

Public Housing – Rental Assistance Demonstration

Client: CLPHA, PHADA, NAHRO, and HAI

Challenge:

In 2011, HUD was contemplating rolling out a new program to convert public housing to project-based Section 8, now known as the Rental Assistance Demonstration (RAD) Program. The Council of Large Public Housing Authorities (CLPHA), the Public Housing Authorities Directors Association (PHADA), the National Association of Housing and Redevelopment Officials (NAHRO), and the Housing Authority Insurance Group (HAI) formed a working group to assist in quantifying the impact of this potential program. Specifically, the working group sought to identify what percentage of capital backlog could be repaired if public housing properties were converted to project-based Section 8 at both fiscal year 2010 HUD funding levels and 100% Fair Market Rent (FMR).

Additionally, the working group wanted to determine the appetite of lenders and Low-Income Housing Tax Credit (LIHTC) equity investors to provide capital (debt and LIHTC equity) to public housing properties converting to project-based Section 8.

For both of these tasks, the working group engaged Recap.

Solution:

In collaboration with the working group and nationally known public housing authorities, Recap created a standardized data tool to collect and analyze relevant property-level information. With this feedback, Recap projected how many public housing properties could cover all, some, or none of their capital backlog if converted to project-based Section 8 by leveraging private capital at both FY2010 funding levels and 100% FMR. The final report informed housing authorities and other public housing stakeholders about the benefits of conversion to project-based Section 8.

For a subsequent report, Recap interviewed numerous lenders and LIHTC equity investors to determine their appetite to provide capital to deals converting to project-based Section 8 and identify any specific obstacles. This report, which can be found on HUD's RAD website (www.hud.gov/rad), describes how capital providers approach investing in public housing and some of the hurdles they envision public housing agencies might face.