



Delaware State Housing Authority

OUR PATH TO RAD

MTW Conference May 2018



DSHA OVERVIEW

- We are both a Public Housing Authority and a Housing Finance Agency.
- We are a State of Delaware Agency.
- Our Director is a Secretary on the Governor's Cabinet.
- We do not have a Board of Directors.





DSHA BY THE NUMBERS

Delaware State
Housing Authority
created in 1968



MTW
Implementation in
1999

400 Public Housing Units

10 Scattered Sites

905 HCV/ 50 FUP

Annual ACC = \$3-\$3.3 million

Annual HCV HAP = \$6-\$7 million

Annual CFP = \$600-\$700k



MAP OF DSHA PUBLIC HOUSING SITES



HOW OUR PATH TO RAD BEGAN....

Liberty Court Public Housing Site

The Numbers

108 Units

Built in 1976

Renovated in 1992
when converted to
PH

What Happened?

Found severe structural issues caused by Drivit and water damage

Best approach was to demolish, rebuild on existing slabs

LIBERTY COURT





OUR OPTIONS



OPTION 1:

Demolish Liberty Court and lose much needed subsidized housing in Dover, DE.



OPTION 2: CHOOSE RAD

1. RAD was the only approach feasible to rebuild Liberty Court.
2. DSHA would also apply for 4% LIHTC once CHAP issued and approved.





RAD AND MTW

Deciding the subsidy path for RAD to best work with MTW:

- While conversion to Section 8 Multi-family would have been easier, DSHA wanted to keep Liberty Court under the MTW umbrella to provide self-sufficiency programs and escrows to participants.
- DSHA decided on Project Based Vouchers.



APPLYING FOR RAD CHAP

DSHA Hires CSG Advisors:

- To prepare RAD application.
- DSHA did not have the manpower or knowledge to complete.

CSG Reviews Properties:

- Assesses financial viability to convert to RAD and assume debt service.
- Creates Development budget to include use of 4% LIHTC.

Application Included:

- Three additional properties that did not need significant work to aid in making CHAP financially feasible.
- Requirement for agency to supplement rents with MTW funding to make conversion feasible.



CHAP APPROVAL

CHAP approval
received in
November 2015

CHAP split to separate
Liberty court from
other properties in
early 2016





MEETING HUD CHAP BENCHMARKS

PNA

Financial Plan

Lender &
Financing
Commitments

Monthly
Conference
Calls



APPLYING FOR LIHTC

1. Created a non-profit entity to assume ownership: Liberty Court Preservation Corp. (Article of Incorporation, IRS Status, EIN Number, etc.)
2. Applied for 4% LIHTC through the DSHA LIHTC's program April 28, 2016 (DSHA policy is to give preference to preservation projects using the 4% credit vs. the 9%).
3. Awarded LIHTC & HOME funds in July 2017





GAP OF FUNDING

- DSHA through underwriting of the project had a gap in funding that was to be filled by the agency through another source. Subsequently, we applied for FHLB AHP program and were awarded a FHLB grant in December 2017.
- With assistance of a consultant, DSHA solicited offers for tax credits, construction and permanent financing.
- Cinnaire selected for equity; construction provided by WSFS with permanent provided by DSHA.



