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Examining the Opportunities and Challenges of the Rental Assistance Demonstration Program in Baltimore

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Executive Summary

Public housing in Baltimore has a troubled past ranging from its role in exacerbating racial segregation to its contemporary struggles to provide a living environment that promotes well-being and facilitates upward mobility. But despite these challenges, it remains one of the few programs that provides stable affordable housing to Baltimore's lowest income residents.

One of the primary struggles of public housing, both in Baltimore and nationally, is deferred maintenance and capital repairs. The root cause of this issue is that the federal government has failed for decades to adequately fund capital improvements in public housing. This puts the Public Housing Authorities (PHAs) that administer public housing programs in an impossible position with regards to their portfolios.

The Rental Assistance Demonstration (RAD) is designed to address this challenge by converting public housing units into Project-Based Rental Assistance (PBRA) or Project-Based Vouchers (PBV). Although the PHA generally retains ownership of the land, this program typically means transferring the building to a new ownership entity (often a private company, although public and nonprofit ownership is permitted as well). This transfer allows the new entity to finance repairs, using a wider variety of tools than are available for public housing. Unlike previous programs, RAD is not designed to deconcentrate poverty or to reduce the number of deeply affordable units. Tenants in buildings undergoing a conversion are allowed to take a voucher and leave public housing, but every unit converted through the RAD program must be retained, in almost all cases on the original site. All tenants have a right to return and cannot be rescreened post conversion.

Data from Baltimore's 22 completed RAD conversions shows that the program has been highly successful at financing the renovation and thus preservation of public housing. In total, RAD conversions generated $727 million in financing, although approximately $190 million of that was seller take back financing (described in detail below). Of that $727 million, $244 million was from hard debt, $250 million was from soft debt, $11 million was from grants, and $221 million was in new equity, primarily from the Low Income Housing Tax Credit (LIHTC) program.

These monies were primarily invested in renovation and sometimes created dramatic changes in the living conditions for public housing families. We lack data on tenant outcomes or experience of the conversions, but several best practices emerge from conversations with developers and tenant advocates. Particularly for buildings dealing with elderly and/or disabled residents, it is essential to complement professional management with physical and behavioral health services (including both mental health and substance abuse treatment). These can ideally be brought on site or organized via partnerships with neighborhood institutions. It is also important to provide technical assistance to property managers to ensure that they are familiar with the particular set of rights and procedures related to RAD and to continually monitor the units and management to ensure tenant protections and housing quality remain in perpetuity.

Photo: Pleasant View Gardens

Introduction

Public housing in Baltimore has a complex and troubled legacy. On the one hand, it has provided the city's poor and low-income families with housing they can afford in a place where they are protected from speculation and rent increases. For these residents, public housing is a place of refuge from a housing market that simply does not meet their needs (Garboden, 2016). On the other hand, the historical evidence suggests that much of the city's public housing was constructed with explicit discriminatory intent, designed and sited to maintain racial segregation (DeLuca, Clampet-Lundquist, et al., 2016). The deeply poor communities which contain much of the public housing stock suffer from a lack of public and private resources leading to well-documented hardship, particularly for young children (DeLuca, Rhodes, et al., 2016). In recent decades, many of the buildings themselves had fallen into disrepair with residents repeatedly asking for basic repairs to remediate unsafe and unsanitary conditions (Ohl & Parker, 2019).

Politically, housing policy in Baltimore (and nationally) has shown a gradual trend away from public housing to housing vouchers and tax credits, which leverage the private market and theoretically provide more flexibility for poor and low-income families to secure housing that fits their needs (Goetz, 2003; Hackworth, 2011). This transition was accompanied by the demolition of a significant portion of Baltimore's high-rise public housing, particularly those buildings serving families; the federal HOPE VI program replaced many of these public housing communities with mixed income developments that necessitated the use of housing vouchers to compensate for the loss of subsidized units (Castells, 2010; Jacobson, 2007). Nationally, researchers have found modest but positive impacts of these redevelopments on tenants and their children (Haltiwanger et al., 2020; Popkin et al., 2009), but noted the major challenges that displaced individuals faced in securing housing in the private market – particularly those who were elderly or had a disability (Popkin, 2016).

With advocates concerned that the new developments would reproduce segregative policies of the past, a lawsuit was filed against the Department of Housing and Urban Development (HUD) regarding the discriminatory siting of public housing. This lawsuit eventually resulted in the creation of the Baltimore Housing Mobility Program, a voluntary program that has successfully helped thousands of poor and low-income families utilize vouchers to move to communities with lower violence and significantly more educational resources, with measurable positive effects for those families that chose to participate (DeLuca, Rhodes, et al., 2016).

Through all of this, it is tempting to embrace a highly partisan perspective on public housing, with advocates on both sides insisting that it is either the only effective housing policy or the worst way to support vulnerable families. The reality, of course, is that neither extreme reflects the real needs of the citizens of Baltimore. While there is ample evidence that vouchers can help individuals not only survive but thrive, there is also evidence to suggest that some residents do not succeed in the private housing market and require the stability and consistency that public housing affords. Similarly, while it is certainly economically efficient to leverage public-private partnerships for social programs, it is also increasingly necessary for public agencies to invest in the development and preservation of subsidized housing across a range of jurisdictions, particularly in high-income communities where developers are less incentivized to provide housing for low-income families. What everyone agrees upon is that the alternative to any form of housing subsidy – a constant cycle of arrearage, eviction, instability, and deteriorating housing quality – fails by any metric (Andersson et al., 2016; DeLuca, Clampet-Lundquist, et al., 2016; Desmond, 2016; Garboden & Rosen, 2019).

Regardless of one's views of public housing, the federal government appears to have decided that the program is on its way out. Even without an explicit demolition program, the federal budget has for decades underfunded maintenance and repairs for decades (Schwartz, 2017). This has placed Public Housing Authorities (PHAs), the local agencies that administer public housing, in the impossible position of trying to maintain a set of buildings without the funds to do so. This has led to an inevitable increase in deferred maintenance, directly harming the residents of these buildings.

As a way out of this, the Department of Housing and Urban Development (HUD) created the Rental Assistance Demonstration (RAD) program in 2012, which opens up additional financing for public housing preservation while relinquishing full public ownership. As described in detail below, RAD converts public housing to a different type of place-based subsidy (usually Project Based Rental Assistance) generally owned (at least in part) by a non-governmental entity. While this conversion does not appreciably change the subsidy structure from the tenant's perspective, it does allow the new ownership entity to pursue an array of financing options that are not available for public housing.

This financing, at least in theory, allows for the renovation and preservation of the public housing stock. Although RAD does allow for demolition, it differs strongly from previous conversion programs insofar as all public housing units must be replaced. This means that deeply affordable units cannot be lost, and residents cannot be permanently displaced. Moreover, the program allows for residents to voluntarily leave their unit with a housing voucher if they wish to do so – an option that is not generally available to public housing families.

Despite these improvements, there are also real concerns associated with the loss of this housing from the public housing program. Although rules mandate that the housing remain affordable for the long term, there are concerns that such promises will not be kept if the housing is not publicly owned. Similarly, current residents are afforded substantial rights post-conversion, but significant concerns remain in terms of property management and tenant communication during and after renovation.

This report attempts to objectively assess the evidence on RAD in a variety of ways. First, it describes the RAD program in detail, highlighting the policies and procedures currently in place. Second, it reviews the research literature on the program nationally. While outcome data is currently modest, several papers and reports have considered how RAD influenced quality of life before, during, and after the conversion process. We then turn to the Baltimore case, using financial data on RAD conversions to understand the impact on the 22 projects previously converted through RAD. Qualitative data from media reports, public documents, and interviews with key stakeholders allow us to assess opportunities and challenges of those conversions.

