again, feel free to raise your hand, come off mute, just signal in any way that you'd have a question. You can also send me a question in the chat. We did have a question from a minute back, which was, what is the average time for a NAR?

Stacy Harrison: So I know Beth had mentioned they had been waiting for their NAR before closing their mixed finance. We've really ironed out the kinks in that process, and we've been being able to issue NARS about two to three weeks after we get the initial submission from the PHA. So two weeks is our target.

Sometimes it takes an extra week just to get our estimates back from different parts within HUD. It comes into recap. Initially it goes to the office of Public housing for cap fund and op fund estimates before it comes back in order to calculate the RAD rent. So I'll say two weeks is our target. We've been averaging two to three weeks.

Jaime Bordenave: I have a question for Jenny. Jenny, one of the questions that I get a fair amount from people is how does the authority balance out the division of labor between itself and the developer? Especially because in a Faircloth to RAD transaction, it's really an interlacing of two different HUD programs that you've got to take through approval processes concurrently. How did you balance that out with the best authority?

Jenny Wilkirson: Yeah. That's a great question. Beth is obviously one of our more sophisticated housing authorities that we work with. And so just because she has so much experience, it was a lot easier moving through this in tandem. It's different for every housing authority relationship, depending on their level of experience. In some cases, we're really leading it, although they're interfacing with HUD mostly, we're right alongside them and pulling them based on our experience with Gainesville and others that we work with.

But for the transactions that we most recently worked on with Beth, I would say that I was the doer as it related to all of the financing stuff that we were submitting to the RAD Resource desk or the mixed finance. And if it is a mixed finance closing, I'm leading it.

But as it relates to getting all the NAR and the CHAP and all the very public housing related items, those Beth would lead and I would just be on the periphery. And so it was a case by case basis just based on what the task was, but it's definitely a divide and conquer versus sit back and watch your PHA do it. We definitely take a very active role in these.

Jaime Bordenave: Thank you.

Julia Jones: Great. We have another question for you, Jenny, in the chat. Can you describe the RAD conversion process and Faircloth to RAD? Did they get pre-approval of draft docs during the RCCA process, pre-construction, or wait until they were nearing substantial completion and target DOFA date?

Jenny Wilkirson: Yeah. I think in theory, if you read all of the guidance for Faircloth to RAD, the idea is that when you're closing on the financing while you have all of your attorneys engaged, that's when you try and negotiate all of your RAD documents and then you wait until you're closer to CO and then you go and close your RAD conversion. But that's -- these transactions are complicated enough. That is not really what happened with us.

We waited until we were probably six months out from CO and then reengaged. And then I guess we were also timing it with the other phase and where that was. And so it didn't work out to where we were able to piggyback off of a tax credit financial closing which is, I think, what the intent is or what the guidance is just out of how to make your process more efficient.

But it's hard to get people to add on that layer when there's not a sense of urgency to it other than you're just trying to save some money. And so to that end, we really didn't save a lot of, if any, attorney fees compared to a normal RAD conversion.

Julia Jones: Thanks Jenny. And we have another question in the chat. I believe this one could be for anyone, maybe Stacy or Ashwin could take the first shot at it. If a current mixed finance development with LIHTC is being converted to RAD through RAD Blend, can a first phase be RAD, PBV and market rate and a second phase include Faircloth/PBRA or do you have to make a decision between using PBB or PBRA for the entire project instead of the individual phases?

Stacy Harrison: I think in terms of the RAD closing, it depends on the ownership and financing structure of it. If it's too distinct properties with separate financing, then you could have a scenario where one is PBV and one's PBRA. If it's one financing structure for the for all units, then we see that as one property and that -- I think we would want to see that as either all PBV or all PBRA. But we don't get this question often, so we're happy to look at specifics, but it really depends on the ownership and financing structure behind the scenes.

Jaime Bordenave: So are you getting requests? Are you doing any dual submissions?

Stacy Harrison: Yes. We've had a couple that are under construction.

Jaime Bordenave: Can you explain that to the audience here?

Stacy Harrison: Sure. So a dual submission is a transaction where there's an existing property that has public housing units in it and the PHA wishes to either increase the density and bring on additional units or in some cases there are other existing units that are existing affordable units, but they're not public housing.

And for example, if they were a previous tax credit transaction but they're not HUD assisted, they can bring those unassisted units online through Faircloth to RAD. And at the end of the day, they'll have section eight units between both the former public housing units and the units that were unassisted or had not been constructed yet.

