

50 and Under - RAD Section 18 Small PHA Blends and Streamlined Conversions Training_1.20.2026

0:02

Hello, good afternoon everyone.

0:04

My name is Will Lavy.

0:06

I live in the Office of the of Recapitalization at HUD and I'm joined here with Onawa Simmons in the transaction division, Tameika Green in the closing division and Rachel Kyes also in the Policy division of the Office of Recapitalization.

0:19

This webinar is for pH as with 50 or fewer public housing units and it covers in combination of two processes, RAD Section 18 small PHA blend, which is a means of getting to hire Section 8 contract rents and streamline processing instructions we have for RAD conversions.

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So we'll talk about both of these and how they work together, how PHS can take advantage of this opportunity and we'll have plenty of time afterwards for questions.

0:52

So in brief, pH as with 50 or fewer public housing units can convert their public housing through RAD and both stabilize and often increase property revenue to place the property on a more secure long term path.

1:05

Plus, follow streamline conversion requirements to reduce the processing burden and to convert quickly.

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Just for some context, in the overall public housing stock, there are 789 public housing authorities proceeding.

1:27

Thank you.

1:27

There are 789 very small public housing authorities with 50 units or less, but this is 29% of all the public housing authorities across the country.

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These housing authorities though control a very small number of public housing units, just under 25,000 units or 3% of the public housing stock.

1:48

Importantly, as we'll see later, very few of these agencies also have a housing choice voucher program.

1:56

So this process for very small pH as was created to help these agencies often with fewer staff, lower ability to take on complex new projects to convert quickly and see the benefits of a conversion.

2:13

Through this conversion process, a public housing property can convert to a Section 8 contract.

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We actually offer two kinds of Section 8 contracts that have existed for decades.

2:23

1 is called the Section 8 project based Rental Assistance contract where HUD administers the contract and contract rents are capped at 120% of FMR.

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Then there's also a Section 8 project based voucher contract where APHA with a voucher program administers the contract with the owner.

2:41

Contract rents are capped at the lower of reasonable rents, 110% of the applicable for Vermont and Hydrocod Initiator have a little paper voucher micro transmission capacity.

2:54

So the key thing to know about a Section 8 HAP contract is there's a contract rent that HUD, the tenants pay 30% of their income just like they do in the public housing program.

3:06

And the subsidy pays the difference between the contract rent and the tenant rents.

3:10

So if tenant rents go up, the the HAP subsidy goes down and if tenant rents go down, the HAP subsidy goes up.

3:16

But the owner is guaranteed a certain amount of revenue, providing for much greater predictability and stability for the property through a RAD Section 18 blend.

3:31

Importantly, pH, as with fewer 50 or fewer public housing units can convert with rents set at or above the fair market rents.

3:38

But basically across the country, every very small PHA would achieve contract rents that are at or above the fair market rents for their area.

3:48

How to do this?

3:50

Well, sometimes the RAD rents on their own just based on public housing funding levels are strong, and then sometimes when they're not strong enough, HUD can approve a portion of the property of the property's units through Section 18 and then uses the resulting tenant protection voucher assistance to fund higher contract rents.

4:16

In a streamlined RAD conversion for pH, as with 50 units or less, we eliminate much of the due diligence that's normally required in RAD conversions.

4:25

In order to be eligible, the PHA must have, as we talked about, 50 or fewer public housing units in their program and to show to us that through RAD or other means, it's going to remove all of its public housing units under its public housing ACC and close out of public housing program.

4:41

The PHA has to have an overall FOZ score of 75 or higher and a pass score of 30, not have a FOZ substandard designation or FOZ Capital Fund trouble designation.

4:50

And very importantly, the PHA can't propose to us to do any work as part of the conversion, not just the works not required, but we to make the conversion as simple as possible.

5:01

We don't we the the conversion cannot entail work to be eligible for a small PA for for the streamlined conversion process.

5:08

Yeah, I'm muting in microphone.

5:12

Importantly for project based voucher conversions, HUD requires the contract administrator to have a minimum number of vouchers to ensure sufficient capacity.

5:21

We don't have that same requirement for project based kernel assistance conversions though.