Data & Methods

Data for this report come from three primary datasets: 1) information on RAD properties provided by the Housing Authority of Baltimore City (HABC) and Maryland Department of Housing and Community Development (MDHCD); 2) semi-structured interviews with a subsample of RAD developers; and 3) review of academic literature and archival information on the RAD program.

Data on RAD Properties: To assist with data analysis, HABC and MDHCD provided a variety of information related to the 22 RAD conversions that have been finalized in Baltimore City. The two primary datasets were 1) the full "Sources and Uses" forms for each development, which outlined both financing and expenditures for each conversion, and 2) the "Physical Needs Assessments" for each property in 2011 (prior to RAD conversion). Together these data provide a wealth of information on each conversion.

Semi-Structured Interviews: The research team conducted semi-structured interviews with five developers with at least one RAD conversion project in Baltimore City as well as one legal advocate. Other advocates and experts reviewed initial drafts of the report and provided critical feedback. These interviews were designed to learn more about the specific approaches taken by RAD managers and developers with a particular focus on the conversion process, resident engagement, and supportive services. The five developers were selected from the full list purposely to include a range with respect to the size and scope of the project. Interview questions were based off a guide to ensure consistency but were also free flowing and responsive to allow for unanticipated insights.

Academic Literature and Archival Data: To augment the primary Baltimore data, the team conducted a full literature review on the RAD program. The literature on RAD is fairly modest, and we are confident that we have reviewed nearly all relevant pieces of empirical literature. Other data on each development in Baltimore City was collected and archived.

It is important to note that data on tenant outcomes, while incredibly important, are outside the scope of this report. Before any definitive assessment of programmatic success, we strongly encourage additional research be conducted that leverages administrative data and tenant interviews to fully understand the tenant experience.

The National Context: What is RAD and Why Was it Created?

WHAT IS RAD'S CORE OBJECTIVE?

Any discussion of RAD must begin with the problem it was designed to solve, which differs in important ways from previous attempts to demolish and convert public housing.

America's public housing currently consists of 932,000 units that are owned and managed by public entities, specifically Public Housing Authorities (PHAs) (HUD, 2021). Public housing distinguishes itself from other housing programs insofar as it represents a direct provision of housing by the government. The program serves the lowest income individuals and families, technically those earning less than 80% of the median income for their metropolitan area.[1] In reality, the local thresholds and prioritization categories fall well below that limit; 74% of households earn less than $20,000 per year and participating households have a median income of just $15,945 (HUD, 2021).

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While most people envision public housing as large towers, only about 30% of public housing units are in large multifamily buildings. The remainder consists of row-homes, detached, and semi-detached structures (35%), walkups (11%), and mixed density developments (23%) (Schwartz, 2014).[2] Most critically, the vast majority of public housing units were built prior to the 1980s (80%) and many of the buildings suffer from well documented cosmetic and structural issues (Finkel et al., 2010). Other than a few buildings constructed as replacement units, the federal government has authorized very little new public housing since the 1970s (Schwartz, 2014). This transition, supported by presidential administrations of both political parties, aligns with a large-scale transition away from direct government provision of social services and toward programs that leverage private markets.

Despite this trend, housing is not a program that can be changed overnight, and the 1.4 million units of public housing that existed in 1990 needed to be continually managed and maintained (Schwartz, 2014). Nearly all funding for public housing comes from federal allocations to the Department of Housing and Urban Development (HUD), which are passed to local

1. In Baltimore-Columbia-Towson, for example, this threshold is $89,400 for a family of four and $62,600 for a single individual (2022), but residents in Baltimore city's public housing have a median income of $13,247.

2. In Baltimore a higher percentage of public housing serving seniors and individuals with disabilities is found in large multifamily buildings.

Public Housing Authorities to manage their portfolios. These funding streams can be usefully divided into those that cover routine operations (tenant management, screening, routine repairs and maintenance) and those that can be invested in capital repairs and modernization. The latter, referred to as the Capital Fund, has been underfunded relative to needs for decades, resulting in a backlog which is estimated to be as high as $81 billion dollars nationwide (NAHRO, n.d.; Reid, 2017; Schwartz, 2017).

Such a problem could, at least in theory, be solved through debt financing. When an unsubsidized building needs capital improvements, the owners are able to borrow against the value of the property, paying down their loan over time from operating revenue. Such a solution does not work for public housing both because the operating revenue is fixed and modest, but also because PHAs are statutorily restricted from borrowing against the value of their real estate above certain thresholds (HUD, 2010). Such restrictions, it has been argued, are important to protect public housing from foreclosure in the event that they are unable to maintain their debt obligations, but the tradeoff is that PHAs must wait for federal budgetary allocations to make large repairs to their properties, a need that the federal government has proven itself stably unwilling to meet.

RAD was created as a response to precisely this problem. The program converts public housing to either project-based vouchers (PBV) or project-based rental assistance (PBRA) and thus allows the owners to leverage a far larger set of options for financing capital repairs. Regardless of whether the new owners are a for-profit company, a nonprofit organization, or a public agency (including the PHA itself), RAD allows them to access mortgage financing and other affordable housing subsidies to renovate or replace their public housing stock.

This central goal – to allow for capital repairs – differs strongly from previous HUD attempts to privatize or demolish public housing. A full review of past programs such as HOPE VI is well beyond the scope of this report, but these programs were designed to transition high-density public housing into a combination of mixed income communities and vouchers. While RAD is often used in combination with other programs for explicit "place making" and "community revitalization" objectives, it is first and foremost a preservation mechanism. While poverty deconcentration was a core objective of previous programs, it is largely avoided in RAD deals, which require 1-for-1 replacement of any units lost to demolition, almost always within the existing footprint. Families in RAD projects who elect to exercise choice are allowed to do so, but their units remain subsidized after they leave (Poverty & Race Research Action Council, 2020).

HOW DOES THE CONVERSION WORK?

Public housing units converted via RAD transition to either Project Based Rental Assistance (PBRA) or Project Based Vouchers (PBV). The differences between these two programs are modest; PBVs are administered by the PHA while PBRA contracts are directly with HUD, and there are small differences in the formula for contract rents, contract renewals, and rent adjustment procedures (McClain, 2014; Reid, 2017). Ultimately, the difference between PBRA and PBV is largely technical, and the tenant experience is highly similar. PBV, PBRA, and public housing all have identical eligibility requirements and serve the lowest income families in any metropolitan area.

The post-conversion ownership structure is necessarily more complex than for public housing. Public housing authorities are required to maintain an ownership stake in the new development. In many cases, this means they retain ownership of the land, while passing the structure itself to a third party. That entity can be a nonprofit organization, a for-profit firm, or another branch of government.

RAD properties do not technically need to be repaired during conversion, but the majority receive some form of capital investment. This investment ranges wildly from cosmetic repairs to the building, to large-scale modernization, to demolition and reconstruction. In all cases, the post-conversion development must have the same number of deeply affordable housing units, and all families have a right to return to the development. Rent payment formulas remain unchanged after conversion. Families cannot be rescreened prior to their return. This final point is critical because some public housing families may technically no longer be eligible because requirements have changed, their income has changed, or because of oversights during initial screening and annual recertifications.

One key benefit to households living in RAD developments is that they are allowed to utilize a housing voucher if they no longer wish to reside in public housing one- or two-years post conversion (although the unit must continue to house a similarly eligible family). Families who participate in this Choice Mobility program are given a Housing Choice Voucher, which they can use to access moderately priced privately owned housing anywhere in the country, with HUD covering the difference between 30% of their income and the unit's rent. There are many caveats to this summary, the largest of which is that many landlords of eligible units simply refuse to accept vouchers, limiting choice in the program. Because the RAD program includes no additional funding, the number of such conversions is limited by the PHA's normal voucher turnover for which RAD families are given priority (Poverty & Race Research Action Council, 2020).

