

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL****REPORT TO COMMISSIONERS****FROM JON M. GUTZMANN  
EXECUTIVE DIRECTOR****REGARDING** Rental Assistance Demonstration;  
RAD Conversion Commitment (RCC) for  
Asset Management Project No. 1 (AMP 1)  
McDonough Homes, Including  
McDonough Homes Six-Plexes (AMP 13)**DATE** August 14, 2019

Staff requests Board approval of Resolution No. 19-8/14-02 authorizing execution of the RAD Conversion Commitment (RCC) for the conversion of McDonough Homes (HUD Project No. MN001000001 (AMP 1) and HUD Project No. MN001000013 (AMP 13)) to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program.

The PHA applied for acceptance to the RAD program in August 2017 and HUD awarded the Commitment to enter into a Housing Assistance Payment (CHAP) for this project in August 2018. Staff submitted the Financing Plan in April 2019. HUD issued the RCC on July 26, 2019, thereby accepting the Financing Plan and starting a 90 day clock for the PHA to close on (complete) the conversion transaction. An interim milestone in this 90 day period is a 30 day deadline for the PHA to execute and return the RCC to HUD by uploading it to the RAD Resource Desk. The fully executed RCC is due by August 25, 2019. If the RCC is not returned by this date it will expire.

This is one of the eight RAD Conversion Commitments that constitute a near "portfolio-wide" conversion to PBRA under RAD, including the PHA's four family housing developments and sixteen hi-rises, a total of 3,855 public housing units.

The RAD Conversion Commitment (RCC) is a contract executed by HUD and the PHA that describes the specific terms and conditions of the RAD conversion for McDonough Homes

(AMP 1), including the twelve units built in 2016 that were temporarily designated AMP 13. The RCC is a template document which cannot be modified and is not subject to negotiation. The 30-page document consists of a two-page summary of the specific converting project, 7 pages of “Terms and Conditions”, a signature page (page 11) and exhibits; plus the 14-page Closing Checklist (Exhibit E) that is identical for all eight projects. In addition to the specific terms and conditions there are five exhibits attached that provide additional transaction information and requirements for completing the close process successfully.

### **RCC Project Summary**

The first two pages of the RCC contain information unique to the conversion for McDonough Homes including:

- The number of converting units: 592 total units;
- The number and length of the HAP contract(s) for the project: One contract, twenty years;
- The total amount of the monthly deposit to the replacement reserve: \$29,600 (\$600 per unit per year);
- Key features of the project: This project has no new financing (“debt-free” conversion);
- Choice Mobility Provision: The PHA will comply with RAD Choice Mobility practices.

### **RCC Terms and Conditions**

The RCC Terms and Conditions define the process by which the commitment between the PHA and HUD to participate in the Rental Assistance Demonstration and conversion to project-based assistance will be executed. Critical components of the conversion such as the applicable rules, regulations, and requirements are noted, as well as financial considerations, and HUD and PHA obligations.

### RCC Exhibits

The RCC has five exhibits attached which are also considered part of the Commitment (as noted in Paragraph #25):

Exhibit A: Special Conditions. This exhibit is intended to address items noted during HUD's review of the Financing Plan review that did not prevent approval of that Plan, or additional provisions not included in the RCC template. These items must be cleared or adequately addressed to HUD's satisfaction before closing.

The Special Conditions for this project (McDonough Homes, AMP 1) include these items:

- An acceptable Lead Based Paint (LBP) Operations & Maintenance (O&M) Plan must be submitted to HUB prior to closing.
- The PHA will be required to provide an updated PCA Narrative acceptable to HUD prior to closing.

HUD staff said the O&M Plan prepared by our CNA contractor and submitted by staff as part of the Financing Plan is incomplete because it does not specifically state that the Plan is compliant with HUD's lead based paint regulations. PHA staff are working with our CNA contractor to have the required language inserted into the O & M Plan. Revised Plans will be uploaded to the RAD Resource Desk once they are received.

The "PCA Narrative" is the Capital Needs Assessment (CNA) Narrative. Staff are working with our CNA contractor to revise their CNA Narrative to address HUD's concerns about the document we submitted previously.

Exhibit B: Sources and Uses of Funds. This is a comprehensive presentation of all sources and uses of funds needed to complete the RAD conversion. Since the PHA's RAD transaction does not require debt, and no new development or substantial rehabilitation is proposed, the Sources and Uses is fairly basic. It summarizes what funds will be used for the Initial Deposit to Replacement Reserve (IDRR) and on-going capital improvements already in process, and establishes the operating reserve account.

