

Agenda

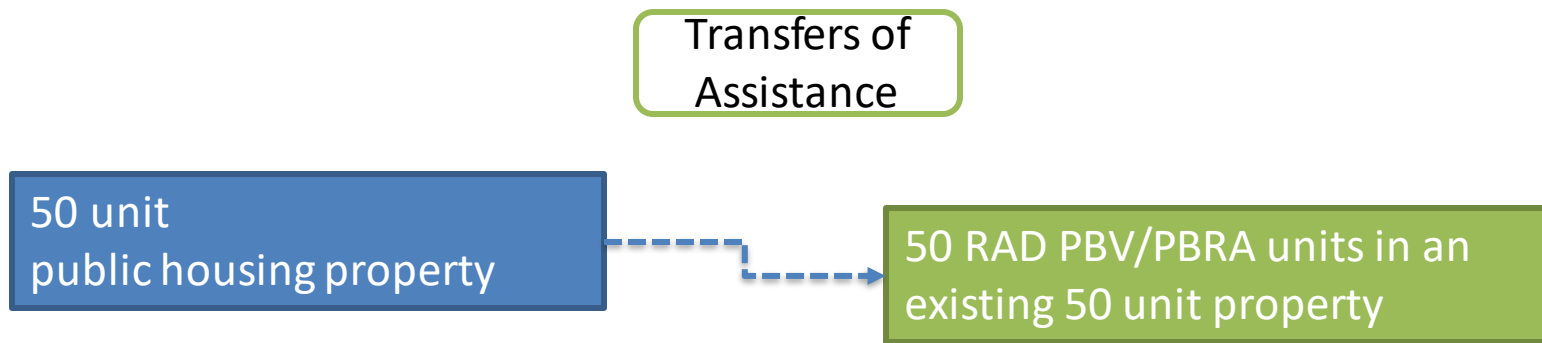
- **What is a transfer of assistance?**
- **How can it be used?**
- **Section 18 as an alternative to Transfer of Assistance**
- **What requirements must be met in order to transfer assistance?**
- **Processing Requirements**
- **Timing Challenges and Early Removals**
- **Questions**

What is a transfer of assistance?

Through RAD a PHA can convert the public housing assistance and move it to a new location – either to an existing property or to a property to be constructed. This is known as a “transfer of assistance”

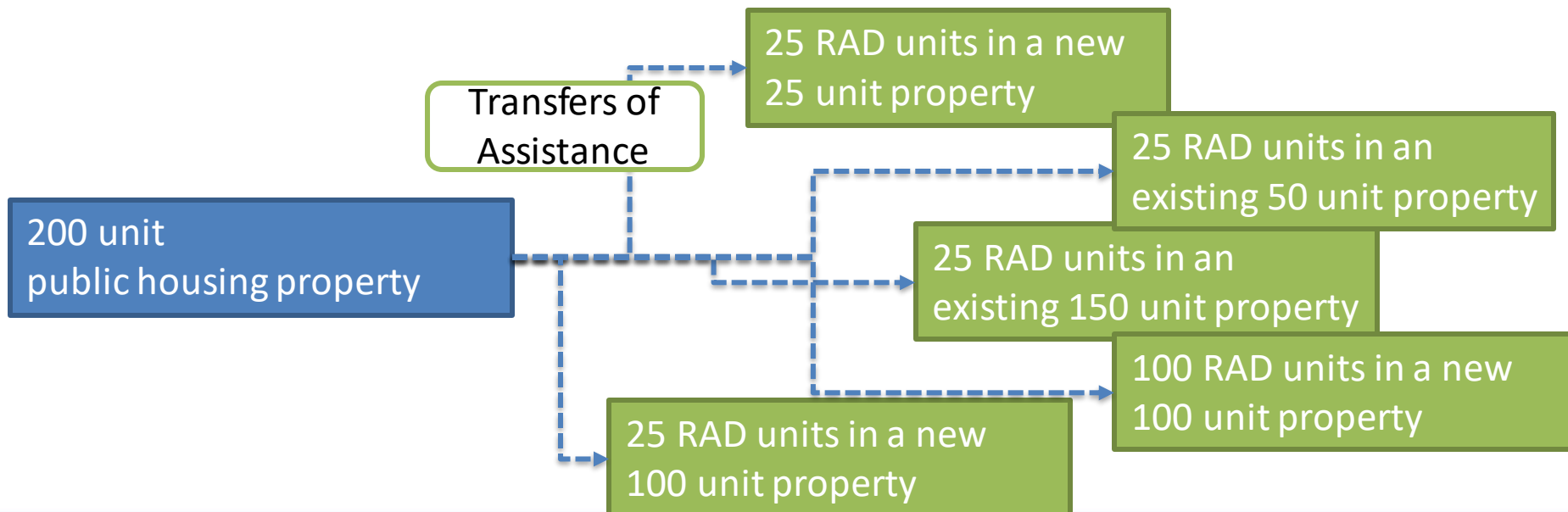
How can a transfer of assistance be used?

