

Rental Assistance Demonstration (RAD) Portfolio Conversion Update







What is RAD?

Across the country and here in Milwaukee, the public housing inventory is aging, becoming obsolete with an increasing backlog of needed repairs. Despite the immense need to preserve public housing units, Congress has reduced funding for these repairs by 24% over the past decade. The Housing Authority of the City of Milwaukee's (HACM) backlog of non-emergency property maintenance needs were assessed at over \$198 million during a review by a qualified third party contractor in 2014. With existing capital funding levels, it would take over 44 years to repair HACM's existing backlog. Therefore, HACM changed direction towards a new initiative that would help address this serious problem.

HACM decided to pursue a voluntary program called the Rental Assistance Demonstration (RAD) program. RAD was created by the U.S. Department of Housing and Urban Development (HUD) and endorsed by Congress in order to give public housing authorities a powerful tool to preserve and improve affordable housing and to address the large backlog of needed repairs. RAD allows HACM to leverage public and private debt and equity in order to reinvest in the currently aging and deteriorating public housing stock.

Under RAD, units change from Section 9 public housing to Section 8 project-based vouchers (rent assistance) under a long-term contract between HACM and HUD. For low-income residents and households, this ensures that units remain permanently affordable to the individuals most in need. In addition, the RAD conversion process will

1. Stabilize funding
2. Create access to private capital
3. Streamline HUD programs
4. Enhance housing options for residents

Before RAD	After RAD
 <p>Properties are typically not funded at 100% in Public Housing</p>	 <p>Properties are placed on a more stable Section 8 funding platform</p>
 <p>In Public Housing, PHAs cannot borrow money to perform necessary repairs</p>	 <p>PHAs and owners can more easily borrow money and perform rehabilitation work</p>
 <p>The funding fails to keep up with the deteriorating living conditions of residents</p>	 <p>The living conditions of residents are improved</p>
 <p>Residents cannot choose to move without losing housing assistance</p>	 <p>Residents may receive a tenant-based voucher, or similar assistance, and move after 1 year in PBV and 2 years in PBRA</p>

HACM Portfolio Conversion Progress

Project Name	Conversion Stage	Financing Type	Conversion Date
Victory Manor	Closed	9% LIHTC & Debt	4/3/2017
Westlawn Gardens Scattered Sites	Closed	4% LIHTC & Debt	4/3/2017
Cherry Court	Closed	PH-only	11/30/2017
Westlawn Gardens	Closed	PH-only	11/30/2017
Lapham Park	Closed	PH-only	3/28/2018
Highland Gardens	Closed	PH-only	4/25/2018
Olga Village	Closed	PH-only	4/25/2018
Convent Hill	Closed	PH-only	5/29/2018
Scattered Sites Tax Credit 1	Closed	PH-only	10/30/2018
Scattered Sites Tax Credit 2	Closed	PH-only	10/30/2018
Westlawn Renaissance III	Closing	4% LIHTC & Debt	April 2019
Holton Terrace	Financing	9% LIHTC & Debt	June 2019
Merrill Park	Financing	9% LIHTC & Debt	December 2019
Westlawn Renaissance VI	Financing	4% LIHTC & Debt	December 2019
Highland Homes	Planning	4% LIHTC & Debt	June 2020
Scattered Sites - Cherry Court	Planning	4% LIHTC & Debt	June 2020
Townhomes at Carver Park	Planning	4% LIHTC & Debt	June 2020
Westlawn Renaissance V	Planning	4% LIHTC & Debt	December 2020
Becher Court	Planning	9% LIHTC & Debt	December 2020
Lincoln Court	Planning	9% LIHTC & Debt	December 2020
Mitchell Court	Planning	9% LIHTC & Debt	December 2020
College Court	Conceptual	9% LIHTC & Debt	December 2021
Westlawn Renaissance IV	Planning	4% LIHTC & Debt	December 2021
Riverview	Conceptual	9% LIHTC & Debt	December 2022
Locust Court	Conceptual	9% LIHTC & Debt	December 2023
Arlington Court	Conceptual	9% LIHTC & Debt	December 2024
Hillside Terrace	Conceptual	9% LIHTC & Debt	TBD
Parklawn	Conceptual	9% LIHTC & Debt	TBD
Scattered Sites - Milwaukee	Conceptual	9% LIHTC & Debt	TBD
Scattered Sites - North/West	Conceptual	9% LIHTC & Debt	TBD
Scattered Sites - South	Conceptual	9% LIHTC & Debt	TBD

2019 Upcoming RAD Closings

(All information presented below is accurate as of April 9, 2019 and is subject to change.)

Holton Terrace

Estimated Closing: June 2019

Estimated Construction Investment: \$4+ million

Tentative Scope of Work:

- **Site Work:** Patio remodeling, parking lot resurfacing, front drive resurfacing, new sign, elevator replacement
- **Common Areas:** Paint, new ceiling tiles, add Wi-Fi, update fitness room, update recreation area, update computer room, add media room, new furniture throughout
- **24 Units ADA Compliant Rehab:** new layout, new cabinets, countertops, energy star appliances, LED lighting, paint, flooring and window blinds
- **96 Units Rehab:** new eat-up counter, countertops, sinks, kitchen faucets, lighting, paint and window blinds



Merrill Park

Estimated Closing: December 2019

Estimated Construction Investment: \$7.3+ million

Tentative Scope of Work:

- **Site Work:** Patio remodeling, parking lot resurfacing, front drive resurfacing, new sign, façade repair, roof replacement, windows replacement, elevator replacement, boiler replacement, water pump replacement, fire sprinkler system replacement
- **Common Areas:** Paint, new ceiling tiles, add Wi-Fi, update fitness room, update recreation area, update computer room, add media room, new furniture throughout
- **24 Units ADA Compliant Rehab:** new layout, new cabinets, countertops, energy star appliances, LED lighting, paint, flooring and window blinds
- **96 Units Rehab:** new eat-up counter, countertops, sinks, kitchen faucets, lighting, paint and window blinds