Exhibit C: Monthly HAP Contract Rents. This information is taken from Exhibit A of the most current Commitment to Enter into a Housing Assistance Payment (CHAP). Staff have verified that this information is correct.

Exhibit D: Scope of Work. This is a list of all rehabilitation work that needs to be completed in conjunction with the RAD transaction. Amounts noted in the Scope of Work correlate with the amounts included in RCC Exhibit B, Sources and Uses. McDonough Homes currently does not have any anticipated rehabilitation, so there are no items listed in Exhibit D.

Exhibit E: Closing Checklist. HUD's "Rental Assistance Demonstration Closing Overview & Checklist for Project Based Rental Assistance (PBRA) Conversions" is attached as the final exhibit. Staff have relied on this checklist to prepare the draft closing packet the Board will see in a related agenda item.

### **RCC Amendments**

As noted in the Closing Checklist (line item #4), amendments to the RCC are allowed for material changes to the RCC or any of the exhibits, including the Sources and Uses. At this time, staff do not believe an RCC Amendment will be needed for this project; however, HUD may require an amendment to address removal of the Special Condition as noted above. If an amendment is required, staff will work with our Closing Coordinator to determine the appropriate way to submit the request.

### **Resident Notification**

As required by HUD's RAD Notice\*, after receiving the RCC the PHA must notify each affected household that conversion of the project has been approved and inform the residents of any impact the conversion may have on them. Since the PHA's conversion does not require relocation or other changes to the resident's current housing status, the primary message to residents will be regarding the Model Lease and the activities surrounding lease signing. A letter

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\* Notice PIH-2012-32, Rev-3; Rental Assistance Demonstration – Final Implementation, Revision 3.

describing these activities and information regarding additional informational meetings will be sent to each household via U.S. Mail. A draft of that notice is attached.

Issuance and execution of the RCC begins the final phase of the RAD conversion transaction.

Here are the major milestones remaining:

- **The PHA submits a draft closing package** to HUD for review. The draft package must contain all documents listed in the RCC and on any closing checklist provided by HUD.
- **Final conversion** occurs on the date of closing.
- **HUD must receive fully executed versions of the closing documents** within 30 days after closing.

With the Board's approval, the RAD Conversion Commitment for this project will be signed by the PHA's Executive Director and submitted to HUD by the August 25, 2019 deadline.

JMG/AJH/FAH

Attachments:

1. Resolution No. 19-8/14-02
2. RAD Conversion Commitment; Project #1 McDonough Homes including Exhibits A – E.
3. Draft Notification to Residents of Projects Converting to PBRA under RAD

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL  
RESOLUTION NO. 19-8/14-02**

**RENTAL ASSISTANCE DEMONSTRATION (RAD) CONVERSION TO  
PROJECT-BASED RENTAL ASSISTANCE (PBRA);  
EXECUTION OF RAD CONVERSION COMMITMENT  
ASSET MANAGEMENT PROJECT NO. 1 (AMP 1 INCLUDING AMP 13)  
MCDONOUGH HOMES**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) has applied to the U.S. Department of Housing & Urban Development (HUD) to convert 3,855 dwelling units of Low Income Public Housing (LIPH; Section 9) to Project-Based Rental Assistance (PBRA; Section 8), through HUD's Rental Assistance Demonstration (RAD) program, as initially approved by the PHA's Board of Commissioners on August 23, 2017; and

WHEREAS, on August 20, 2018 the PHA received HUD's approval letters for all eight RAD conversion applications; and the letters also serve as the "Commitment to Enter into a Housing Assistance Payment" (CHAP) awards for those Asset Management Projects (AMPs 1-8); and

WHEREAS, in April 2019 staff submitted the PHA's eight RAD Financing Plan packages by uploading over 300 documents to HUD's online "RAD Resource Desk"; and

WHEREAS, PHA staff worked with a "Financing Transaction Manager" assigned by HUD to fulfill all necessary requirements for approval of the PHA Financing Plan demonstrating transaction viability; and

WHEREAS, on July 26, 2019 HUD staff issued a RAD Conversion Commitment approving the PHA Financing Plan; and

WHEREAS, PHA staff are now working with a "RAD Closing Coordinator" assigned by HUD who will work with other HUD staff and PHA staff on the next steps in the RAD conversion process, resulting in closing of the RAD transaction; and

WHEREAS, the Board of Commissioners finds that the RAD Conversion Commitment is necessary and appropriate to execute, in furtherance of the PHA's applications to convert the public housing units in the PHA's hi-rises and family housing developments to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program, to best serve the needs of PHA residents;

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Public Housing Agency of the City of Saint Paul as follows:

1. The Executive Director or his designee is authorized to execute the RAD Conversion Commitment as presented;
2. Staff is authorized to execute and submit all required documents relating to this Conversion Commitment, including any amendments deemed necessary by PHA or HUD staff; and
3. Pursuant to HUD notice dated January 11, 1990, the PHA certifies that no employee is serving in a variety of positions that will exceed 100 percent of his or her work time.

