



Preserving San Francisco's Public Housing: HUD's Rental Assistance Demonstration (RAD) Program

SF Housing Authority: Background

- Provides housing subsidies for 27,997 residents
- 5,372 Public Housing Units
- Average household income: \$14,639
- Average monthly rent based on tenant income is \$312



SF Housing Authority: Defining the Problem

- Aging building stock in need of repair
- Over **\$270 million** in immediate needs across the portfolio
- Over **\$15 million** in additional need accrues annually
- HUD capital funding addresses only **3.5%** of annual needs
- SFHA has less than **\$5 million** per year to meet needs



SF Housing Authority: Re-Envisioning

- December 2012: San Francisco Housing Authority was declared “troubled” by HUD
- Mayor Lee called for a “Re-Envisioning” process for Public Housing to protect its current and future residents
 - 4** months of intensive study of SFHA and its operations
 - 72** organizations and over **100** participants
 - 18** public meetings



SF Housing Authority: Consequences of Inaction

Consequences of Inaction:

- Buildings continue to decline
- Buildings fail HUD physical condition requirements
- Units taken out of service
- SFHA loses HUD subsidy
- HUD initiates receivership
- Loss of public housing in San Francisco

Doing nothing is not an option.



RAD: San Francisco's Solution

- San Francisco applied for a portfolio of 4,584 units in September 2013; HUD approved in January 2014
- **Provides a stable source of long term operating subsidies** although challenging to implement in high-cost areas where RAD rents are well below payment standard
- Additional resources must be contributed to make RAD projects “pencil” (tax credits and loans)
- Long-term affordability guaranteed through public land-trust model/ 99 year ground lease from SFHA
- Tenant protections established and codified



RAD IN SAN FRANCISCO: By the Numbers

- 3,461 units
- 29 properties in 28 Limited Partnerships
 - 22 senior/ disabled buildings; 7 family buildings
- 8 private developer owner/manager teams
- 2 phases over 3 years
- \$830+ million in equity and \$292 million in private debt leveraged
- \$657 million in rehab; average of \$187K per unit
- Bank of America Merrill Lynch (BAML) and Freddie Mac are the investor/lender for both phases
- Affordability ensured through 99-year ground leases



RAD in San Francisco: Financing Details

- **RAD**
 - SFHA transfers ownership/operations to partners;
 - Private partners have access to:
 - Low Income Tax Credits + bank debt
 - RAD rental subsidies are higher than existing subsidies.
- **“Section 18”**: “Tenant Protection Vouchers” (“TPVs”)
 - TPV rental subsidies added to the RAD subsidies
 - Combination increases subsidies & leverages debt.
- Combination of RAD and Section 18 for rehabilitation of more units



SF RAD : What's Different?

- Portfolio wide **financing**
 - “One deal, 28 executions”
 - One lender, one investor
 - One form of bond documents, ground lease, loan documents
- Portfolio wide **implementation**
 - One set of House Rules for all 28 projects
 - One Relocation Plan
 - One Housing Retention framework
 - One Screening protocol
 - One Service Connection Framework



RAD: Rights Embedded in the HUD Program

Developed in collaboration with the Housing Rights Committee, National Housing Law Project and Enterprise.

- No change in rent calculation (30% household income)
- No re-screening
- No demolition – rehabilitation only
- No displacement: any resident temporarily relocated will have a right to return to a unit at the same development once repairs are completed
- Grievance Procedures and Eviction protections preserved