Tenants maintain the right to organize a tenant council before, during, and after the RAD conversion and must be engaged through a series of mandated notices including information about Choice Mobility options (McClain, 2014). Post-conversion, they are also afforded some additional protections against eviction such as longer notification periods and a more robust grievance process (McClain, 2014).

What Does the Research Show About RAD?

The Rental Assistance Demonstration is a relatively new program and thus the knowledge base is modest. Most concerning, there have been no published studies that follow tenants through the conversion process, measuring how many exercise the right to return, Choice Mobility, or simply exit the program. Nor are there any assessments of long-term social, health, and economic outcomes for tenants in RAD developments beyond self-reported

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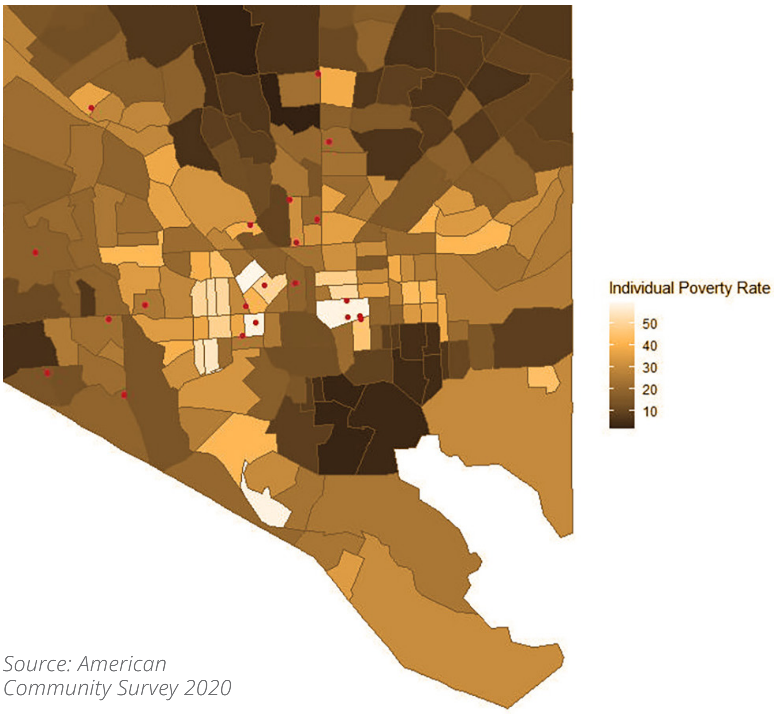
satisfaction. Nevertheless, the extant literature does provide key insights on the program's ability to leverage financing and improve the built environment for tenants. Several articles also provide case studies of the conversion process, with important implications for tenant engagement and property management.

The most comprehensive source of information on RAD comes from a 2019 evaluation conducted by Econometrica, Inc. (Stout et al., 2019). This project examined the 956 completed RAD conversions (as of 2018) with a particular focus on a subsample of 24 RAD conversions matched to 48 non-RAD public housing projects as a basis of comparison.

The 956 RAD conversions generated $12.6 billion in funding ($121,747 per unit). The bulk of that money comes from the LIHTC program, multifamily mortgage loans, and seller take-back financing (discussed in more detail below). These data allowed Econometrica to estimate a series of leverage ratios – essentially the amount of additional funding raised for each dollar invested by HUD or other public sources. Depending on the comparison, these numbers ranged substantially. For every $1 in public housing funding allocated by HUD, RAD conversions were able to raise $9.66 from other financing sources. However, much of the "leveraged" money in this figure represents other public monies that could have been otherwise allocated to different projects. For every $1 of public money invested in a RAD project, the ownership entities were able to raise $1.59 in mortgage financing and investor equity. But the "investor equity" used in these cases is almost entirely funding from the Low Income Housing Tax Credit program, meaning it represents foregone public dollars,[3] which could also have been invested elsewhere. In the most conservative ratio, each $1 of public or subsidized investment in the project, generated $.29 in unsubsidized financing (primarily commercial mortgage debt).

These ratios are, admittedly, somewhat confusing to interpret, and their interpretation depends heavily on what one believes to be the goals of the RAD program. If one is focused primarily on public housing stock preservation and improvements to housing quality, RAD has been

3. It is also important to note the 4% LIHTC requires the issuance of tax-exempt bonds, which represent an additional cost to Treasury.



Source: American Community Survey 2020

Figure 1. *RAD Developments and Census Tract Poverty Rates*

enormously successful in pulling funding together that can be used for those purposes. On the other hand, it does not appear so successful at leveraging public dollars to attract private unsubsidized financing into affordable housing developments, as some early commentators had hoped. The reason for this limitation is fairly simple; because RAD is designed to be revenue neutral to HUD (meaning the per tenant HUD expenditures remain flat), it struggles to garner sufficient margins to attract purely profit-minded investors.

This issue is particularly salient when the sources of subsidized funding are finite, as is the case for tax credit equity (Schwartz & McClure, 2021).

The Low Income Housing Tax Credit (LIHTC) is by far the largest source of equity investment in RAD developments. There are two types of LIHTC credits, 9% and 4%, the former of which can subsidize 70% of a project, the latter 30% (although recent legislation has pushed that closer to 40%). The more valuable 9% credits are allocated to state housing agencies as a fixed allocation each year, with those agencies assigning them to particular projects on a competitive basis. The 4% credits are administered by the same agencies but are not competitive, although they are limited by the tax-exempt private equity bond cap. Thus for the 9% credit, each dollar allocated to a RAD project is one less dollar allocated to another affordable housing development in the state. For the 4% credit, the tradeoff is less dire, but each dollar spent still restricts the state's ability to invest in a variety of permissible uses (including other affordable housing) under the tax-exempt bond program.

Because public housing, PBRA, and PBV all serve some of the most vulnerable populations in any given metropolitan area, the zero-sum game of tax credits can be seen as a positive; at the risk of over-simplification, it redirects resources from low-income families to extremely low-income families. Nevertheless, the LIHTC program is part of nearly all subsidized affordable housing production in the United States, and researchers have expressed concern that such development may be reduced significantly should RAD be rapidly expanded (Schwartz & McClure, 2021).

Econometrica's report also assessed physical changes to the units. For those that underwent some form of rehab (RAD properties are not required to be renovated), the financing was able to cover approximately 200% of the rehabilitation needs and short-term rehabilitation needs dropped by roughly two-thirds in RAD properties (while rising in non-RAD properties). The 200% figure is perhaps unexpected but can be explained by two factors. First, in order to qualify for the maximum number of tax credits, many RAD developers include seller take back financing as part of their deals (essentially the PHA loans the value of the existing property to the new ownership entity). Second, RAD repairs and renovations were not limited simply to physical deficiencies as many developers utilize financing for upgrades and to incorporate previously absent amenities. The fact that short-term rehabilitation needs were not eliminated post conversion suggests that, nationally, not all renovations went beyond cosmetic repairs.

From a management perspective, about 3/4ths of converted properties continued to be managed by the PHA and RAD properties showed improvements in various financial metrics (in real terms and when compared to non-RAD properties). Of the nine RAD properties with mortgages closely examined by the report, seven had robust or acceptable debt-service coverage ratios (the ratio of net income to debt service payments), and one had a marginally acceptable ratio. In general, the report concluded that one of the nine properties was in a concerning financial position but nevertheless seemed to have adequate reserves. From the tenant side, 82% were able to stay in the same unit or the same property during conversion, and 92% were in the same property post conversion, while 2% had left subsidized housing. Between 70-85% of tenants expressed satisfaction with the RAD process including items such as communication and relocation, although only about 50% noted meaningful changes to the building. About 85% stated that property management was as good as or better than pre-conversion (Hayes et al., 2021).

