

RENTAL ASSISTANCE DEMONSTRATION (RAD)
RESIDENT MEETING
SUNRISE-BERGEN

1314 Wentworth Avenue, Chicago Heights

March 11, 2025

Sunrise Apartments



Daniel P. Bergen Homes



AGENDA

1. Introductions
2. RAD/Section 18 Overview
3. Conversion Plans for Sunrise and Bergen
 - Scope of Work
 - Funding Sources/Uses
 - Unit Reconfiguration
 - Timing
4. Resident Rights and Protections
5. Questions/Comments
 - Existing Management Concerns

HACC DEVELOPMENT EXPERIENCE

- Owner of over 2,100 units
- Through RAD, repositioned and rehabilitated nearly 1600 units across fourteen sites
- Over \$230 million in RAD experience
- Another 300+ units in the development pipeline



MEET OUR CO-DEVELOPER: BRINSHORE DEVELOPMENT

- Brinshore will assist HACC through the RAD process by **securing outside financing, creating a redevelopment plan, managing construction and helping ensure a smooth transition for current public housing residents**
- The team at Brinshore are **experts in the RAD program**, and have extensive experience working with other housing authorities in the Midwest



BRINSHORE

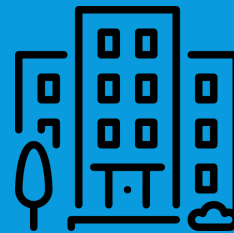
WHAT IS THE RENTAL ASSISTANCE DEMONSTRATION PROGRAM?

- RAD is a **federally funded, voluntary HUD program** that helps **preserve** public housing by providing access to more stable funding
- RAD allows HACCC to access financing by partnering with private and non-profit developers to **make needed improvements** to properties
- Allows public housing to **convert** to Section 8 while **protecting resident rights**
- HACCC's plans must be submitted to HUD for approval

HOW DOES TRADITIONAL PUBLIC HOUSING COMPARE TO RAD?

Traditional Public Housing

- Funding continually **decreasing** and **unstable**
- **Restricted** from using private financing
- Buildings continue to **deteriorate**
- **No housing flexibility** for residents



RAD Property Conversion

- More **stable** and **predictable** Section 8 funding
- Ability to secure financing for unit **repairs**
- Infrastructure and underlying **building problems** are **addressed**
- Residents eligible for **alternate affordable housing programs**

WHAT IS SECTION 18?

- HUD encourages Public Housing Authorities to use the combination of RAD and Section 18 to preserve and improve properties by transitioning properties to project-based Section 8 assistance
- Benefit to project is that PBV rents can be set at 110% FMRs which is higher than RAD rents (residents continue to pay 30% of adjusted monthly income)
- HACC intends to use the RAD/Section 18 Construction Blend where rehab and construction costs will exceed 90% HCC

POST-CONVERSION OWNERSHIP AND MANAGEMENT PLANS



- Land will continue to be owned by HACC and leased to new owner for 99 years with certain income and use restrictions

POTENTIAL SCOPE OF CONSTRUCTION

- **Environmental remediation:** Address all asbestos, lead, mold and radon issues
- **Code Compliance:** Bring the properties up to code
- **Major Systems:** Repair and update major systems including roof, HVAC and plumbing
- **Marketability:** Replace kitchens and bathrooms, put in new HVAC, flooring, and paint
- **New Amenities:** All units will have dishwashers
- **Landscaping:** Improve landscaping
- **New Construction:** Construct a new, two-story, elevator building.
- **Accessibility:** Increase the number of units that are wheelchair accessible and available for hearing and visually impaired

Many detailed aspects of construction still to be determined

NEW CONSTRUCTION RENDERING



FUNDING APPROACH

- Pursuing a RAD/Section 18 Construction Blend where rehab and construction costs will exceed 90% HCC
- Using the RAD program, these projects will be converted from mixed income with public housing and Low-Income Housing Tax Credit (LIHTC) units, to mixed income with project based operating subsidies and LIHTC restrictions
- The work will be financed with Tax Exempt Bonds/4% LIHTC, Donation tax credit, a private loan from a bank, a HOME loan, and potentially other sources
- LIHTC imposes restrictions on the rent and income of the residents to 60% of Area Median Income

PROJECTED SOURCES AND USES OF FUNDS

Sources

First Loan	\$9.7 Million
County HOME	\$2 Million
Federal LIHTC Equity	\$20.6 Million
State of Illinois DCEO	\$5 Million
IAHTC Equity	\$2.9 Million
Deferred Developer Fee	\$700K
Seller's Note	\$6.3 Million
Income During Construction	\$1.2 Million
IHDA Trust Fund	\$1.3 Million
Total Sources	\$49.7 Million

Uses

Acquisition Costs	\$6.3 Million
Hard Costs	\$31.5 Million
Soft Costs and Financing Costs	\$6.1 Million
Developer Fee	\$2.8 Million
Reserves and Escrows	\$1.1 Million
Other Costs	\$1.9 Million
Total Development Budget	\$49.7 Million