5:30

Just important thing for any house authority to look up first is what would your contract rents be?

5:36

We have a Rad Reds workbook available on www.hud.gov/rad where you can quickly look up for your PHA, what the what contract rents you could achieve as part of a conversion and compare it more or less to what you're getting today.

5:53

And after you apply and we issue you what we call a CHAP, A commitment to enter into a HAP contract, PH AS can generate a more precise blended bread calculation.

6:06

A few other key features of the conversion process.

6:09

PJS can contribute all their capital funds or operating reserves to the converted property.

6:14

So this is important because you don't have to spend it down before you leave the public housing program.

6:18

You can bring it with you and establish a new reserve for the property or or fund other things you will need to fund the property.

6:26

All subsidized units would be under a RAD project based rental assistance HAP contract or a RAD project based voucher contract.

6:33

Public housing residents even though they're now entering into the Section 8 program are not rescreened as part of the conversion.

6:40

They're automatically admitted.

6:42

Then after conversion, the contract rents that we discussed earlier are adjusted annually by an operating cost factor And after conversion, any property cash flow is unrestricted.

6:52

There's no operating reserve or residual receipts account or anything where the cash flow, the amount that's leftover after you pay your expenses is restricted.

7:04

It is.

7:05

It is unrestricted funds that belong to the agency.

7:10

We'll walk through some key differences between project based rental assistance and project based vouchers.

7:19

Project based rental assistance is a contract directly with HUD.

7:22

It's funded from HUD Single Project Based Rental Assistance account, which is one of Hud's most stably funded accounts.

7:29

HUD is never not made a payment to that an owner was due under a TAP contract from this account.

7:37

Rents are capped at 120% of FMR or higher in some cases.

7:41

Properties under these contracts are subject to the Inspire inspections just like they are in public housing.

7:48

The tenant certifications are now under a slightly different tenant certification, the 50059 and there's an A choice mobility requirement where families can request a tenant base voucher after living in the property for two years.

8:01

But pH as without a voucher program can request an exemption to this requirement.

8:06

So they said that for 70% of pH as of very small pH as don't have a voucher program for project based vouchers, which is the other option.

8:17

It requires another Housing Authority with the voucher program to administer the contract.

8:22

So again, for most, almost all very small PHS don't have a voucher program and would need to team up with another agency with jurisdiction and that other agency would earn administrative fees under the Section 8 program in order to do the tenant certifications and how physical inspections and things like that.

8:46

The the project based voucher contracts are funded from the pH as Housing Choice voucher program.

8:51

HUD provides new funding into that PH as program and that PHA uses those resources along with all of its other resources to fund its its voucher obligations, including a new project based voucher contract.

9:04

Rents.

9:04

There's a lower red cap.

9:06

Rents are capped at 110% of the FMR or the reasonable rent.

9:10

These properties are subject to the Inspire V inspections.

9:16

Tenant certifications continue under 50058 but they're under the voucher module and there is the also choice mobility requirement for a family can request tenant base voucher after one year and there and there's no exemptions.

9:35

I'm going to turn to Ottawa to talk through a key study in Fireball, Minnesota.

9:40

All right.

9:40

So Faribault, MN utilized the small PHA blend process to convert 49 units that was scattered amongst 22 residential buildings.

9:54

A portion of the units was approved, so through removal from RAD and another portion through Section 18.

10:02

There was no rehab needs, which was confirmed about the PHA.

10:05

They certified the needs of the property instead of submitting a easy and a tool, and Rice County Housing and Redevelopment Authority administered the vouchers for this conversion.

10:20

The biggest take away from this slide is the rent potential.

10:23

So if Perry bought had continued to process using 100% RAG, their rent potential would have been

about \$8.5 million and taken advantage of the under 50 small PHA blend that was able to double their rent potential.

10:40

So their twenty year rent potential went from about \$8.5 million to almost \$17 million or 16.9.

10:49

And so this slide really shows the growth of rent potential if taking advantage of the small PHA blend.

11:00

So the streamlined process for the 50 and under small PHA blend is similar to our traditional red small PHA blend process with some simplifications.