A report by the Columbia University School of Public Health and the National Center for Children in Poverty found similarly high levels of satisfaction with RAD rehabilitations in a study looking specifically at Fresno, CA (Aratani et al., 2020, 2021). Using interviews, surveys, and administrative data, the study documented improvements in 1) thermal comfort; 2) mold removal; 3) building design; and 4) appliances. Residents also expressed enthusiasm for new amenities in the housing, particularly community centers and better access to managers. Residents did express disruption during the redevelopment but were largely satisfied with the result. Using linked health data, the study's authors concluded no adverse health impacts (as measured by emergency room visits). Although the data would not allow a quantitative assessment, parents of asthmatic children described meaningful improvements.

The same team also noted some areas for improvement in community engagement prior to the RAD conversion. Interviews with RAD tenants suggested that many did not understand what to expect during the conversion. Public meetings are mandated prior to any RAD conversion, but the researchers encourage more proactive engagement to ensure that all households are fully aware of the conversion process (Hernández et al., 2019, 2021). The authors also stressed the importance of continuing the engagement with residents after the (mandated) initial planning stage, noting that many residents viewed engagement as more than just information sharing, desiring a more collaborative role in decision making. The barriers that exist to such engagement include scheduling conflicts with outreach activities and a lack of childcare. Residents who felt their suggestions were not incorporated into the process became disillusioned and ceased participation (Moore et al., 2021).

The Terner Center at UC Berkeley interviewed 25 staff members of PHAs and similar agencies across the country to learn more about their experience with RAD conversions (Reid, 2017). Although the report notes that "given political realities and federal budget constraints, RAD may well be the best prospect for preserving public housing going forward" (p. 3), it also makes a series of recommendations for improvement. One particular caution related to the shift in property management objectives between the sometimes laissez faire management of public housing and the more bottom line orientation of professional management. While professional managers may respond more expeditiously to requests for maintenance, they are also less likely to be lenient on late rent and other lease violations. The report stresses the importance of management that is capable of linking tenants to resources and other supportive services while also practicing "prudent" financial property management.

The report also highlights the importance of "RAD rents" – the amount that the PHA passes along to the ownership entity via the PBRA and PBV programs. Because these rents are based on previous public housing formulas (now with more opportunities for adjustment and appeal), they can be quite low relative to fair market rents, limiting the potential of conversion for some properties. In general, these low rents incentivize conversion of housing in somewhat better condition, as less dangerous buildings can be renovated rather than demolished and rebuilt. The latter is more expensive and thus, holding rent equal, requires either more competitive 9% credits or additional sources of financing.

Finally, PHAs noted the sheer complexity of RAD conversions, which taxes their internal capacity. Of particular issue were rules related to fair housing and HUD's commitment to no longer exacerbate poverty concentration and racial segregation in America's cities. The stock preserved by RAD often had been sited in high poverty communities, often as an explicit program of racial segregation. In practice, RAD represents a prioritization of preservation over the goal

Photo: Pleasant View Gardens

of allowing low-income families access to highly resourced communities throughout a metropolitan area.

This literature suggests that RAD has real potential to improve the quality of the nation's public housing stock and the well-being of those it houses. The approximate consensus seems to be that if the federal government were willing to allocate funding for public housing proportional to its needs, then RAD conversions would be an unnecessarily complex way to solve a simple problem (Hanlon, 2017; Smith, 2015). However, given decades of evidence that such funding is not forthcoming, the literature seems to paint a largely optimistic picture of RAD's effectiveness.

Of particular importance are the substantial improvements the program has implemented to protect tenants from permanent involuntary displacement when compared to previous public housing demolition and privatization programs.

That being said, the literature is far too nascent to reach any conclusions about the impact of RAD conversions on public housing residents. While a significant majority are satisfied with the renovated units, no data exists on whether that satisfaction translates into measurable improvements in health, wellness, safety, stability, and well-being.

Nor does any of the literature focus on Baltimore. In the subsequent sections, we move from a broad description of the RAD program to specific data from Baltimore's 22 RAD developments.

RAD in Baltmore

This section describes the first two phases of RAD conversions in the city of Baltimore. Excluding scattered site developments and projects that were incomplete at the time of data collection, 22 HABC properties were converted between 2013 and 2019. This section provides basic descriptive data on each of these developments, assesses the amount of new funding generated via the conversions, and discusses challenges and opportunities identified by a subset of developers.

CONVERSIONS TO DATE

In Phase 1 and 2, the HABC converted 22 properties as part of the RAD program. As shown in **Table 1**, the majority of these properties were multifamily high- or mid-rise buildings, although Broadway Overlook, Heritage Crossing, Hillside Park, McCulloh Homes Extension, Pleasant View Townhomes, and Somerset Court Extension are all primarily townhome communities. In total, the projects contain 3,849 units, 3,686 of which were public housing units converted through the RAD program. Commitment to Enter into a Housing Assistance Payments (CHAP) Contracts approvals, the first step in the process, began in late 2013 and continued through 2016, with closing dates ranging from 2015 to 2019. These conversions represent roughly 36% of the public housing units in HABC's inventory in 2010; currently 5,500 units remain as public housing (after removing 629 units in Perkins Homes currently undergoing conversion).

Of the properties, five were designated for seniors, three for families, and 14 for a mixture (in most cases senior and non-elderly disabled, although a few accommodated families as well). The low number of family developments is likely a result of the challenges associated with RAD rents, as discussed above; because family developments in Baltimore are often in greater need to repairs, they require even more challenging financing stacks to compensate for the modest rents. The high number of mixed status developments is likely a result of a 2004 consent decree, which required more units be made available to non-elderly disabled individuals in the city (US District Court of Maryland, 2004). As discussed below, this population includes individuals with both physical and mental disabilities that necessitate higher levels of supportive services during RAD conversions and as a normal part of property management.

The RAD developments are spread out across the city, as show in **Figure 1**. As would be expected of public housing, they are more likely to be located in high poverty census tracts, and they are located just outside of the downtown area.

3,886 public housing units have been converted through the RAD program. 5,500 units remain as public housing.

As visualized in **Figure 2**, the properties were constructed in one of three periods. The two oldest properties were built around 1940, part of the Roosevelt administration's response to the desperate shortage of housing in America's rapidly industrializing cities (McCulloh homes was subsequently renovated and extended in 1970). The second phase of projects emerged as a result of Johnson's Great Society, although they were completed in the 1970s and early 1980s. This pipeline ended abruptly due to the Nixon administration's moratorium on new funding for public housing. The final wave occurred in the second half of the 1990s through the mid-2000s, generally as result of the first wave of public housing demolition and redevelopment programs. This timeline means that the majority of properties redeveloped via the RAD program has experienced at least 40 years of underfunding for capital repairs.

We can get a better sense of the state of the properties by looking at the Physical Needs Assessments (PNAs) conducted on each property prior to redevelopment. According to these assessments, the properties in the RAD portfolio would require roughly $250 million in repairs and maintenance over a twenty-year span (2011-2030) simply to maintain adequate levels of health and safety, with immediate needs totaling $1,200,000. It is important to note that these estimates tend to fall well below the funding invested in a project from a RAD conversion (in Baltimore and nationally); the key distinction is that needs assessments include only the investments necessary to keep a property afloat, not the more robust investment to improve quality of life within the property.

REHABILITATION AND FINANCING

As described above, the goal of a RAD conversion is to leverage additional sources of financing for property renovation. The sources of financing can be divided into four categories: hard debt (primarily an FHA insured commercial loan); soft debt in a secondary position; grants; and equity. Debt service on the first two categories is funded through the combination of the PHA's operating and capital budgets plus tenant rental payments.