So we have had at least two maybe a third off the top of my head that we have approved as dual submissions that are currently under construction. And we call it a dual submission because we have a full financing plan for the existing public housing units and a mixed finance development proposal for the units that are coming online that are either not existing yet today or they exist, but they're not currently assisted.

And those submissions are nearly identical. So they're both of the submissions are looking at the project as a whole and they're not separated out between what funds go to what units under that are currently public housing. But it's looking at the project as a whole. But you have two tracks going at once and at the time of the financing closing, the existing public housing units convert upon closing and after rehab or after construction, if they're adding units.

The second phase of your RAD closing is when those other units would be brought under half contract. And we have a couple more that have expressed interest in doing this with similarly situated properties.

Jaime Bordenave: So they're doubling their fund and doubling their brain damage?

Stacy Harrison: That's right. Exactly.

Beth Brown: From a PAG's perspective too, that working with a developer partner like Walton manages their properties. We do manage some of our own tax credit properties, but that was on a RAD rehabbed deal that we did, but they're much better poised to manage PBRA units than public housing units.

So our involvement has diminished greatly since they converted under RAD because they're set up that way where having them manage the public housing with all of the rules and the waiting list and the operating subsidy draw, we had to be much more involved.

So it has saved us in terms of our labor costs and things from the housing authority. There's an advantage to having converted under RAD, whether it was for Faircloth or just a traditional RAD closing transition.

Julia Jones: That's great. Any other questions? Any hands or anyone who wants to come off mute and ask a question? I think in the spirit of peer learning, I would ask Beth and Jenny and even Jaime, if you have an answer looking back now, would you have done anything differently in your Faircloth to RAD project and what advice do you have for PHAs considering using their Faircloth authority?

Beth Brown: Jenny, would you have done it anything differently? I mean, you learn with each one. And also your contacts at HUD, your field office learns a little bit about it each time that we go through it, we did not understand or have an understanding that we really needed the CO in order to start to close. And so that was a loop thrown in there.

We were going to do it one way or the other, whether we're using Faircloth or just build as public housing and then convert under RAD. So we were going to do the conversion one way or the other. So I suppose it helped, but the benefits would not have outweighed the negatives if we had to delay lease up for, let's say the whole property. I mean, Jenny, you would've missed delivery deadlines. Right?

Jenny Wilkirson: Yeah. If anyone has done a tax credit development, your equity investor is very sensitive to their yield of when units are actually occupied. So if they're delayed then it causes -- you might have to pay your investor back because they didn't get the yield through the projected occupancy timeline.

Jaime Bordenave: Downward adjuster. Yeah. Yeah.

Beth Brown: On all these things, that's what we, even on a traditional RAD or the one we're working on. The RAD closing can hold up a closing, which then can cost so much time and money. So the coordination between the PHA from a PHA's perspective, it's not just us, it's HUD, it's Shippo, it's Fair Housing, it's the SAC office if you're doing something.

So you've got all of these people you're trying to manage on a particular timeline, plus all your investors and all of that stuff. And so it gets -- when you're all ready to go and you're still waiting on silly or well, maybe they're not so silly, but approvals and things, it can really affect the project.

And then you're going to get to a point where, okay, if it's delayed again, you got to rerun numbers so then it gets delayed again. And Jenny, you may can speak to that better than I can, but it's in general the timing of the closings, it's the biggest challenge.

Jenny Wilkirson: Yeah. And I would say that we're unique because what we're putting into our communities is a very small percentage of the overall unit count. And so that's why we never want to RAD conversion to hold up our overall closing, since we're talking about 12 out of 85 units or something like that.

Thomas Davis: And that's definitely a challenge to orchestrate it. I'd point out a couple things that a bunch of the HUD closings it is worth thinking about how much of that you can do at the time of the construction financing closing, rather than at the time of the RAD closing.

And for the things that are happening in conjunction with the RAD closing, starting those a few months before your construction completion can help mitigate some of those challenges. The other thing is just to point out totally understand the advantages of leasing up after the RAD conversion has happened because that's the cleanest way to lease up. It is possible. It is doable to lease up as public housing units, if you've got a multi-phase transaction, no one wants the adjusters or anything like that from your timing of delivery.

It is possible to lease up the units as public housing and then convert them to RAD. There is some obviously work that involves in terms of helping the, under the residents understand what that transition is going to be and that thing.