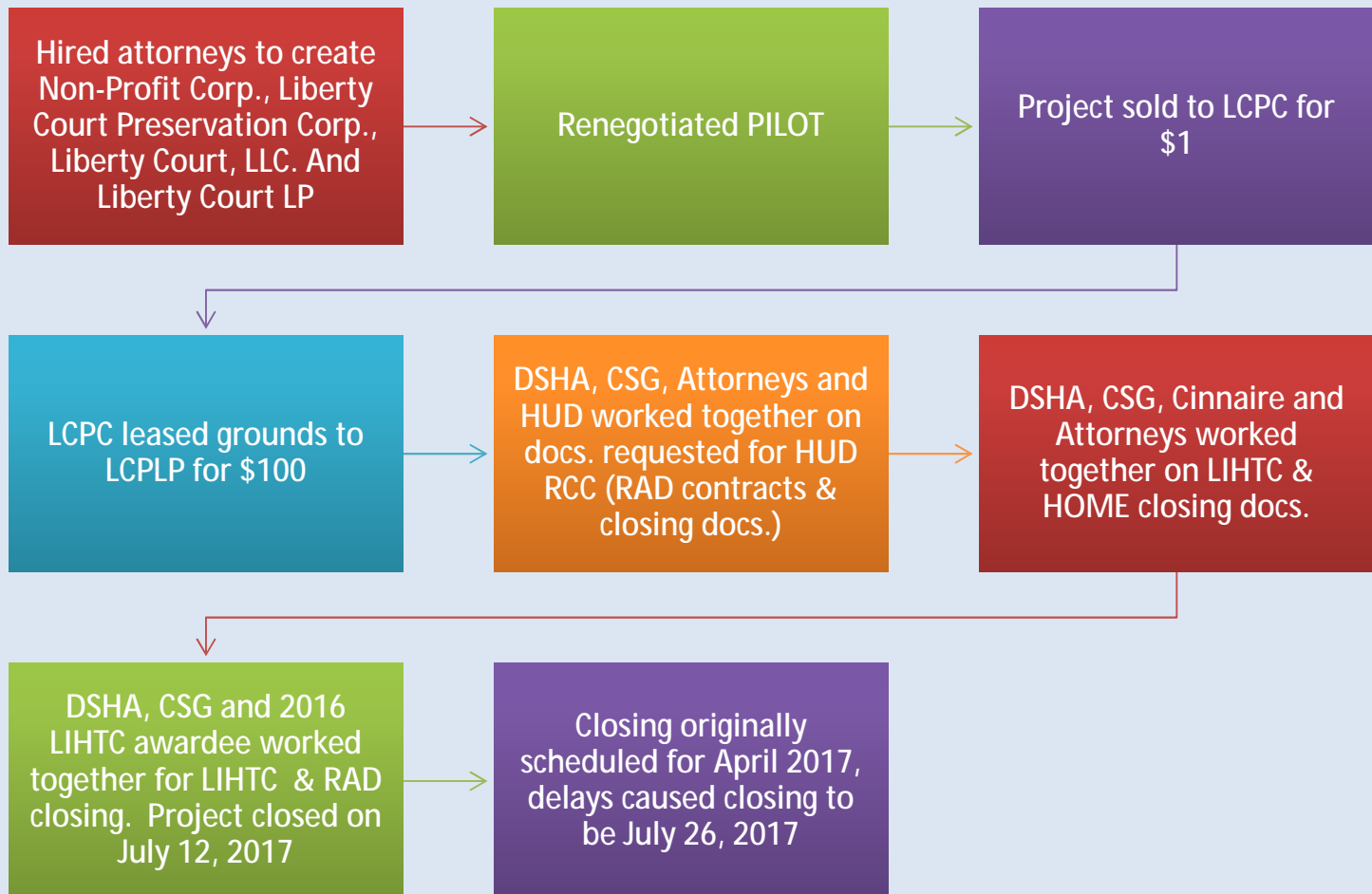
SCATTERED SITES AND LIHTC

- To assist with the gap in funding, DSHA decided to sell 14 scattered site homes owned separately and administered by DSHA as public housing.
- The ACC (subsidy) on each scattered site then had to be transferred through RAD program to another newly created affordable housing project.
- Ultimately, DSHA offered 12 units of subsidy to a LIHTC awardee in Millsboro, DE. This included 8 units from Liberty Court and 4 scattered sites.





COORDINATING LIHTC CLOSING WITH RAD CLOSING





LIBERTY COURT PROJECT

Demolition Day





LESSONS LEARNED

Part 1

- Unless PHA has staff that are familiar with the RAD Program and can be fully dedicated to the process, we suggest hiring a consultant.
- The sheer amount of documents that need to be created, reviewed, revised and approved by multiple entities is massive, especially when combining multiple funding sources and using bonds.





LIBERTY COURT PROJECT

Under Construction - Exterior





LESSONS LEARNED

Part 2

- Use attorneys that have experience with both LIHTC closings and RAD closings – it can be very confusing for those that have no RAD closing experience.
- The greatest delay was caused by HUD reviewing and approving the RCC documents – which must be done prior to closing. This will only increase as more RAD projects are approved for conversion. This is why we suggest using an attorney familiar with RAD closings and dealing with HUD.





LIBERTY COURT PROJECT

Completed Interiors





LESSONS LEARNED

Part 3

- It may be hard to coordinate the HUD timeline once a CHAP is issued if applying for LIHTC's, depending on when your state normally accepts applications and how much funding your agency may be able to apply to receive (for CHAPS with multiple projects).
- DSHA also had the benefit of being an HFA that has additional resources available for RAD applicants and is the allocation agency for the LIHTC program. DSHA has well versed staff in the lending and LIHTC programs that provided helpful guidance along the way.





LIBERTY COURT PROJECT

Completed Exteriors





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