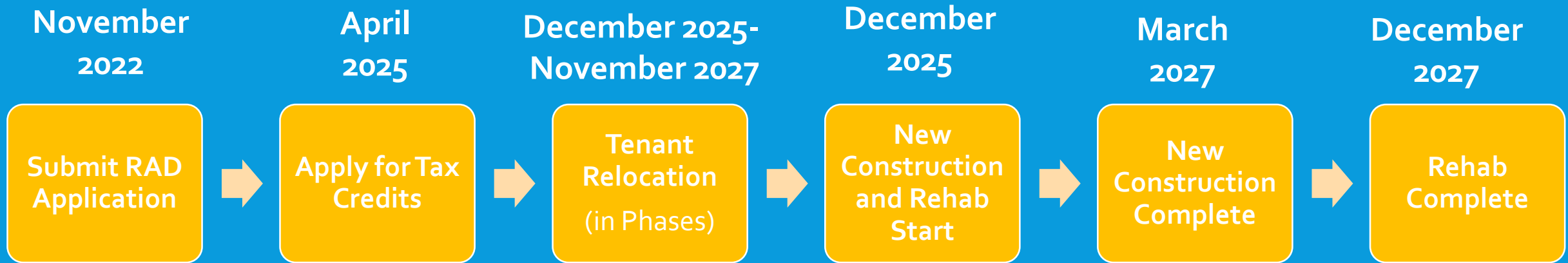
PROJECT UNIT CONFIGURATION-CURRENT STATE

Project Site	Bedroom Count			Total
	1	2	3	
Sunrise Apartments (East of Wentworth)	32	36	24	92
Daniel Bergen Homes	0	9	6	15
Total	32	45	30	107

PROJECT UNIT CONFIGURATION-FUTURE STATE

Project Site	Bedroom Count			Total	Total Change in Units
	1	2	3		
Sunrise Apartments (East of Wentworth)	22	24	19	65	-27
Daniel Bergen Homes	0	9	6	15	0
New Construction	16	10	1	27	+27
Total	38	43	26	107	0
Change in Units	+6	-2	-4		

PROJECT TIMELINE



RESIDENT PROTECTIONS

- **Consultation:** Required to hold meetings with residents before RAD application, following award and prior to financing plan submission
- **Rent:** No change in rent calculation (30% household income for public housing to RAD residents); some exceptions for those paying a flat rent which will have any increases phased in; LIHTC rents targeted at 60% AMI and below
- **Resident Right to Return/No Displacement:** Any resident temporarily relocated will have the right to return to a unit in the completed project; **No public housing resident may be permanently, involuntarily displaced**
- **Relocation Assistance:** Will be provided in accordance with federal requirements including payment of all relocation expenses
- **No re-screening:** Current public housing residents are not subject to rescreening or income eligibility after conversion

RESIDENT PROTECTIONS (CONTINUED)

- **PBV Lease Renewal:** A resident's lease must be renewed unless cause an eviction exists
- **Right to Organize:** Residents may continue to organize and operate a Resident Organization
- **Funding for Resident Participation:** Funding per occupied unit annually (\$25 per unit per year) for resident participation, of which a portion will go to the legitimate resident organization
- **Self Sufficiency Programs:** Residents can continue to participate in programs such as FSS, ROSS, and Jobs Plus; enrolled residents can continue to benefit from Earned Income Disregard (EID)
- **Grievance procedures** and eviction protections preserved and incorporated into lease
- Provided notice of **Section 3** hiring and contracting; given preference for hiring

RELOCATION

- Relocation assistance will include a provision of comparable housing and **payment of all moving expenses** including:
 - Turning utilities on and off
 - Boxes and materials for packing
 - Movers to transport belongings
 - Additional moving assistance if necessary
- We will attempt to **minimize displacement** as much as possible
- **Any resident temporarily relocated will have the right to return to a unit in the completed project**
- Residents will receive at least **90 days' notice** of any required move

CHOICE MOBILITY

- **Following conversion, residents may request a tenant-based voucher after a period of residency at the RAD-converted project**
 - This is a voluntary option for RAD residents
 - For RAD PBV projects, the resident may request a voucher after one year of residency
 - This right must be included in the lease
 - Issuance timing may be subject to HACC Voucher availability

RESIDENT PROTECTIONS

	Public Housing	RAD
Rent: You pay 30% of household income; some flat rents increased	✓	✓ Flat rents to increase over 3 years
Initial Income Eligibility	< 80% AMI	Existing PH residents, regardless of income under 60% of AMI currently
Right to Return after rehab complete	✓	✓
Tenant Screening	N/A	No re-screening upon conversion
Choice Mobility	N/A	You may take vouchers to another unit on the private market after 12 months
Establish, operate <u>Resident Council</u> : tenant services funds	✓	✓
<u>Grievance Procedures & Eviction Protections</u> : tenants receive notice followed by grievance procedures	✓	✓
<u>Lease Renewal</u> : leases are renewed based upon good standing criteria	✓	✓

ANY QUESTIONS OR COMMENTS?

All questions and comments will be recorded. HACC will respond to each item and make those responses available to residents.

You may email questions to Clarissa Gaviola at:
gaviola@thehacc.org