But I don't want the listeners to think that you have to wait till the RAD conversion is complete. It is certainly a cleaner RAD conversion if the lease up is after the RAD conversion. But there are ways to navigate it if that doesn't work with your necessary delivery schedule for the equity investor.

Jenny Wilkirson: So I have one question. I guess if we chose to work on all of the RAD closing documents in the context of our tax credit closing at that point we're really just drafting the forms and inputting our information, but we're not engaging HUD's counsel.

So I think the bulk of the timing is -- the bulk of the time lag happens with the back and forth on comments, even if they're minor. And so what would your recommendation be to just engage HUD earlier because the drafting is not the issue. I think it's really the back and forth.

Thomas Davis: Yeah. And we have had HUD council has not yet established a, a consistent practice. There are some HUD council that are willing to review the RAD documents at the time of the construction loan closing. And we are encouraging more of the HUD council to be willing to do that.

So one option is work together to try to figure out whether we can get the HUD council to review them all at once because then the drafting and the negotiation are all happening simultaneously with the negotiations that you're having at the construction finance. Certainly sometimes that might require a sort of light check review to make sure nothing has changed when the conversion to the permanent financing takes place.

If that's not something that we can arrange in a particular transaction, then it becomes a question of starting three, four months before the anticipated closing so that the HUD council can do their review and not delay you. This is an evolving area that we are working to make this as smooth as we can and that's an incremental process.

So we have definitely talked to some HUD council that particularly if they're the same council that are reviewing the mixed finance transaction. There was one I was talking to a month or two ago that is reviewing the mixed finance transaction, knows they're going to be the one reviewing the RAD conversion. She was saying that it just makes the most sense for her to do it all at once at the time upfront. And my response was amen.

Beth Brown: Yeah. And Tom, to your point, we did the first Faircloth to RAD. We did lease up as public housing first. And so it did work that way. I mean, it all depends on, I guess, how many people, for us it was only 13. So leasing people up under five eight, then you have to have your resident meetings and things. And then a five nine was not that cumber. It was not that cumbersome.

Thomas Davis: It's probably not the easiest thing, but it's doable.

Beth Brown: Yes. Absolutely.

Jaime Bordenave: So I call that a slow motion Faircloth to RAD.

Beth Brown: It was a good way to get our feet wet with it.

Jaime Bordenave: There are a number of those. Nashville is doing two of those I think at the moment.

Jenny Wilkirson: The issue is those tax credit attorneys, the number one question I get is, do we have to close this week? Do we have to review these RAD documents that we're not going to do for 18 months?

Thomas Davis: That's a challenge of managing your attorneys too.

Beth Brown: Yeah.

Julia Jones: Other questions. We are getting a request in the chat for just contact information for additional questions. Stacy and Ashwin, we discussed providing your emails in case folks had follow up questions, so that's available now in the chat.

I'm also going to share some resources that'll be available in the PowerPoint, but I want to make sure folks can have them now. So I'll also be sharing some additional links and resources in the chat for folks. Beth and Jaime, are there any particular resources or tools that you find helpful when going through the Faircloth to RAD process that you would recommend to folks?

Beth Brown: HUD's guidebook in their videos were kind of what we swore we weren't going to use a consultant again, just because we'd used it on previous RAD transactions and it's very expensive. So Jenny became our RAD consultant. But anyway, I think we used the videos in the HUD resources and then just calling HUD. Jenny, what about you?

Jenny Wilkirson: Yeah. I loved the webinar series and the Faircloth to RAD guide and it looks like our property is on the cover now, which is exciting. We also had a fabulous closing coordinator who I think was overqualified to help us. I'm totally blanking because it was right when I was about to have a baby, but -- that also having just a quarterback who is accessible and willing to work with you. Arnowa, I think.

Beth Brown: Yeah. Arnowa.

Jenny Wilkirson: Arnowa. Sorry. So she was just wonderful and great to help walk us through everything.

Jaime Bordenave: And Julia, there is a new resource that's in development that I've been putting together and working with the recap office which is on the use of demolition disposition transition funding as a rent augmentation, which can be used on any regular RAD transaction. But we mentioned it here earlier that it's a resource that can augment the RAD rents that are particularly weak on the Faircloth to RAD.

We've developed the tool and it's been in testing and it's going to have a a PowerPoint explanation and some case study materials. So I think that enterprise is going to take it through one more round of improvements and then it should be made available. Ashwin, any comment on that?