11:13

You follow the normal procedure of submitting a red application and then receiving a CHAP for this one PH as are assigned technical assistance.

11:23

So HUD will assign that directly to the Housing Authority.

11:27

Again, no, no ECNA tool is required, just a certification of the needs.

11:34

And then for the environmental review, there is a more streamlined process through our site specific streamlined environmental review process.

11:44

pH JS are required to amend their PHA plan.

11:47

So with all red transactions, you will have to include in your PHA plan your plans for the RAC conversion and then of course consulting with the residents.

11:58

So that standard consultation with residents, resident engagement process that we have for RAC conversions.

12:07

And so this slide kind of just kind of give us more detail about that process.

12:12

So you're requesting your concept call when you're ready.

12:15

That request is through the RAD Resource Desk.

12:18

You're submitting your RAD financing plan through the RAT Resource Desk as well.

12:24

This includes the certain supplemental documents for your RAT Section 18 blend.

12:30

All of that is uploaded to the RAT Resource Desk, so there's no need for any separate applications with SAC to complete this process.

12:39

Your pro forma should show the entire project, so cover the expenses over the 20 years.

12:46

Again, no scope of work.

12:50

You are able to use public housing funds to cover any closing cost and then the more simplified environmental review and that is through the site specific form.

13:01

The office of RECAP will coordinate internally and so again no need for a separate Section 18 application.

13:10

RECAP will then approve your financing plan, will issue the RCC and then staff will or the Special Application Center will issue their Section 18 approval for the portion of units to Tamika.

13:26

If we're closing.

13:28

Thanks Will.

13:28

So in closing, it's really just business as usual for us.

13:33

Not much changes on the closing side.

13:36

Typically, the Housing Authority will prepare and submit their draft closing package for review.

13:41

You're assigned a closing coordinator.

13:43

You'll work with your closing coordinator to make sure that all program items are met and also legal counsel will be assigned to ensure all legal items have been met.

13:52

No need to worry about requesting funding for your TP VS whether it's for PBIA transaction or or PBV transactions.

13:59

There is no need to contact the field office anymore.

14:02

RECAP will coordinate internally and to make the funding request for you and there's we've built in a new tool on the closing page at the bottom of the closing page where you can do your own calculations to see what the total funding amount will be.

14:18

So once all program items and legal items have been met, we'll take you to closing where we'll then execute the RAD HAP contract.

14:28

It's we move towards just a single HAP contract.

14:32

Once we get into closing, we'll then release the dot and have the recording of the the use agreement and then we'll have the units removed from pick and if there is construction that's taking place then or if there's no construction completion cert is also required.

14:50

You just certifying that no additional funds or loan has been taken out against the property.

14:56

All the residents are returned to the property or remain in place and that all reserves have been deposited.

15:07

And what we've noticed in closing for blend transactions at the ownership and control structure goes various ways.

15:16

Before closing, of course, the properties owned by the Housing Authority.

15:20

And after closing, we'll see it where it's owned by the Housing Authority, the instrumentality of the Housing Authority, an affiliate of the Housing Authority, or if it's a tax credit transaction, there's also an LSC that's created.

15:33

But no need to worry.

15:35

In any event, the closing division will take care of the transfer of ownership at closing.

15:45

Thanks, Tamika.

15:46

And just to wrap up, we're very soon we'll have a new tool coming out for very small pH as that helps to walk through each step of the conversion process and helps to be fill out certain forms and submission requirements to make the process as easy as possible.

16:06

So look out for that.

16:08

And with that, let's move on to questions.

16:19

Hey, let's start with one.

16:23

Yeah, Hi, everyone.

16:25

Congress here with Riverside County.

16:26

I had a question.

16:27

Once properties are converted and they're no longer public housing sites and we want to explore options to do a light tech project, when do we involve the the the the Hut closing team?

16:44

How early on and in Missouri, maybe some sort of a like material that we can read up on regarding how other housing authorities have have used the process?

17:00

Sure.

17:01

So let me just first say that after conversion, it's very common for public Housing Authority for the property to undertake new rehab sometime down the line.

17:11

Whether that's they didn't do any work at the time of conversion, like often will be the case or will be the case in these in these streamline conversions.