In total, Baltimore's RAD conversions generated $727 million in financing, although approximately $190 million of that was seller take back financing. Of that $727 million, $244 million was from hard debt, $250 million was from soft debt, $11 million was from grants, and $221 million was in new equity. A detailed breakdown of these financing sources can be found in **Table 2**.

Of the categories listed only four represent more than 5% of total financing: Commercial FHA-Insured Loans (34%); Seller Take-Back Financing (26%); State and Local Loans (5%); and Tax Credit Equity (30%):

- ***Commercial FHA-Insured Loans:*** These are standard multifamily mortgages for affordable housing and are insured by the Federal Housing Administration to reduce risk of loss or foreclosure.
- ***Seller Take-Back Financing:*** This financing does not represent new monies for the project. Instead of selling the building to the new ownership entity outright, the Public Housing Authority provides seller financing, with the new entity paying the acquisition cost over time. The primary value of this financing is that it allows for a higher eligible allocation of tax credit equity.

- *State and Local Funds:* Maryland and Baltimore City provide a range of low-interest loan programs designed to help affordable housing developers close the gap between the cost of construction/renovation and what can be financed via a traditional commercial mortgage.
- *Tax Credit Equity:* As described above, the state of Maryland receives an allocation of 9% Low Income Housing Tax Credits, which are allocated to affordable housing developments across the state on a competitive basis. Less valuable 4% credits are also allocated to projects. Utilizing these credits is extremely complicated, but they are, in essence, sold to individuals and institutions with significant tax liability allowing for direct equity investments in affordable housing.

These main categories generally align with the national findings summarized in the previous section.

Table 3 summarizes how each of these funds are used, again totaling $727 million after accounting for mandated reserves: $219 million was used for acquisition; $315 million was spent on hard construction costs (primarily rehabilitation); $7.4 million on relocation; $94 million on soft costs (fees, technical consultants, insurance, and so forth); $39 million on reserves; and $52 million on developer fees (which cover corporate overhead and profit).

Of these categories, only three represent more than 5% of the total spending: acquisition (29%), construction/rehabilitation (42%), and developer fees (7%). The bulk of the acquisition costs, of course, comes from the seller take-back financing. Unfortunately, we do not have data on specific construction costs. Administrators overseeing state financing for RAD projects noted that by meeting state and city requirements for building energy standards, the renovations increased energy efficiency and operating cost savings. Interviews with developers in the next section also suggest some priority items.

The RAD conversions resulted in $410 million in improvements

Regardless of the specific renovations conducted, these data show that the RAD conversions resulted in $410 million in improvements ($315 million in hard construction plus the corresponding soft costs). On average, this comes to roughly $110,000 per RAD unit, although the amount varies from $40,000 to $230,000 depending on the scope of the renovation for a particular project.

CHOICE MOBILITY

In all, 511 families in Baltimore have elected to exercise their right to Choice Mobility. This represents roughly 14% of the total units renovated through the program. Of those families, 189 successfully leased up with their voucher, 68 failed to lease up and returned to public housing, and 279 are still searching for a unit. Of those that leased up, 22 ported their voucher, meaning they are currently being administered by other Public Housing Authorities, and three are deceased.

As shown in **Figure 2**, the majority of moves remained fairly local, with a particular concentration in West Baltimore. Zip codes 21201, 21215, 21217, 21223, 21229, and 21239 each had more than 10 moves and accounted for roughly half of all moves.

Figure 2. *Choice Mobility Moves by Zip Code (Central Maryland)*

Unfortunately, zip codes make it difficult to estimate neighborhood characteristics, as they often encompass large heterogenous areas.

CHALLENGES AND OPPORTUNITIES

Interviews with developers and other stakeholders suggested that RAD conversions in Baltimore have so far presented enormous opportunities, but implementation challenges remain. It is important to reiterate that this section is based on interviews with developers and other third-party experts and thus does not directly reflect the experience of residents themselves. We have endeavored to verify and triangulate all empirical claims to the degree possible.

Improvements in Buildings and Resident Services

Not surprisingly given the objectives of the RAD program, the primary impact has been on the structures themselves. Nearly all of the developers we spoke with discussed extensive renovations to both individual units as well as common areas. As noted above, almost none of the conversions during Phase 1 or 2 required any demolition, and developers cited a range of repairs ranging from basic cosmetic repairs (new cabinets, new paint) to larger replacements of windows and elevator systems.

Many developers noted the importance of renovations to the common areas, which they described as largely uninviting and unwelcoming prior to renovation. Of particular emphasis was the nature of security in these areas, which in many cases involved a uniformed security officer sitting "in a Plexiglas box." This setup, according to the developers, was antithetical to a welcoming environment and created a sense among residents of distrustful surveillance. The balancing act, of course, is how best to provide the desired level of security to public housing residents without stigmatizing and criminalizing the residents themselves. Approaches differed across the properties, but it seems that a basic best practice consists of shifting from a security model to a concierge model, at least during the day. This allows residents to be greeted not by an armed security guard, but by an individual trained in property management.

Other amenities, such as a computer lab and space for tenant events, were also discussed. Given the needs of the residents, the goal of health services was continually mentioned by our respondents. Because such services involved collaboration with a medical institution and represented a significant financial investment, only one complex we spoke to had made significant strides in bringing a clinic into a RAD development, but other projects attempted to address the need by providing social work services to residents or training resident leadership in how to access medical care in the area.

There was no disagreement that physical, mental, and behavioral health services were all intensely needed by the residents of all RAD buildings, the vast majority of whom were elderly and/or disabled. Importantly, the one development where clinical services are being brought directly in house noted the added benefit of serving not just the RAD residents but the surrounding community (disclaimer: this particular project was supported by financial assistance from the Abell Foundation).

Another best practice cited by some developers is separating resident services from management. An efficient and effective manager, they argue, must sometimes engage residents in unpleasant conversations regarding late rent or other lease violations. In order for residents to effectively engage social workers, they need to know "they were not going to necessarily go back and report everything to the property manager." Equally important is that property managers be able to communicate upstream to social workers, alerting them when a tenant is at risk of losing their housing.

The opportunity to introduce health services and other social supports presents an enormous opportunity but also a challenge. Unless the new ownership entity can secure external grants, all resident services must be funded from what developers refer to as "RAD rents," essentially the monies that flow from the housing authority each month. These, in combination with tenant payments, must support debt service, management, routine maintenance, and all other social services. While tax credit equity does reduce debt service, the amount of extra support that can be provided to residents is highly dependent on this income stream.

The fact that all of the developers we spoke to expressed a desire for higher rents was hardly surprising; the challenge is that many developers felt that the process of setting these rents was highly opaque. The rent setting process is, of course, outlined by statute (McClain, 2014), but developers generally treated these rents as something that was grandfathered into the properties. As one developer put it, "I don't think anybody can kind of figure out what happened 50 years ago to determine how they were setting these rents." This was also a significant factor in which properties were most desirable to developers for conversion. In some cases, HABC was able to use its Moving To Work (MTW) authority to adjust these rents, making less desirable conversions more attractive by increasing the RAD rents. This is, of course, a fairly limited solution as the monies used in this way are not unlimited and thus restrict other uses within the portfolio. Thus it behooves the federal government to ensure that RAD rents remain robust across the RAD portfolio, allowing opportunities for adjustment and keeping pace with inflation and the costs of providing high quality resident services.

The Renovation Process

Developers took several approaches to the renovation process. In very rare instances, households were moved off site while the building was renovated, but the vast majority of families were able to stay in their building during the renovation. In properties with higher vacancy rates, developers were able to clear whole floors, renovating all the units at once. One developer remarked that this strategy allowed whole floors of residents to stay together, something that many residents in the property valued. In other cases, families were able to stay in their units during renovation, spending time in common areas or reserved suites while work was being done.