Ashwin Warrior: No. Just a big thank you to you Jaime and the rest of the enterprise team to help bring that together. You know, as we've heard augmentation of the Faircloth to RAD rents and RAD rents generally is always a challenge and always looking for other ways to do it. So DDTF is a great option as well. We're on the topic of augmentation.

One other thing I'll add is for those agencies that are not MDW agencies, as you know there's certain requirements you have to meet in order to be able to be eligible to augment your RAD rents. One of which is that you are located in a low vacancy area. Which for the purposes of the notice, we defined as an area either a zip code MSA with 4 percent vacancy or lower.

The data that we've been using as our national data set is the American Community Survey. But we know that it's not complete and doesn't cover some of the idiosyncrasies of your own market. So I assume Miguel is on -- we just recently went through this with Brownsville. We do accept other documentation to meet that 4 percent or a lower vacancy requirement, I believe Miguel in your case that provided a co-star report or if there's another market study that's being conducted as part of your tax credit application.

So just wanted to make sure that that was clear. Sometimes folks, when you go into the resource desk, we've uploaded our initial data set and may tell you, "Oh, you're not eligible due to vacancy." We always encourage you to reach out to us to be able to confirm if we can find that the documentation to support the low vacancy area, usually amenable to trying to find something to make it work.

Miguel Herrera: Yeah. For the PhDs --

Julia Jones: Do you have another question? Oh, go ahead.

Miguel Herrera: I was just going to say for the PhDs are still thinking about doing this, the HUD team is very supportive. I think getting great information from Ashwin and Stacy. So yeah. Thank you so much guys.

Jaime Bordenave: So Stacy, I don't know, can you comment on the overlapping of underwriting criteria between the RAD side and the mixed finance side and also I guess construction requirements. I know there's some variations that people at least need to be aware that there are differences and they should get their arms around both of those before they do the first half of the transaction.

Stacy Harrison: Yeah. So there's a couple RAD specific criteria that our friends and office of public housing investments we'll check for to make sure that they meet certain RAD underwriting requirements. One of them is the $450 per unit per annum reserve for replacement deposits for new construction. So they'll be checking to make sure that the property meets that benchmark. As I mentioned, the ownership and control requirements will be checked at the time of review.

There's a few others that our Office of Public Housing Investments team looks at as part of their review. And Jaime, I didn't know I was being quizzed on this at the moment.

Jaime Bordenave: Better you than me.

Stacy Harrison: Yeah. So there's a few other things that we do check for. But from recaps perspective, we largely want to defer to that office as the primary reviewer of the property. And there's some requirements that will live on after the RAD conversion.

So that's why we make sure to check those few discreet items. But we try to not get in the way of their review and defer to their program requirements. But like PHAs who've experienced RAD will see similarities in the environmental review requirements and the capital needs assessment for new properties that there are a lot of similarities in the way that the team there will review the proposal which is why we can comfortably rely on their underwriting review of the project.

Jaime Bordenave: Okay. Thank you. Does the mixed finance side require a market study, which is not typically required on the RAD side?

Stacy Harrison: I don't believe a market study is required. There's a couple of workbooks that they'll have to complete as part of their proposal that are linked in their HUD form, the mixed finance development proposal HUD form has a couple of workbooks linked in it or on their page rather that we'll need to accompany their submission.

Jaime Bordenave: Thank you.

Julia Jones: Great. We maybe have time for one more question if anyone has one?

Beth Brown: Julie, I have one more comment that was something I didn't realize is that you cannot complete -- okay. So let's say you've gone through all your RAD conversions and you have no more public housing. If you don't close out, you can maintain that Faircloth authority. Correct Ashwin and Stacy? So let's say I'm done with the repositioning, but I have a 100 units left, you can stay in public housing and utilize those units in the future. I don't know for how long, but is that right?

Stacy Harrison: That's right. And we know a lot of PHAs and small PHAs are contemplating the streamlined voluntary conversion that may require a PHA to close out their public housing program if they're using Section 18 or RAD in a blend to convert or dispose of their remaining public housing units.

There's been a policy decision in the last six or seven months that if you're using one of those options that has a mandatory closeout provision, you can actually defer your closeout until you have used your remaining Faircloth units. If you have development plans for those Faircloth units. So back, I think Gainesville has 105 or something.

So if you had used a small PHA conversion option that would otherwise require you to close out your public housing program, HUD will allow you to still use those Faircloth units for a one-time, develop them, and then convert them under RAD and they come out of your Faircloth authority. But it is true that if you have not -- if you've used Section 18 like you were describing in the beginning of your presentation to dispose of those units even if you're not operating any public housing units, those Faircloth units remain available to you.