17:19

And then a few years down the line, maybe they take out new financing or they do work at the time of conversion and you know, 10 years down the line they do some more work or take out some new financing.

17:31

The request starts on the red resource desk, often as a post closing request.

17:38

I believe we are actually in the middle of writing a notice with more instruction on new financing after conversion.

17:45

But you can always reach out to us at rad.gov and we can set up some time to to to talk through how how it would work.

17:55

I'll just just to add to that, we're still writing out the process, but if we've already accepted the completion certs, then it's it's no longer in office.

18:03

Thank you.

18:08

OK, Stephanie.

18:19

Hi, Stephanie.

18:19

Are you there?

18:30

Stephanie, I see you're unmuted, but I can't, can't hear.

18:33

You might want to try logging out, logging back in and we'll we'll calling you when you come back.

19:02

OK.

19:03

Thanks.

19:03

Stephanie.

19:03

Give us another try when you're when your audio is working or or if you try logging back and come back in, Chris, I will everyone.

19:16

I was wondering if there's been any talk about increasing the number of units that qualify for the streamline conversion beyond 50 at any point in the future.

19:30

Yeah, there's always talks to figure out.

19:32

We're always trying to figure out what we can do to make the program's most effective and provide housing authorities the best tools to preserve and improve their stocks.

19:41

So yes, there's nothing, nothing specific though is that I can share or any kind of realistic timetable.

19:49

But certainly if you've got ideas that you think would make our programs better, we encourage you to send those in to us.

19:57

We'd love to hear from what we can do better.

20:01

All right, thanks, Paul.

20:05

Thanks.

20:16

Anyone else?

20:16

Chuck, are you trying to ask a question or can you hear me?

20:22

Yes.

20:24

The so this this streamline to go back with the last question was, is, is for the total number of units in the public housing or just the number of units in the project that you might want to do the conversion on?

20:40

It's a total number of units in that that that Housing Authority has.

20:44

OK is 50 or less, Yeah, yeah, OK.

20:50

How many units do you have?

20:50

Chuck 220 so you'll get there eventually.

20:55

So the as a as APHA with 220 units, you're still eligible for the rads red red section 18 blend, right?

21:04

So you can still increase your revenue across any project you convert.

21:09

The difference though is while you have more than 50 units will still require capital needs assessment and things like that.

21:17

But then once you convert a few properties and you get below 50 units, that last property, you could use ISIS process.

21:25

Then the requirement would be you go into that streamlined conversion then, right?

21:30

Yeah.

21:31

So what we see a lot of housing authorities do is they sequence their conversions to maximize the revenue that they can earn and figure out which one would they save for last for the streamlined process.

21:46

OK.

21:53

All righty.

21:54

Thank you.

21:57

You again.

21:59

Hi, just have a question.

22:01

So if the author, author also has like some fair clause, you know, like authorities left and they want to maybe have the opportunity to utilize it in the future, is this like streamlined bad conversion or prohibit them from doing that down the line?

22:24

Like there is like nothing concrete planned out yet.

22:29

It does not prohibit that at this time from using what we call restore, rebuild.

22:37

The APHA though, does he need to commit to closing out its stock and that could mean closing out its stock after at closing out its public housing program after it's built any Faircloth units that that it's able to?

22:51

OK, thank you.

23:01

Good afternoon.

23:02

Hi.

23:04

There was a slide earlier regarding the app replacement reserve funds.

23:12

I guess I'm looking for some more clarification regarding those reserve funds after conversion.

23:19

I've been told that the remaining replacement reserve funds go to the municipality who oversees the Housing Authority, not the new owner entity.

23:33

And so, but I think I saw on your slide that that initial body could give or donate those funds back to the new owner entity.

23:45

Is that correct?

23:46

Because my, my understanding is that if it goes back to the municipality, they can use those funds for new affordable housing development.

23:59

However, that municipality will continue to have a public housing program, but new facilities also those funds could be used to close out the public housing program with HUD and I'm curious as to what the cost is of that.

24:16

And alternatively the another option was that those funds be returned at least the remaining balance back to HUD.

24:25

Can you provide some clarification on that slide?

24:27

Sure.