RAD: Tenant Councils in the HUD Program

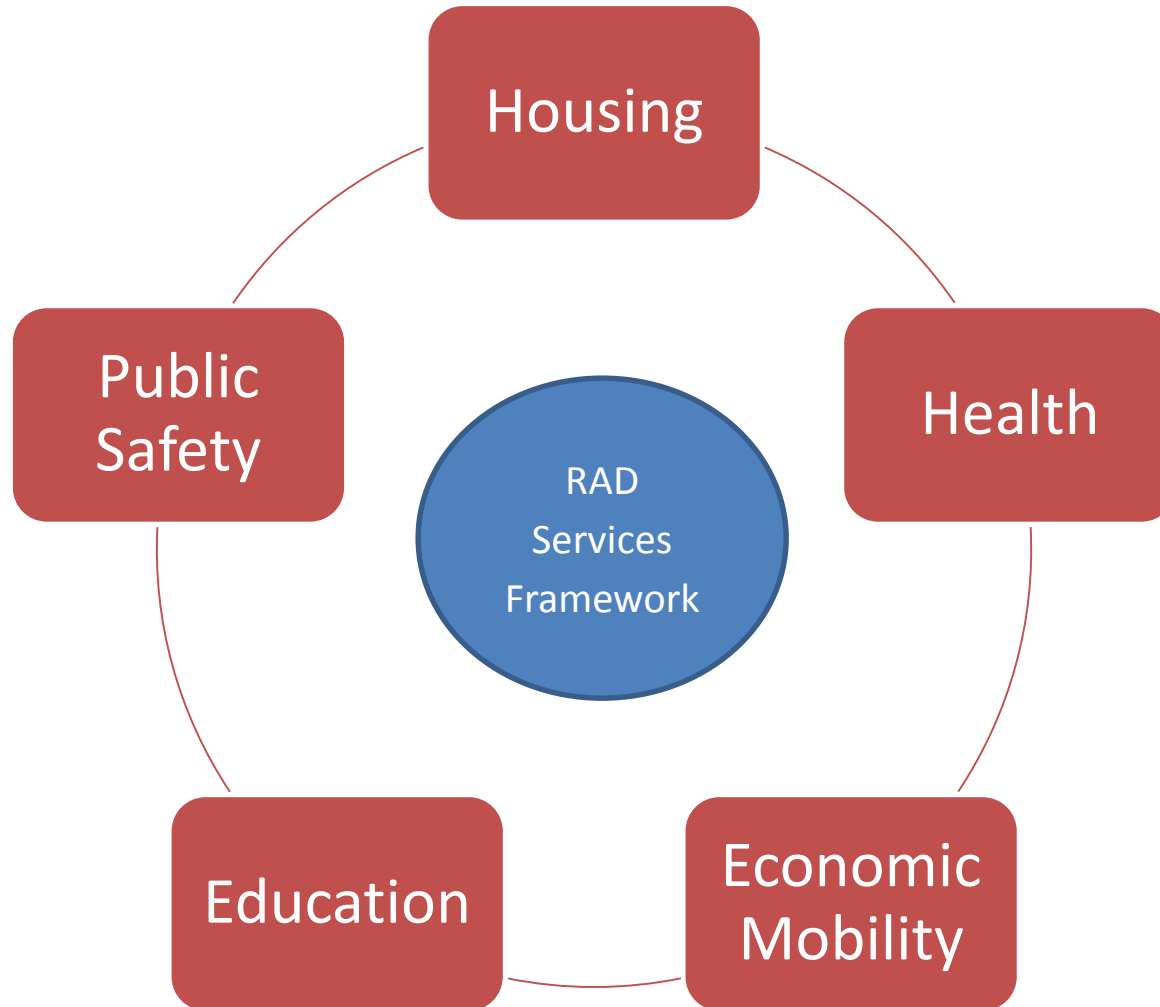
- Residents have the right to form resident associations
- New owners must provide \$25 per occupied unit per year for resident education, organizing around tenancy issues and training activities (restricted funds)
- Income from laundry and vending machines will continue to go to Tenant Councils (unrestricted funds)



RAD: Services Model



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RAD: On Site Services Sample Activities

- **Housing:** Household Skill Trainings (housekeeping & homemaking); Housing Stability Assistance/ Support
- **Health:** Health Care Education and / or Support; Nutrition Education and/or Support; Health and Wellness Activities; Peer Support Groups; Parenting Skills /Parent Support
- **Economic Stability:** Job Training, Vocational Skills training, and/or Employment Counseling; Financial Empowerment/Budgeting; Legal Resource/ Referral Services; Transportation or Transportation Assistance;
- **Education:** Child Care/ Early Childhood Education; Education/ ESL Services; Technology Access/ Skill Development; Afterschool/Summer Youth activities;
- **Safety:** Violence Prevention activities; Community Building Events and Activities;



RAD: Services Funding Structure

Staff salary and benefits in building budget: \$60,480 plus benefits = \$81,000

.5 - .75 FTE in 21-60 units *

1 FTE in 61-120 units

2 FTE in 121+ units

**Please note: all sites have at least 1 FTE even (2698 California(40), 462 Duboce(42), 227 Bay(51))*

Senior Sites: Operating budget as described above plus

DAAS contract

Staff ratio lowered to 1:75

Supervision (7%)

Program support (\$250/unit)

Administrative costs (13%)

Family Sites: Operating Budget as described above plus

HSA contract

Staff ration lowered to 1:75

Supervision (7%)

Program support (\$250/ unit)

Administrative costs (13%)



SF RAD : Phase 1 Updates

- 14 properties closed in November 2015
 - Construction loans functional
 - HUD PBV subsidies flowing
- Construction begun at all buildings by January 2016
- Temporary Relocation progressing for impacted units
- Property management and maintenance teams in place
- Services Teams in place
- Leases signed and SFHA files established
- City Services contracts in place
- BOA construction funds to support relocation challenges



RAD: Phase 2 next steps

- 14 properties planned in close early Fall 2016
- Tenant lease signings in July/ August 2016
- City Services contracts to begin July 2016
- SFHA Family Briefings in May/ June 2016
- Relocation planning underway
- Construction planning underway
- Transition staffing currently on site
- Permanent staff hires to be in place 30 days from close
- Monthly Community Tenant meetings at minimum



RAD: Questions

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