Advocates have pointed out that the success RAD has had in keeping individuals on site is a double-edged sword. While preserving residents' ability to access services in communities with which they are familiar and avoid the vulnerability of living elsewhere (even temporarily) is a substantial lesson learned from past redevelopment, the tradeoff is that residents live in buildings actively undergoing renovations. Developers spoke of issues managing dust and ensuring residents had access to their units during construction. While there is certainly no magical way to keep residents entirely undisrupted while simultaneously improving their living situation, it is clear that direct proactive investment is necessary to minimize disruptions.

The word "proactive" is particularly important as many developers described successful processes that went beyond the minimum requirements for the RAD program. As was shown in the national literature, hosting a series of informational meetings is largely inadequate in a context where, as several developers mentioned, deep distrust existed between residents and the Public Housing Authority. Misinformation was rampant prior to the renovations, and many tenants believed that RAD conversions would result in their involuntary displacement.

Faced with this suspicion, developers took a number of approaches. It is hard, without resident voices, to know whether or not these approaches succeeded and for whom, but the clear best practices entailed involving residents in the design and vision for the space. Similarly, one developer spoke about the power of having counselors and other support staff in place during the planning stages. These individuals could not only provide services to the residents but could also discuss their needs and concerns about renovation. This latter model aligns well with organizing philosophies that are not simply about information sharing (at worst) or presenting opportunity for feedback and influence (at best), but actually building community through direct support.

Managing the Tenant Mix

Nearly every developer we spoke with mentioned the distinct challenges of managing a building that has both an elderly and a non-elderly disabled population. The reason that such a high percentage of public housing developments are mixed-population comes, in part, from a 2004 lawsuit and subsequent consent decree that required HABC to increase the number of units available for non-elderly disabled individuals in the city; a group with an enormous unmet need for housing.

One particular challenge cited by our respondents is that a subset of the non-elderly disabled population has a history of substance abuse, as Maryland correctly classifies addiction as a disability rather than a personal failure. This means that mixed population public housing contains elderly individuals, much younger individuals with behavioral health issues, individuals with mental health conditions, and individuals with significant physical disabilities all under the same roof. Nobody that we spoke to suggested that all of these groups simultaneously did not need housing and thus significant public investment, but the developers expressed frustration regarding the challenges of providing services to each of these groups. This problem is made ever worse by high levels of need for behavioral health (both mental and substance abuse) services throughout Baltimore City, putting unreasonable burden on housing managers to address issues well outside its purview.

Advocates had initially feared that the conversion to RAD would allow the new ownership entities to gradually increase the percentage of elderly households in the development (given that they are generally more profitable to house than individuals with disabilities), and developers were candid that such a transition would in many ways be desirable. A supplemental consent decree limited this risk, although monitoring would appear to be necessary. Without adequate supportive services, it will be difficult to envision any housing system that can adequately serve both groups. As with many such problems, the solution is not to choose one group over another, but to identify the external resources necessary to allow all to thrive.

Tenant Policies and Eviction

Building off concerns for the non-elderly disabled population, tenant groups have consistently called for careful monitoring of management practices post-conversion, culminating in a complaint in 2018 from Disability Rights Maryland regarding potential violations of RAD policies related to eviction (Disability Rights Maryland, 2018). Specifically, the complaint alleges a "routine failure of [RAD development partnerships], their agents, employees, and managers, to guarantee residents of [RAD] properties the benefit of a grievance process as required by [the RAD Authorizing Statute and other contractual documents]" (p. 2). It is unfortunately beyond the scope of this report to assess the validity of the specific claims, but concerns with post-RAD management practices have been expressed in contexts across the country.

There are essentially two issues that deserve particular scrutiny. The first is that while tenant rights and responsibilities are not allowed to change post-RAD conversions, it is possible that enforcement of these rules will become more proactive. While this is obviously a concern for tenant stability, it is important to note that some lease violations can negatively impact the well-being of all tenants, particularly those that affect personal safety and privacy. It is thus an incredibly delicate balance to manage properties that ensure the safety and security of all residents, while not falling into patterns of the unsubsidized market where eviction and involuntary mobility is rampant. The solution, as limited as it might be, is to constantly bring services and support into the equation whenever possible. With the recognition that this is not possible for all tenants, it is nonetheless important to manage subsidized housing with a services-first mentality, resorting to punitive measures only as a last resort. As a practical step, it would also be worthwhile to track turnover rates, both before and after conversion, as a way of identifying concerning trends.

The second issue, as described by advocates, is that RAD conversions are inherently complex and the specific nature of tenant rights in the new building differs in small but significant ways from other forms of subsidized housing (particularly when local consent decrees are included). Thus a property manager used to working in LIHTC housing, or even PBRA, might be unfamiliar with the specifics of managing a RAD development post conversion. Clearly the training of these frontline staff will vary from entity to entity, but as with any other fair housing and tenant management policy, a combination of technical assistance, monitoring, and enforcement is the only effective practice.

Conclusion

There is an abundance of evidence that RAD has improved the physical condition of a portion of the public housing stock in Baltimore City. It has done so in such a way that preserves the long-term viability of deeply affordable housing. Had the federal government decided to fund public housing preservation in any way commensurate with the need, RAD would likely have been both unnecessary and undesirable. Given that no president in the last 50 years has shown any enthusiasm for such funding, RAD should be considered a successful alternative. The status quo of continuing to allow Baltimore's most vulnerable families to persist in deleterious housing conditions was simply not an option, and the most plausible alternative to RAD – demolition and vouchers – would not have succeeded for many families, particularly those who are elderly and disabled. For those who would benefit from the opportunity to use a voucher, RAD has the particular benefit of allowing families in former public housing to utilize vouchers via Choice Mobility, although the program's insistence on revenue neutrality means that it does not generate additional vouchers for Baltimore, nor does it offer more intensive mobility counseling.

Early concerns about a loss of deeply subsidized housing through the privatization process have been largely allayed. The PBRA contracts utilized in all Baltimore RAD developments must be renewed in perpetuity. While it is plausible that HUD could cease to fund the program, there is no reason why such an eventuality would be any more likely than their choice to demolish the public housing stock or shrink the number of vouchers. Constant effort is required to maintain and increase funding for housing programs, but there is no evidence that RAD conversions make these units any more vulnerable. Indeed, the renovation, financing, and contractual commitments may make them less vulnerable to divestment. The infusion of funding addresses deferred maintenance, improves habitability and living conditions for tenants, and extends the life of the buildings.

The primary remaining concerns are those related to tenant management. Advocates have had remarkable success in implementing tenant protections that substantially improve upon past programs, but protections are only as good as implementation and enforcement. This is first and foremost a question for future research. No study, either in Baltimore or nationally, has systematically addressed the impact of RAD conversions on tenant outcomes. While the majority of tenants surveyed (nationally) are satisfied with the redevelopment, we know nothing regarding how they fared compared to public housing tenants. Nor do we know how families who elect Choice Mobility do on the public market.

As described above, tenant advocates have expressed concern regarding compliance with some RAD regulations in the city, documenting specific instances in which regulations were allegedly violated (Disability Rights Maryland, 2018). As with other outcomes, more research must be conducted to determine whether or not RAD exacerbates these issues or whether they simply persist post conversion. But in either case, the goal of subsidized housing programs should not be simply to outperform a different program but to ensure that low-income individuals receive the support they need to thrive. Monitoring, enforcement, and technical assistance are essential.