24:29

So in a RAD conversion, this doesn't apply to Section 18.

24:34

If you just take a property after Section 18, for example, in a rag conversion, the Housing Authority can contribute public housing funds into the conversion itself.

24:44

So all of the funds could be used to and and applied to the property.

24:51

And very often what we see is could speak more to this.

24:54

The PHA is, is establishing a new capital replacement reserve or an operating reserve at the property the and so that that way PHA doesn't have to spend those funds down the other options.

25:10

If a PHA does not move those funds to the property, they're still restricted for public housing purposes.

25:17

So they have more limited uses.

25:19

They could be used to pay for closeout costs, but that's that's usually not a lot of money.

25:27

Those are that's paying an auditor and, and, and and getting your getting a final pre on it on on the on the program and and other soft costs like that.

25:38

Nothing major or could be used to build more public housing.

25:45

Those are eligible use of the public housing funds, but the PHA otherwise doesn't have any eligible uses.

25:50

Those funds go back to treasury.

25:52

They don't stay local and certainly not not not forever.

25:59

So the most common thing we see is the Housing Authority moves all those public housing funds with in with the conversion to the to the property.

26:13

Thank you, Jay.

26:21

Yeah, hi.

26:23

We in July of this year of this year will be down below the 2:50 and we have contemplated the Faircloth to Rad.

26:32

I was hoping you could expand a little bit on what you said for the other question about the timing, because if we're down below 250 and then submit a Section 18 application for the remainder, do we have to have a Faircloth to RAD project in place before we submit that final disposition application?

27:00

Or could we do a Faircloth to RAD project after final disposition?

27:06

You can do it afterwards.

27:08

OK.

27:09

Yeah, you would.

27:10

You would just be, there's a as you get to 0 units in your public housing program, you would fill out a form that identifies your, your, your future plans and you would say I still intend to build public housing that's under my fair cost.

27:30

OK, thanks for clarifying.

27:35

And Jay, when you said you're under 250 units and you would submit a Section 18 disposition application, do you do you mean a RAD Section 18 blend application or OK?

27:49

Yeah, sorry.

27:50

Right.

27:50

It would be the blend, right.

27:53

So we would require as, as each property converts, you'd be giving us a very simple repositioning plan.

27:59

Now it's a one page table that just says here's how I'm going to going to convert the remaining remaining public housing stock.

28:10

And you don't need to account for future of Fair cost development.

28:14

You're not required to close out until if you still also intend to build fair cost units.

28:22

Thanks.

28:50

You have some questions in the chat.

28:51

We love when people raise their hands.

28:53

It's more fun that way.

28:56

But if we'll move to the chat until others raise their hands, I would go in.

29:10

OK.

29:10

The first question is, well, essentially, what if I have 80 units?

29:14

Do I qualify as a very small PHA as well?

29:17

No, you're right.

29:18

Now it's just 50 units or less qualifies as a very small PHA.

29:23

Now if you have 80 units, you still qualify for the blend for the red section.

29:28

Can you blend and you're looking likely getting your pretty large increase to your to your revenue for the property.

29:37

But you wouldn't yet qualify for the streamlined processing unless you first converted your property of at least 30 units and then and then had a separate second property that was that went through a streamlined conversion process.

29:55

Keep looking at some of the chat questions, but looking for any other raised hands to there's a question.

30:08

Are we required to have an audit of financials before closing?

30:12

No, the financial audit is only required when you actually to close out your public housing program, but as part of any individual RAD conversion.

30:24

There's no required audit of of the of the agency's financials outside of the normal annual auditing process that you that you go through with your fast emissions.

30:46

We have a question about the rent setting slide.

30:49

I'm going to bounce over in there moment the we didn't dwell on this, but just to show people how we get to the the blended rent.

31:09

In this case what happened was there were some units that converted to with the rat that that converted with rat rents.

31:18

There were some units that converted with normal project based voucher rents that were funded through the new tenant protection vouchers.

31:25

The three and four bedroom units were used because those were a higher, higher and higher revenue were used in the blended rent calculation.

31:33

So the ultimate they got to oops was were were these numbers on the right hand side and the two-bedroom rent was much lower because they they had all of those units.

