

BCC Meeting: December 4, 2018
Research Notes

Item No. 8K2
File No. 182551

Researcher: JFP Reviewer: PGE

RESOLUTION AUTHORIZING THE COUNTY MAYOR OR THE COUNTY MAYOR'S DESIGNEE TO SUBMIT RENTAL ASSISTANCE DEMONSTRATION APPLICATIONS AND ANY OTHER NECESSARY DOCUMENTS TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR THE CONVERSION OF CERTAIN PUBLIC HOUSING PROJECTS THROUGH THE RENTAL ASSISTANCE DEMONSTRATION PROGRAM

ISSUE/REQUESTED ACTION

Whether the Board should authorize the County Mayor or his designee to submit Rental Assistance Demonstration Applications (RAD Applications) to the United States Department of Housing and Urban Development (HUD)'s Rental Assistance Demonstration Program for the conversion of certain public housing projects to Section 8 Project-Based Housing.

APPLICABLE LEGISLATION/POLICY

Resolution No. R-710-18, adopted by the Board on July 10, 2018, approved the FY 2018-2019 Public Housing Agency Plan (PHA Plan) for submission to HUD.

<http://intra/gia/matter.asp?matter=181332&file=true&yearFolder=Y2018>

Resolution No. R-394-18, adopted by the Board on May 1, 2018, ratified the action by the County Mayor with respect to adding vendors to open pool contracts during the period of July 1, 2017 through December 31, 2017.

<http://intra/gia/matter.asp?matter=180565&file=true&yearFolder=Y2018>

PROCEDURAL HISTORY

Prime Sponsor: Housing and Social Services Committee

Department/Requester: Public Housing and Community Development (PHCD)

This item was forwarded to the BCC with a favorable recommendation by the Housing and Social Services Committee at its November 19, 2018 meeting. Prior to passage, there were a number of questions from members of the public regarding Agenda Item 3E, specifically whether the item would eliminate public housing and displace African American communities.

PHCD Director, Mr. Liu, explained that the item is not removing or eliminating public housing; the Rental Assistance Demonstration Program was intended to replace the current funding source for public housing, which has seen a steady decline over the last few years, with project-based financing. He assured the members of the public that tenant protections would be maintained under the new program, e.g., no more than 30 percent of income can be charged for rent.

Commissioner Levine Cava pointed out that currently the department did not receive County funding or federal funding to help maintain public housing.

Mr. Liu explained that the new source of funding would help bridge that gap, helping the department to rehabilitate and preserve public housing units. RAD is the only tool the federal government has provided to fill this gap as the County receives insufficient dollars for maintenance of its rapidly deteriorating public housing stock.

Deputy Mayor Kemp clarified that this item solely authorizes the County's submission of the RAD application.

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Agenda Item 3E was forwarded to the BCC with a favorable recommendation, with a Scrivener's Error correction in the title.

ANALYSIS

The proposed resolution authorizes the County Mayor or his designee to submit Rental Assistance Demonstration Applications (RAD Applications) to the United States Department of Housing and Urban Development (HUD)'s Rental Assistance Demonstration (RAD) Program for the conversion of certain public housing projects to Section 8 Project-Based Housing. The RAD Program is a HUD program authorized in the FY 2012 Congressional Appropriations Bill that allows for the voluntary, permanent conversion of public housing to the Section 8 project-based housing program, in so doing providing Public Housing Agencies (PHAs) with access to more stable funding to make needed improvements to properties. Congress has not provided enough funding for PHAs to adequately address the \$26 billion in nationwide public housing capital needs. RAD provides a means by which to rehabilitate or repair units without needing to depend on Congress for additional moneys. The submission of RAD Applications produces no fiscal impact to the County. Among other financial benefits, the RAD Program provides for a 20-year funding contract with annual cost of living adjustments and access to equity through low income housing tax credits, as well as attraction of private construction lenders who understand RAD and are willing to provide construction and permanent financing. In RAD, units move to a Section 8 platform with a long-term contract that, by law, must be renewed, ensuring that the units remain permanently affordable to low-income households.

2,400 units of County public housing have been redeveloped or are in the process thereof. Yet, if the County were to participate in the RAD Program, it is anticipated that approximately 6,426 additional public housing units will benefit from redevelopment. In the absence of an adequate source of capital improvement funding, the average age of public housing in Miami-Dade County with little to no capital investment is over 40 years old, with some sites entering as much as their eighth decade of development life. The County's total public housing capital needs are over \$2 billion, 60% of which could potentially be generated through the use of RAD.

The County sought proposals from vendors in the Management Consulting Services Pool to assist PHCD with RAD analysis and the implementation of the County's proposed RAD Program. A contract in the amount of \$400,000 was executed on April 2, 2017 between the County and Tag Associates of Florida, LLC (TAG Associates), a nationally known firm with over 25 years of experience in assisting public and subsidized housing providers develop strategies and programs to assist in the creation and maintenance of high quality affordable housing. TAG Associates will assist PHCD with the following:

- Analysis of its public housing portfolio
- A plan for redeveloping its public housing using the RAD program
- Preparation and submission of the RAD Applications and other related documentation
- Obtaining HUD approvals
- Implementing a redevelopment plan using the RAD Program

The County submitted a letter of interest to HUD on August 30, 2018 requesting to reserve 6,426 units through the RAD Program, with a supplemental letter of support from the State Attorney. While the County's letter of interest does not obligate the County to convert its units to RAD, it does allow the County to be proactive in a housing climate where there is a high demand to participate in RAD. This item presents the first Board action in the RAD process; additional Board approval will be required to implement rehabilitation and redevelopment under RAD.

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ADDITIONAL INFORMATION

Rental Assistance Demonstration (RAD) Program

RAD was created in order to give public housing authorities (PHAs) a powerful tool to preserve and improve public housing properties and address the \$26 billion dollar nationwide backlog of deferred maintenance. RAD also gives owners of three HUD "legacy" program (Rent Supplement, Rental Assistance Payment, and Section 8 Moderate Rehabilitation) the opportunity to enter into long-term contracts that facilitate the financing of improvements.

<https://www.hud.gov/rad>

<https://www.hud.gov/sites/documents/TOOLKIT1WHYRAD.PDF>