Example 1: PHA has public housing property in blighted area. Preservation or redevelopment of some or all of the units on site does not meet local housing goals. But PHA wants to replace with “hard” affordable units.



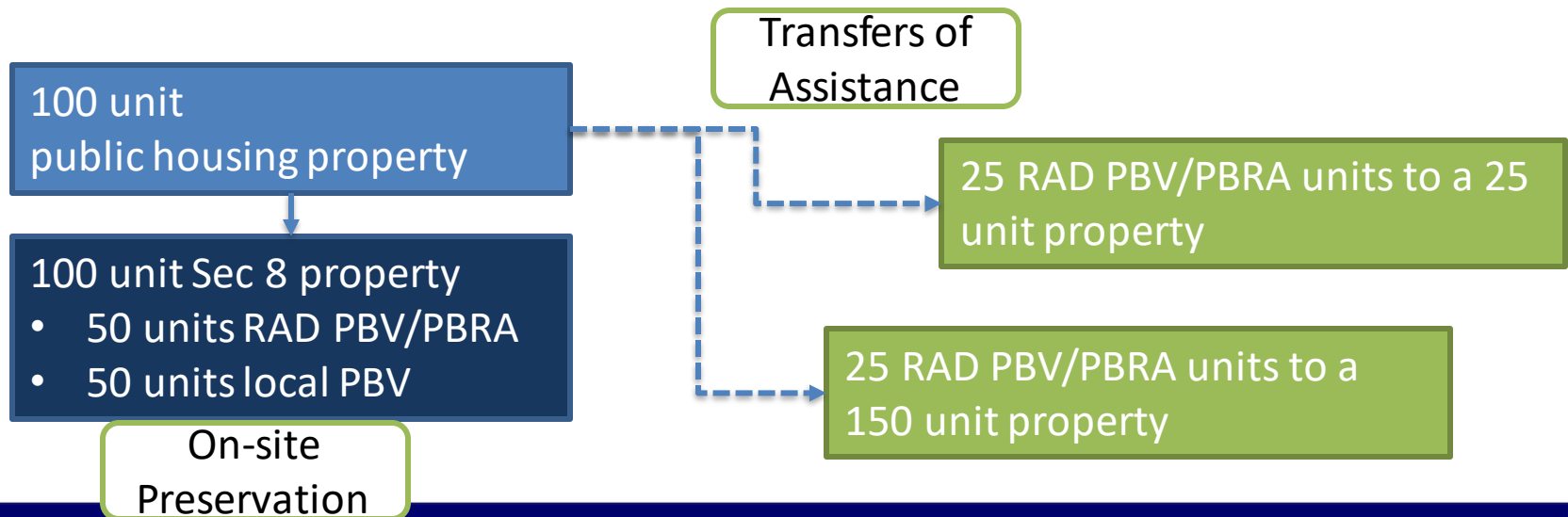
How can a transfer of assistance be used?

Example 2: PHA has large public housing property in blighted area. Preservation or redevelopment of some or all of the units on site does not meet local housing goals. But PHA wants to replace with “hard” affordable units.



How can a transfer of assistance be used?

Example 3: PHA has public housing property that it is attempting to preserve or redevelop. But RAD rents cannot support the necessary financing. PHA can transfer the assistance for some of the units off-site and back-fill with local PBV units.



How can a transfer of assistance be used?

Example 4: PHA has scattered site units that are very challenging to manage efficiently. PHA can transfer the assistance in order to consolidate it into a single project.

