



OFFICE OF PUBLIC & INDIAN HOUSING

## Repositioning Public Housing

HUD's Office of Public and Indian Housing sent this bulletin at 11/14/2018 01:00 PM EST



### U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-5000

GENERAL DEPUTY ASSISTANT SECRETARY  
FOR PUBLIC AND INDIAN HOUSING

November 13, 2018

Dear Executive Director,

As you know, the **capital needs of our nation's public housing inventory has outpaced Federal funding** for much of the past decade. In 2010, HUD conservatively estimated the public housing capital needs backlog at almost \$26 billion, and we believe this figure continues to grow at around \$3.5 billion every year. The public housing industry also faces barriers in accessing other forms of affordable housing financing commonly available in the private market. Some PHAs are understandably struggling to preserve the quality of these important affordable housing resources which serve 1 million families nationwide.

Under the leadership of Secretary Carson, the Office of Public and Indian Housing (PIH) is focusing on **repositioning public housing** by providing PHAs with additional flexibilities, allowing communities to develop locally appropriate strategies to preserve affordable housing. The Department set a goal to reposition 105,000 public housing units to a more sustainable platform by September 30, 2019 in its FY2019 Annual Performance Plan.

The success of the [Rental Assistance Demonstration \(RAD\)](#) program, new flexibilities for [Section 18 demolition and disposition](#), together with forthcoming guidance on **Voluntary Conversions** and the **Retention of Assets after a Declaration of Trust (DOT) release** will help us reach this goal together and set public housing properties on a more financially sustainable path.

Within PIH we are taking several steps to achieve this goal. Over the past few months many of our Office Directors have been highlighting repositioning tools at industry conferences. We are also building capacity in our Field Offices and the Special Application Center, focusing staff on this priority, and developing additional guidance and training materials to help you understand your repositioning options. As we make more resources available, we'll make them available on the [PIH One-Stop Tool for PHAs \(POST\)](#).

Over the next few months your local Public Housing Field Office may contact you to **explore repositioning possibilities in your inventory**. Our goal in reaching out to you is to make sure you and your staff are aware of the repositioning strategies available and to provide technical assistance where needed. We look forward to helping **facilitate locally-driven solutions** to your unique set of challenges and opportunities.

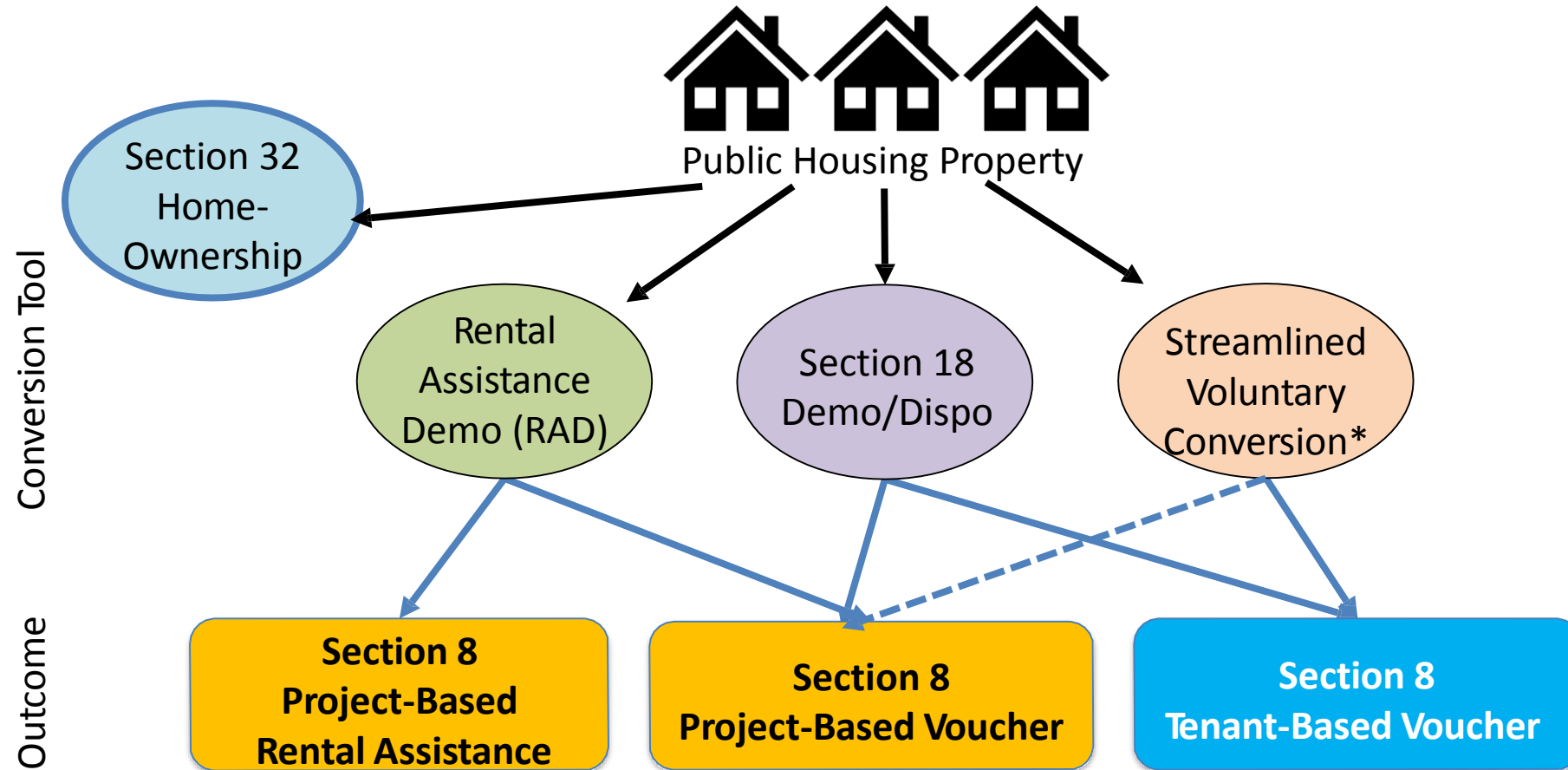
If you are interested in learning more about this goal and the repositioning tools available, please contact your local Public Housing Field Office.