31:46

The applied the rad rents to all of those units because that had thought that that was to the greatest advantage of the of the property.

31:54

You don't really need to worry about this in the calculations that we that we do after you apply, we make sure that the resulting rent calculation is it is, is done in such a way that that, that, that you're not missing out on, on, on, on some feature, on some opportunity.

32:21

OK, Any more hands raised?

32:23

Any, any more verbal questions?

32:32

I see another question.

32:33

Is this what we talked about today?

32:36

Is this just about public housing units?

32:38

What if an agency has 48 public housing units and they have 300 voucher units?

32:44

Are they still eligible for this?

32:45

Yes, we're only looking at the number of public housing units that the agency has.

33:10

Another question, we're doing a section 18 blend, but there are two buildings that need to be demolished in order to have enough space to build a new building.

33:17

Do we do the demo dispel application first or is it all done with the blend?

33:21

The answer is it's all done with the blend.

33:23

There's no need when you're doing a RAD Section 18 blend to separately submit or try to sequence an application for Section 18 to the Special Application center at the point of conversion is Ottawa or sorry, point of the financing plan is Ottawa discussed earlier, you would use a lot of the things you're submitting to us for, for the RAD process and we request a couple of additional 5 additional items that are needed to fill out the Section 18 application.

33:54

And then we do that coordination within HUD without you needing to submit anything separately or be cognizant of of of the timing.

34:03

I have a question about instrumentalities.

34:18

So as Tamika discussed earlier, we handle any transfers of the property in the closing process sometimes and for included for ride Section 18 blend.

34:34

Sometimes we see that the Housing Authority retains the ownership of the property.

34:41

Sometimes we see the Housing Authority dispose a bit to a nonprofit affiliate or for using tax credit financing to it to a tax credit partnership or LLC.

34:51

So but yeah, all, all of the standard RAD ownership models are apply as well to the RAD section 18 points.

35:11

OK, any more questions folks want to ask?

35:17

Again, we prefer the out loud questions because then we can come back to you with any clarifying questions ourselves.

35:26

Go ahead, Chris.

35:29

Well, so just to clarify, housing authorities have fewer than 50 units or fewer that does qualify for a Section 18 disposition, but the streamlined conversion is a another option for housing authorities with 50 or fewer public housing units.

35:47

Yeah, that's right.

35:49

Thanks Chris to for pointing that out that if you, if you're for PHS with 50 or fewer units, Section 18 alone allows you to qualify just for for Section 18 and to replace the housing and vouchers.

36:04

Just also just because you have 50 or fewer units.

36:08

The main advantages of using a RAD Section 18 blend and the streamlined RAD conversion process versus going through Section 18 are primarily the Housing Authority can bring the public housing funds with them in the conversion.

36:25

They don't have to unnaturally spend the funds down or or set them aside in in hopes of of building new Faircloth units sometime in the future.

36:34

Residents are not rescreened as part of the conversion.

36:37

So you can guarantee that all that you're not going to accidentally displace any families because they they may not qualify for Section 8 for the Section 8 program afterwards.

36:51

Those are those are some of the, the, the the big advantages rents wise.

36:57

They you get about the same contract rents because through the blends the the rents are, are are across the board are at or above the fair market rents.

37:07

So more or less the same as what you would a property would get under the normal project based voucher program after Section 18.

37:31

Go ahead, Jay.

37:33

And to that question about you get about the same rents in the 9010 split, I believe it's 90% section, 10% rad.

37:47

There are ways that you can augment the 10% rents, the 10% of the remaining units.

37:53

Is that correct with is it, is it with the demo dispo transition funds or the our funds or other sources?

38:04

Yeah.

38:04

So we, we don't have to get into all the the weeds here, but the primary way the rents get augmented there is the demo, the demolition disposition transition funds that would have been triggered by the Section 18 units.

38:16

We automatically incorporate that into the RAD, the rad rats and that often pluses the pluses the amounts, the the blended amount higher.

38:29

Then we've got other provisions in that like opportunity zone, rent boost and and and a host of other flexibilities that can also be used when when setting the rents.

38:47

Thanks.

