



BUILDING FOR THE FUTURE

Friday, November 4, 2016

Moving Forward with RAD and creating economic opportunities for Section 3, MBE and WBE Businesses

CMHA Vision

To Shape our future by utilizing sustainable funding models to develop, quality affordable housing solutions in partnership with our community stakeholders.

The “Initiative”

The purpose of “Building for the Future” is to prepare small, minority and women-owned businesses, as well as Section 3 and Resident-owned businesses for RAD (Rental Assistance Demonstration) implementation and help them to compete for subcontracts with large contractors for the RAD Projects.

Overview

RAD *What is it?*

- ▶ **Rental Assistance Demonstration**
- ▶ Allows CMHA to convert public housing assistance to long-term project-based Section 8 Contracts, providing a more stable source of funding and providing an opportunity to invest millions, potentially a billion dollars, into properties at risk of being lost from the nation's affordable housing inventory.

Summary of RAD Program

- ▶ Established under *Consolidated and Further Continuing Appropriations Act of 2012* (11/2011)
- ▶ Stem potential loss of subsidized units due to growing backlog of unfunded capital needs
- ▶ Converts PH units into 2 types of Section 8 HAP - PBV or PBRA
- ▶ Provides PHAs access to other public & private funds by leveraging long term section 8 contracts to pay for rehab costs

All Dates and Dollar Values are Projected

Summary of RAD Program

- ▶ PHAs have wide variety of options to finance rehab:
 - Debt financing at a fixed rate and for a fixed term through public or private lenders
 - Federal Housing Administration (FHA) insured mortgage loan
 - LIHTCs
 - Operating reserves, Replacement Housing Factor (RHF) funds, and/or unobligated Capital Funds
 - Different forms of grant funding
- ▶ RAD program not prescriptive approach, rather demonstrative approach to preserving affordable housing units

All Dates and Dollar Values are Projected

Summary of RAD Program

- ▶ Variety of approaches for conversion:
 - Conversion only
 - Conversion with minor capital improvements
 - Substantial rehab
 - Demolition and new construction
 - Transfer of rental assistance

All Dates and Dollar Values are Projected

Properties Approved

680 CMHA Units

- ▶ Baldwin Grove
- ▶ Sutterview
- ▶ Evanston, Beechwood, Maple Tower, San Marco & Riverview

All Dates and Dollar Values are Projected

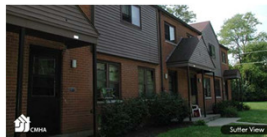
Baldwin Grove

- ▶ First RAD Conversion with minor capital improvements
- ▶ 40 units
- ▶ \$1.2M Renovation Costs
- ▶ In Construction Phase



Sutterview

- ▶ Partial Conversion and Substantial Rehabilitation
- ▶ 119 Units
- ▶ Potential Investment of \$13M



All Dates and Dollar Values are Projected

Five High Rises

- ▶ Evanston, Beechwood, Maple Tower, San Marco, and Riverview
- ▶ Substantial Rehabilitation
- ▶ 508 Units
- ▶ Potential Investment of \$75M



All Dates and Dollar Values are Projected

Financial Impact to Community

- ▶ Investment of approximately \$90 Million over the next year.
- ▶ CMHA intends to convert its remaining portfolio from public housing to RAD over the next 5-7 years
- ▶ Potential investments of nearly \$1Billion

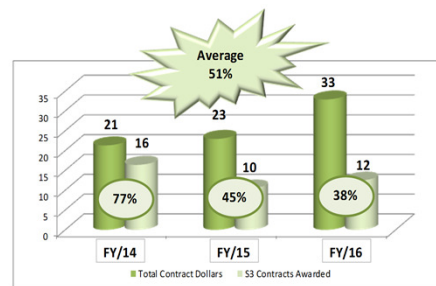
CMHA Economic Inclusion Goals

- ▶ Minority-Owned Business Enterprise:
 - General Construction: 20%
 - Professional Services: 12%
 - Material/Supplies: 5%
- Women-Owned Business Enterprise goal 5%
- Section 3 Business Concerns:
 - Construction Contracts goal 15%
 - Non-Construction Contracts 5%

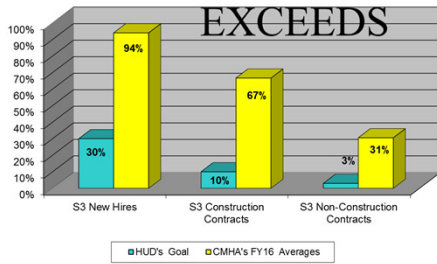
Section 3 and New Contracts

- ▶ Employment - Newly generated
 - 30% of all new hires to be Section 3 Residents
- ▶ Contracting - Newly generated
 - 10% of total construction contracts to be awarded to Section 3 Business Concerns
 - 3% of total non-construction contracts to be awarded to Section 3 Business Concerns

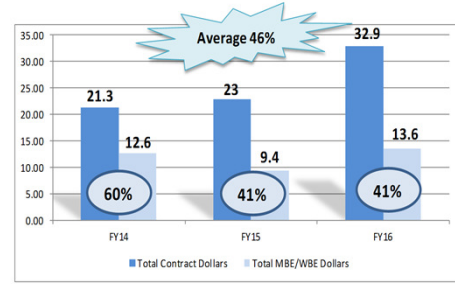
Section 3 Contract Dollars



HUD's Section 3 Goals



MBE/WBE Contracts



RAD Challenges

Construction:

- ▶ Bonding Capacity
 - Bid Bonds at 10% of bid amount
 - Performance and Payment Bonds at 100% of Contract amount
- ▶ Insurance Requirements
- ▶ Project Management of Large Construction projects

Creating Opportunities

Many of CMHA Contracting opportunities will not change because of RAD.

- Vacancy Prep
- Painting
- Plumbing
- Electrical
- HVAC
- Grounds Maintenance
- Landscaping

Building for the Future

- ▶ CMHA is dedicated to the success of the Section 3, MBE and WBE companies we work with.
- ▶ Partnering with several area community agencies to assist our Section 3, MBE and WBE companies to be able to effectively compete for sub-contracts on the RAD projects.

Building for the Future

▶ Resource Partners



Business Development & Entrepreneurship
Urban League of Greater Cincinnati



GC MI Greater Cincinnati
Microenterprise Initiative



SCORE | Cincinnati & Northern KY
FOR THE LIFE OF YOUR BUSINESS