Thank you for your continued partnership and assistance in this important effort to ensure that these incredibly important and limited affordable housing resources in your communities are preserved to house future generations.

Many thanks,

Dominique Blom

# Public Housing Repositioning Options



\* Under Voluntary Conversion tenant protection vouchers must first be offered to residents as tenant-based assistance but may be project-based with tenant consent.

# Appendix: Program Characteristics

## Section 18

- ⑩ Justifications:
  - Unsafe/unhealthy location and infeasibility
  - Scattered Sites
  - 50 or fewer units remaining in PH inventory
  - Efficient and effective low-income housing
  - Physical obsolescence
- ⑩ Replacement TPVs for any occupied units in past 24 months
- ⑩ Can project-base TPVs
- ⑩ No replacement housing required
- ⑩ Eligible for DDTF and ARF

## RAD

- ⑩ RAD Contract Rents = Current Public Housing Funding
- ⑩ PBRA or PBV
- ⑩ Preserve FSS Participation
- ⑩ Can use PH \$\$ in development budget to support conversion
- ⑩ Long-Term Use Agreement
- ⑩ Resident Right to Return
- ⑩ Replacement Housing Requirement
- ⑩ Not eligible for DDTF or ARF

## RAD/Section 18 “Blend”

- ⑩ Eligible properties include those whose rehab or construction costs are at least 60% of Hard Construction Cost (HCC) limits, provided not using 9% credits
- ⑩ 75% of the units convert through RAD and 25% disposed through Section 18 w/ PBV replacement
- ⑩ Project will receive TPVs for 25% of all occupied units
- ⑩ Residents receive all relocation and other protections of RAD

## Voluntary Conversion

- ⑩ Must demonstrate that vouchers cost less than cost of public housing or **have 250 or fewer public housing units and will close-out**
- ⑩ Not eligible for ARF or DDTF
- ⑩ PHA can project-base the TPVs, *but needs voluntary consent of residents*



# HUD Repositioning Tools – HACM Portfolio Review

Disposition Type	Financing Type/Structure	# Units	Conversion Model
Rental Assistance Demonstration [RAD]	9% LIHTC & Debt	358	Preservation
Rental Assistance Demonstration [RAD]	4% LIHTC & Debt	1,149	Preservation
Section 18 Disposition – Tenant Protection Vouchers	Debt	395	Released from HUD Contract
Section 18 Disposition - Tenant Protection Vouchers	Debt	380	Released from HUD Contract
RAD/Section 18 Disposition -Tenant Protection Vouchers	LIHTC & Debt	470	Redevelop - New Construction
		2,752	



HUD Office of Recapitalization Site Visit