38:59

Here we have.

39:01

Go ahead Chris, another question for you.

39:05

I'm just trying to better understand the differences between a small PHA, so 250 units or less 9010 blend versus the streamlined very small PHA blend.

39:21

It sounds like with the streamlined housing authorities are not allowed to do any construction as part of RAD conversion.

39:30

There's a lot fewer steps.

39:31

It's seems like it goes through a lot quicker and you explain more about why it's streamlined if you're 50 units or less versus 250 units or less.

39:46

And like from a policy perspective, why, why we've got the streamline process?

39:51

Yeah, just better understand the reasoning behind it and the the key differences between the two.

39:57

Sure.

39:58

So the primary reason we've got the streamline process is we've concluded the risk to the department is much lower.

40:06

We central premise to RAD conversions.

40:11

Since the beginning has been we want to make sure that any property that we put under a Section 8 contract is going to be viable and and sustainable for the long term.

40:21

And so that's the the capital needs assessment is, is critical to that right understanding the conditions of the property.

40:27

So, but we also recognize that for very small pH as it's very limited capacity to procure to, to pay for the cost of the CNA and, and do some that extra due diligence and, and and transactional work with HUD.

40:43

So the the process was streamlined to help these pH As get the benefits of conversion without as much of the administrative work and without creating a significant risk for HUD.

41:11

And so I can just jump in here just to explain just a little bit more about some of the differences.

41:18

As Will highlighted, the key differences is the environmental review.

41:23

So having to do a full environmental review for the traditional red small PHA blend instead of just doing the site specific form that only touches four or five of the environmental factors, a full ECN, a tool.

41:41

So having to do both components, the narrative as well as the 20 year reserve schedule.

41:47

And then in this case, there is no work to be completed and so that document isn't necessary.

41:53

The entire process is similar.

41:56

So requesting the concept call, using the right resource task, coordinating with your transaction manager, uploading your documents for your financing plan, that is a similar process.

42:09

The small PJ blend, the repositioning plan is similar process in both.

42:15

It's really just a few of those more due diligent items that we've streamlined just to make the conversion easier.

42:33

Thank you.

42:34

That answered my question.

42:48

Hey, Zoe.

42:51

Hi, everyone.

42:53

So I just wanted to sort of piggyback off of Jill's question and chat about the Section 18 side of things.

43:00

In terms of if you're utilizing the very small streamlined conversion and you're not doing any demolition, but if the PHA were to retain the property or not really dispose of it to any other entity, how is there really a Section 18 aspect involved in that scenario?

43:18

Does HUD just allow it as part of the blend or I think that's sort of the question there.

43:27

I see.

43:27

Yeah, yeah.

43:28

The, the through the blends, we follow the RAD closing process, which the disposition is out of the public housing program.

43:38

The the property is disposed out of the public housing program and it's commonly permitted for the PHA to continue to to own the property outright.

43:49

More often we see the PHA at least create a a single asset entity, just an instrumentality just to protect itself from from liabilities at the property.

44:03

But we've also seen RAT Section 18 blends where the Housing Authority is able to to retain ownership.

44:13

OK, perfect.

44:13

Thank you so much.

44:23

And I just want to add that that kind of changes if you're doing PBRA or PBV with PBV, you, the Housing Authority cannot be on both sides of the HAP contract.

44:35

And so keep in mind that that there will need to be some transfer just for purposes of facilitating the HAP contract.

44:44

It's it's another reason why very small PHA is PBRA conversion might be easier.

45:22

OK.

45:23

Any other questions?

45:24

Otherwise, we'll wrap up in just a couple minutes.

46:04

OK, well, if there are no more questions, raise their hands for we'll wrap up.

46:11

We encourage you to send any questions to rad@hub.gov as you as as things come up if you have more questions as you trying to figure out what your next step ought to be.

46:20

But we hope your next step is to submit a RAD application and the RAD resource desk.

46:25

And because we were hoping this process can be as easy as possible for you and we we see a lot of upside as so I will point it out in in the case study.

46:35

So thank you very much for participating today.

46:38

Everyone have a nice day.

46:41

Thank you everyone.

46:42

Take care, Take care.