Beth Brown: Okay.

Ashwin Warrior: And that would have to be a Faircloth to RAD development specifically.

Beth Brown: Yeah. Are you required to do any agency plan or how does all of that come into play? Because those are the things you get excited about getting out of.

Jaime Bordenave: You're still an authority. You have to do all your authority requirements.

Beth Brown: That's not a good answer.

Doug Faust: Hey Stacy, I had a follow up question on that.

Stacy Harrison: Sure.

Doug Faust: This is Doug. If you're doing that, if you continue to hold those Faircloth units, what happens to your reserves? Are you allowed to use your reserves as part of the RAD transactions or are you still having to hold onto your reserves and that stuff?

Stacy Harrison: Your public housing?

Doug Faust: Yeah.

Stacy Harrison: Reserve funds. So if it's operating reserves, you can use operating reserves in a RAD transaction. So this is where we get creative. I think you cannot use the operating reserves in a mixed finance development as part of your sources and uses. But if you used it as part of your operating reserve when you're actually doing the RAD conversion, it could be used as a source to cover your operating period.

If you convert in May of 2024, your Section 8 subsidy doesn't actually begin flowing until January 1 of 25. So you could use public housing operating reserves for that partial year where you're waiting for your Section 8 subsidy to pick up. But there are certain requirements for mixed finance as to what can be used for the development proposal sources and uses.

Doug Faust: Yeah. I was just wondering is holding onto the Faircloth, is that going to lock your funds up and you just have to sit on them until you get to the Faircloth process?

Stacy Harrison: Great question. I don't know what eligible uses you would have in that period if you had those reserves and weren't actively pursuing a Faircloth development proposal. Yeah. Or had any units that you were managing.

Beth Brown: We can use any pre-development I think. Right? The sources eligible uses of those funds as you're preparing just like you would for any RAD transaction.

Stacy Harrison: Yeah. Pre-Development costs.

Beth Brown: Environmental or -- yeah. Those things.

Stacy Harrison: Yeah. There's an approval process for that, which I won't pretend to be an expert in, but yeah. That is a good point. That's ineligible use of public housing funds for pre-development costs.

Beth Brown: It's like a $100,000 without approval for anything over that I think.

Jaime Bordenave: So Julia, we have some authorities on the call, hopefully from quite a few of the large PHAs. I see Atlanta has 9,000 units of Faircloth and Philadelphia has 7,000. San Francisco 2,400. Any of those authorities want to offer up some suggestions, the issues they're finding in trying to do Faircloth to RAD for the consideration of the group here.

Jen R: Hi, this is Jen from the Philadelphia Housing Authority. How is everybody today? We have our hands full. So my colleagues and I like for our favorite thing to say at the end of meetings is it's going to be a busy year. We know that we have the cap to spare.

And so one of the things we've been doing is putting out requests for proposals out to the development world saying we've got the vouchers if you can develop. And so it's an all hands-on deck effort.

Jaime Bordenave: And are you finding developers willing to do that?

Jen R: We are. I think for our 2022 procurement process, which is more the 2023 low income housing tax credit year, we had something like nine of the respondents for whom we awarded conditional Faircloth vouchers win the 9 percent tax credits. And so it was amazing for one year in one city. So yeah, I mean the market's out there, the market wants them and these things aren't easy to build as you all know. So getting through 7,000 is no small feat, but we're doing what we can little by little.

Jaime Bordenave: That's great.

Julia Jones: Wonderful. Thanks for sharing, Jen. We do have only two minutes left, so I do want to take the time to thank all of you for your participation, but the audience for bringing your good questions. And to Beth, Jenny and Jaime for bringing your experience to share with us. A few quick reminders. We're going to have three more of these sessions throughout the year that are going to be structured just like this.

So we'll have -- we'll be able to learn from peer PHAs on their experience with Faircloth to RAD and ask them questions. So be on the lookout for that. This session today was also recorded and so we'll be posting this to the RAD Resource desk in case you missed anything or want to share it with colleagues immediately following the webinar, you will receive an invitation to complete a survey.

So please feel free to provide any feedback you have for us in that survey. And thank you again, everyone. Enjoy the rest of your day and we hope to see you next time at the next Faircloth to RAD webinar. Thanks so much. Thanks everyone.

Stacy Harrison: Thanks Julia. Bye.

Miguel Herrera: Thank you.

(END)