As the RAD program continues to expand, it seems likely that demolition and redevelopment will start to become a larger part of the model in Baltimore, as is currently the case at Perkins Homes. With a mix of public and private partners, the former 629-unit public housing complex in Southeast Baltimore is being demolished and redevelopment plans include new construction of more than 1,300 market-rate and income-restricted units. This differs from the conversions discussed in this report, which for the most part occurred in continuously occupied properties.

One solution is to implement a "build first" model, where tenants are relocated within the development footprint directly into their new housing. As with any solution, this process has tradeoffs, as development footprints can be fairly large and living within a construction site is undesirable. Nevertheless, the literature suggests it is preferable to temporary relocations off-site, which can disrupt resident access to social services.

It also seems likely that an expansion of RAD in Baltimore City will involve more households with families and young children. In these cases, it is particularly important to ensure that residents are familiar with their options regarding Choice Mobility. As we have learned from a multitude of past housing transformations, some residents struggle in the private market while others are able to take advantage of vouchers to promote intergenerational upward mobility. Simply offering a voucher is often not enough, but a program of housing counseling and support can have significant positive impacts for poor and low-income families (Bergman et al., 2019).

RAD has always been about access to redevelopment financing and has been successful in that regard. Housing is a critical platform for wellbeing, touching health, community, safety, education, and economic security. But it is not the sole responsibility of US housing programs to ensure that poor and low-income families have access to everything they deserve; indeed a coordinated effort across multiple levels of government is perhaps the only way for the United States, in general, and Baltimore City, in particular, to successfully serve these populations.

Summary of Recomendations

1. To ensure the long-term stability and sustainability of RAD, the federal government must provide healthy rent support, allowing opportunities for adjustments and keeping pace with inflation and the costs of providing high quality resident services.

2. If the funding level for public housing capital repairs does not increase, RAD offers a viable option for rectifying the increasing physical inadequacies of public housing. When choosing whether and where to expand the program in Baltimore, the priority should be those structures with the most substantial need for large scale renovation. Because the primary benefits of RAD related to the buildings themselves, there does not appear to be a case for RAD conversions unless substantial rehabilitation is needed.

3. It is imperative that post-conversion RAD managers focus on providing a host of voluntary supportive services in addition to those required by contract. Where RAD rents are inadequate to fund those services directly, state and local funding should be invested (both public and philanthropic) to make good the promised integration of housing and wellness.

    a) In particular, our data suggest a strong need for physical, mental, and behavioral health clinics, particularly for mixed population buildings. While not the focus of this report, it is important that any behavioral health services come from mission driven organizations with a track record of high-quality patient care.

    b) While most of our respondents focused on the more visible needs of disabled individuals, it is additionally important to invest in services targeted to elderly residents, particularly those that promote mobility and discourage isolation.

4. Given the complexity of management in post-conversion buildings, it appears critical to provide property managers with technical assistance related to tenant rights, grievance procedures, and so forth. The need for such trainings are heightened given high levels of turnover reported among managers at RAD properties.

5. Although the data is somewhat thin, it appears that many families who have chosen to exercise Choice Mobility are still searching for housing, and most that do move have tended to remain in the city. National research suggests that housing counseling can both improve lease-ups and help families achieve mobility to communities that optimize the residential preferences.

6. While public-private partnerships such as RAD have the potential to increase technical expertise in maintenance and management, they come at the expense of diminished public oversight. While the subsidy streams are required to be renewed in perpetuity, it is essential to implement appropriate monitoring systems whereby HABC can ensure that the PBRA/PBV properties are adequately maintained and that tenants are aware of and freely able to exercise their rights.

7. To truly succeed, RAD requires robust equity investment via the federal LIHTC program. Maryland should join with other states to make a concerted lobbying effort for the expansion of that program (or other equity programs). LIHTC is far from an ideal mechanism for affordable housing subsidy, but it makes an enormous impact and is largely immune to political scrutiny.
   a) In a similar vein, any expansion of the RAD program to family developments in need of more intensive renovations (or replacement) will require continued public investment in housing-related infrastructure as well as additional state and local funding streams. Such investments will be necessary for any initiative to address the region's shortage of affordable housing.
8. As with recommendation 6, it is important to continue a robust research agenda on RAD conversions. It is particularly concerning that existing research includes only minimal tenant engagement, and no extant work attempts to track key indicators such as tenant turnover and eviction before, during, and after conversion. Nor has there been any systematic attempt to understand the economic, health, and wellness outcomes on RAD tenants. Tenants living in RAD units must be engaged directly to understand the full impact of the program, and tenants who leave RAD units (voluntarily or otherwise) must be included in these research efforts.

Table 1: Overview of RAD Developments in Baltimore City

Property Name	Address	Year Built	Occupancy	Floors (Structures)	RAD Units	Other Units	CHAP Date	Closing Date	Developer
Allendale	3600 West Franklin Street	1985	Senior	12 (1)	164	0	12/24/2013	11/5/2015	Enterprise Housing Corporation
Bel Park Tower	3800 West Belvedere Avenue	1974	Mixed	11 (1)	253	0	12/24/2013	11/17/2015	Landex Development, LLC
Bernard E Mason Apts	2121 Windsor Gardens Lane	1979	Senior	5 (1)	223	0	12/24/2013	11/12/2015	PIHRL Developers, LLC.
Brentwood, The	401 East 25th Street	1977	Mixed	13 (1)	150	0	12/24/2013	12/17/2015	Telesis Baltimore Corporation
Broadway Overlook	1501 East Fayette Street	2004	Families	5 (1), 3 (1), 2-3 (12)	84	48	5/4/2016	8/11/2017	Landex Development, LLC
Chase House	1027 Cathedral Street	1977	Mixed	17 (1)	189	0	8/8/2014	12/28/2016	Homes For America
Ellerslie Apts	601 Wyanoke Avenue	1974	Mixed	5 (1)	117	0	6/24/2015	1/31/2017	Telesis Baltimore Corporation
Govans Manor	5220 York Road	1974	Mixed	10 (1), 11 (1)	191	0	6/24/2015	11/30/2016	PIHRL Developers, LLC.
Heritage Crossing	620 North Fremont Avenue	2002	Senior	2 (110)	75	0	6/24/2015	11/29/2018	Enterprise Homes & Community Preservation and Development Corp
Hillside Park	4902 Parkton Court	1940, 1998r	Families	3 (21)	30	64	2/12/2015	12/15/2017	Landex Development, LLC
Hollins House	1010 West Baltimore Street	1983	Senior	9 (1)	130	0	12/24/2013	11/24/2015	Enterprise Homes & Community Preservation and Development Corp
Lakeview Tower	727 Druid Park Lake Drive	1970	Mixed	15 (2)	302	0	12/24/2013	11/17/2015	Landex Development, LLC.
McCulloh Homes Extension	501 Dolphin Street	1940, 1970	Mixed	2-3 (44)	347	3	12/24/2013	11/17/2016	The Community Builders and HABC

Property Name	Address	Year Built	Occupancy	Floors (Structures)	RAD Units	Other Units	CHAP Date	Closing Date	Developer
Monument East	633 Aisquith Street	1976	Mixed	19 (1)	170	0	6/24/2015	8/30/2018	The Community Builders
Pleasant View Senior	201 North Aisquith Street	2004	Senior	4 (1)	110	0	12/24/2013	9/8/2016	Michaels Development Company and HABC
Pleasant View Townhomes	201 North Aisquith Street	1997	Families	2 (35)	201	0	12/24/2013	7/28/2016	Michaels Development Company
Primrose Place	820 South Caton Avenue	1982	Mixed	9 (1)	125	0	12/24/2013	2/4/2016	Community Housing Partners & French Development Company
Rosemont Tower	740 Poplar Grove Street	1984	Mixed	13 (1)	203	0	6/24/2015	11/19/2019	Michaels Development Company
Somerset Court Extension	1500 East Lexington Street	1974	Mixed	2-3 (12)	57	7	12/24/2013	12/23/2019	The Woda Group
Terrace Senior Building	751 West Saratoga Street	1999	Mixed	4 (1)	47	41	9/28/2015	11/30/2017	
Van Story Branch (West Twenty)	11 West 20th Street	1973	Mixed	18 (1)	350	0	6/24/2015	11/30/2018	Community Housing Partners Corp.
Wyman House	123 West 29th Street	1974	Mixed	16 (1)	168	0	12/24/2013	12/8/2015	Pennrose Properties, LLC / HABC