Transfers of
Assistance



60 RAD PBV/PBRA units in a
new 60 unit property

Section 18 as an alternative to Transfer of Assistance

PHAs may consider Section 18 dispositions, instead of a transfer of assistance for:

- Scattered site units
- Properties that meet the “obsolescence” standard, including due to environmental issues
- Properties located in areas where conditions (e.g., density, industrial or commercial development) adversely affect the health or safety of the residents or the feasible operation of the project by the PHA

Through Section 18, PHA receives vouchers that can be tenant-based or project-based at a new location

Quiz #1

In RAD, a “transfer of assistance” refers to:

- a) the sale of a converting property from one owner to another
- b) The movement of federal assistance from the original public housing to a new geographic location
- c) The demolition and reconstruction of a property

What are the requirements for a transfer of assistance?

See Section 1.4.A.12 of the RAD Notice.

Site selection: Transfer generally may not be to a location of high poverty concentration (30% poverty) and cannot be to a site that is significantly more minority concentrated

New site subject to:

- Standard Financing Plan requirements (e.g., Capital Needs Assessment, Environmental Review, etc)
- Standard RAD ownership and control requirements (public or non-profit owned or controlled)

What are the requirements for a transfer of assistance?

Residents of the converting public housing property have a right of return to the site where the assistance is transferred.

- **If location is far**, resident must also be offered affordable housing options in current neighborhood
- **If unit sizes differ** and resident cannot be accommodated at the site, transfer can only occur if affected residents have voluntarily accepted alternative housing options
- **If new site is occupied**, that has been very challenging to execute (not recommended)

Quiz #2

Does HUD need to approve the site a PHA selects to receive assistance through a transfer of assistance

- a. Yes
- b. No

What are the processing steps?

| | |
|---------------------------|---|
| Pre-Financing Plan | <ul style="list-style-type: none">• Propose site to HUD for review of poverty concentration and upfront civil rights review• Include description of transfer in PHA Plan• May require other upfront civil rights reviews (e.g., New construction, change in unit configuration) |
| Financing | <ul style="list-style-type: none">• Submit standard Financing Plan submission items for the new site• Include proposed plans for site that will be leaving public housing |
| Closing | <p>Standard closing requirements. Plus:</p> <ul style="list-style-type: none">• Determine whether to execute HAP immediately or use “Delayed Conversion”• Generally, release DOT at converting public housing site |

HAP at Closing or Delayed Conversion?

For a transfer of assistance to units that will be newly constructed or rehabbed HAP contract can be executed:

- a) **At close of financing (like a standard RAD conversion)**
- b) **At completion of construction (aka a “Delayed Conversion”)**. During construction Original property will remain public housing and residents will remain public housing residents.

See “Overview of Master Lease and Delayed Conversion Agreements” on the RAD Resource Desk

What are the options for the former public housing property?

At conversion, the PHA can:

1. Release the DOT and replace with an ***alternative restrictive covenant*** (most common)
2. Maintain the DOT and separately pursue Section 18 so that Capital Funds can be used for demolition
3. Release the DOT and immediately sell the property to raise proceeds for affordable housing purposes (rare)

Alternative restrictive covenant

The alternative restrictive covenant placed on a former public housing property released following a transfer of assistance will require that either:

1. The owner will use of the property be restricted to Affordable Housing Purposes,
2. Or any net income generated from the property, be restricted to Affordable Housing Purposes

Covenant will be released upon subsequent fair market value sale of the property; proceeds restricted to Affordable Housing Purposes.

Solving timing challenges in a transfer of assistance

- In a standard transfer of assistance, the new HAP contract is put in place simultaneous with the removal of the public housing property
- A Converted Awaiting Transfer (CAT) Agreement allows a PHA to remove units from public housing before the PHA is prepared to replace the units
- CATs can be used for on-site replacement, but are most often used as a pledge to replace units off-site
- For more information, see instructions on requesting the “early removal” of properties on the RAD Resource Desk

Quiz #3

What can a PHA do with the former public housing property?

- a. Develop new LIHTC housing
- b. Sell at fair market value and use the proceeds in the development budget for a RAD transaction
- c. Lease the property for five years and then later sell the property at fair market value
- d. Sell the homes to low-income residents
- e. All of the above

Questions?

Thank you!

This concludes today's presentations!