Sources: Property Needs Assessments & RAD Inventory Data from HABC

Table 2: Summary of Financing Sources

	Total	Percent Total	$ Per Rad Unit	% of Projects Utilizing
Hard Debt	$244,288,952	33.62%	$66,274.81	95.45%
Commercial FHA-insured Loan	$244,288,952	33.62%	$66,274.81	95.45%
Soft Debt	$250,596,221	34.49%	$67,985.95	95.45%
Seller Note/Take Back Financing	$189,401,916	26.07%	$51,384.13	81.82%
Other Federal Funds	$8,560,115	1.18%	$2,322.33	13.64%
State Or Local Funds	$37,487,327	5.16%	$10,170.19	54.55%
Deferred Developer Fees	$8,665,541	1.19%	$2,350.93	63.64%
Accrued and Unpaid Interest	$804,802	0.11%	$218.34	4.55%
Public Housing RHF	$5,385,506	0.74%	$1,461.07	13.64%
Public Housing Capital Funds	$291,014	0.04%	$78.95	4.55%
Grants	$11,005,721	1.51%	$2,985.82	77.27%
Interim Income	$8,770,290	1.21%	$2,379.35	63.64%
PHA Non-Federal Funds	$1,974	0.00%	$0.54	4.55%
Sponsor or Partner Funds	$2,233,458	0.31%	$605.93	27.27%
Equity	$220,679,748	30.37%	$59,869.71	95.45%
Tax Credit Equity	$220,074,329	30.29%	$59,705.46	90.91%
General Partner Equity/Reinvested Capital	$425,176	0.06%	$115.35	22.73%
Other Equity	$180,243	0.02%	$48.90	9.09%
Total	$726,570,642		$197,116.29	

Source: Sources and Uses Tables provided by HABC

Table 3: Uses of Funds

	Total	Percent Total	$ Per Rad Unit	% of Projects Utilizing
Total Acquisition	$219,533,640	30.22%	$59,559	95.45%
Acquisition Land and Buildings	$211,044,888	29.05%	$57,256	86.36%
Payoff Existing Loans and Payables	$3,398,718	0.47%	$922	13.64%
Other Acquisition Costs	$5,090,034	0.70%	$1,381	36.36%
Total Hard Costs	$314,973,570	43.35%	$85,451	100.00%
Demolition	$497,355	0.07%	$135	4.55%
Construction/Rehabilitation	$302,895,009	41.69%	$82,174	100.00%
General Requirements/Overhead/ Profit	$4,384,501	0.60%	$1,190	13.64%
Construction/Rehabilitation Contingency	$6,937,579	0.95%	$1,882	18.18%
Builder's Risk Insurance	$259,126	0.04%	$70	13.64%
Total Relocation	$7,401,808	1.02%	$2,008	95.45%
Relocation Costs	$7,401,808	1.02%	$2,008	95.45%
Total Soft Costs	$94,064,308	12.95%	$25,519	100.00%
Architectural Design Fee (Plans & Specs)	$10,724,815	1.48%	$2,910	90.91%
Construction Management/ Budget Planning Fee	$236,750	0.03%	$64	9.09%
Engineering Fee	$477,039	0.07%	$129	31.82%
Feasibility Studies	$177,883	0.02%	$48	27.27%
Environmental Reports	$1,192,097	0.16%	$323	95.45%
Appraisal/Market Study	$486,582	0.07%	$132	95.45%
Accounting	$549,125	0.08%	$149	72.73%
Survey	$597,460	0.08%	$162	68.18%
eCNA Tool	$367,469	0.05%	$100	77.27%
Title Insurance/Exam Fee, Closing Escrow	$9,915,656	1.36%	$2,690	95.45%
Organizational Costs	$593,376	0.08%	$161	45.45%
Recordation Fee	$848,718	0.12%	$230	9.09%
Borrower's Legal Counsel	$3,794,708	0.52%	$1,029	95.45%
Lender's Legal Counsel	$2,038,900	0.28%	$553	86.36%
Consultants	$7,746,777	1.07%	$2,102	90.91%
Other Professional Fees	$1,117,891	0.15%	$303	9.09%
Other Loan Fees	$8,042,353	1.11%	$2,182	90.91%

	Total	Percent Total	$ Per Rad Unit	% of Projects Utilizing
FHA Fees (MIP, Application, Inspection)	$3,844,270	0.53%	$1,043	81.82%
Tax Credit Financing Fees	$2,737,625	0.38%	$743	90.91%
Total Soft Cost *(continued)*				
Prepayment Penalty/Premium	$0	0.00%	$0	0.00%
Payables	$0	0.00%	$0	0.00%
Construction Interest (Not Deferred)	$19,411,715	2.67%	$5,266	90.91%
Construction Loan Fees	$2,122,002	0.29%	$576	40.91%
Bond Issuance Cost and Fees	$15,977,176	2.20%	$4,335	90.91%
Permits	$145,292	0.02%	$39	9.09%
Investor's Legal Counsel	$90,000	0.01%	$24	9.09%
Bond Legal Counsel	$0	0.00%	$0	0.00%
Permanent Financing Fees	$0	0.00%	$0	0.00%
Furniture, Fixtures & Equipment	$707,130	0.10%	$192	13.64%
Marketing & Lease Up	$121,500	0.02%	$33	9.09%
Total Reserves	$39,096,173	5.38%	$10,607	100.00%
Initial Deposit to Replacement Reserve	$3,673,771	0.51%	$997	40.91%
Initial Operating Deficit Escrow	$114,000	0.02%	$31	4.55%
Operating Reserve	$18,853,595	2.59%	$5,115	90.91%
Tax and Insurance Escrow	$1,896,775	0.26%	$515	50.00%
Lease-Up Reserve	$52,149	0.01%	$14	9.09%
Other Reserves	$14,505,883	2.00%	$3,935	77.27%
Total Developer Fee	$51,501,142	7.09%	$13,972	95.45%
Developer Fees	$51,501,142	7.09%	$13,972	95.45%
Total	$726,570,641		$197,116	

Figure 3: Initial Construction Dates of RAD Units

1940	McCulloh Homes (1940); Hillside Park (1940)
1950	
1960	
1970	Lakeview Tower (1970); McCulloh Homes Extension (1970)
	Van Story Branch (1973)
	Bel Park Tower (1974); Somerset Court Extension (1974)
	Wyman House (1974); Govans Manor (1974); Ellerslie Apts (1974)
	Monument East (1976)
	Chase House (1977) The Brentwood (1977)
	Bernard E. Mason Apt (1979)
1980	Primerose Place (1982)
	Hollins House (1983)
	Rosemont Tower (1984)
	Allendale (1985)
1990	
	Pleasant View Townhomes (1997)
	Hillside Park (1998 ren.)
	Terrace Senior Building (1999)
2000	Heritage Crossing (2002)
	Pleasant View Senior (2004); Broadway Overlook (2004)
2010	
2020	

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This report is dedicated to public housing tenants across the city, many of whom daily bear the costs of our nation's underfunding of essential housing infrastructure.

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