**Rental Assistance Demonstration (RAD)  
Conversion Commitment (Public  
Housing; First Component)**

**U.S. Department of Housing and  
Urban Development  
Office of Multifamily Housing**

<b>Complete each box, even if information is duplicative</b>			
<b>Proposed Name and Address of Covered Project:</b>  MCDONOUGH HOMES VARIOUS St Paul, MN 55117	<b>Proposed Project Owner:</b>  Public Housing Agency of the City of Saint Paul  651-298-5664 jon.gutzmann@stpha.org Project Owner is controlled by: <input checked="" type="checkbox"/> Control by a Public Body <input type="checkbox"/> Control by a Non-profit Body	<b>Proposed Project Owner Notice Address:</b>  555 N Wabasha Street, Suite 400 St Paul, MN 55102	
<b>Existing Ownership Entity, Name and Address of Converting Project:</b>  Public Housing Agency of the City of St Paul MCDONOUGH HOMES Various St. Paul, MN 55117	<b>PHA:</b>  Public Housing Agency of the City of St Paul  Contact phone/email: 651-298-5664/Jon.Gutzmann@stpha.org PHA is an MTW agency: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>PHA Notice Address:</b>  555 N. Wabasha Street, Suite 400 St Paul, MN 55102	
<b>Dwelling Units in Covered Project (specify total # of dwelling units, and # of RAD, non-RAD income restricted, market, and manager units):</b> Total Units: 592 RAD Units: 592 LIHTC Units: 0 Market Units: 0 Other Affd Units: 0			
<b>PIH Information Center (PIC) removal application number (a/k/a Demolition-Disposition Application Number (DDA#)):</b> 0008962/0009403			
<b>Converting Project PIC Number(s)</b> <i>(for all items to the right in this row, list data by each AMP # in the cells below):</i>	<b># of units converting to RAD to be removed from each AMP:</b>	<b># of non-converting units to be removed from each AMP (e.g., due to a de minimis reduction):</b>	<b>Total # of units to be removed from each AMP (sum of two middle columns):</b>
MN001000001	580	0	580
MN001000013	12	0	12
<input checked="" type="checkbox"/> Project-Based Rental Assistance (PBRA) <input type="checkbox"/> Project-Based Vouchers (PBV). If PBV, list HAP Contract Administrator (PHA or another housing authority): _____		<b>Number of HAP Contracts and Term length of each HAP Contract:</b>  1 contract(s) 20 years	
<b>Reserve Fund for Replacements</b>  Amount of Total Monthly Deposit to Replacement Reserve upon effective date of the HAP contract <u>\$29,600.00</u>			

**Key features of Covered Project:**

General:

- Ground lease
- Transfer of Assistance
- Scattered-site project
- Major non-dwelling assets (e.g., free-standing buildings, community or commercial facilities or significant unimproved acreage) (explain below).
  - Existing included in the PIC removal application listed on page 1
  - To be added to the Covered Project
- PHA's sole project or, together with substantially concurrent conversions, the PHA's last public housing project to convert

Inter-Related Projects:

- Multi-phase conversion
- Converting Project is adjacent to public housing units within the same AMP that are not converting (not a full conversion of a contiguous project)
- Rent Bundling
  - This is a donor property
  - This is a recipient property
 (Identify below the associated properties in the rent bundling arrangement and when the other projects have/are expected to close)

Construction:

- Demolition of current public housing units
- New Construction. If new construction, is HAP contract to be entered into:
  - at Closing, or
  - upon construction completion

Relocation:

- Tenants will be Relocated for >12 months
- Tenants will be Relocated for ≤12 months
- No relocation anticipated

Financing:

- FHA-Insured Financing anticipated  
If so, date of Firm Commitment: \_\_\_\_\_
- Low-Income Housing Tax Credits anticipated  
Date of any allocating agency closing deadline: \_\_\_\_\_
- Conventional financing anticipated
- No new FHA-Insured, LIHTC or conventional financing
- Existing debt, such as EPC, CFFP, OFFP or existing mixed-finance debt (list below the type of debt, whether it will remain outstanding post-conversion and, if not, whether it will be paid off prior to or at closing)
- Public housing funds in Sources and Uses

Unit Configuration:

- Reduction in units. If checked, 0 (#) units reduced based on the following authority:
  - De minimis associated with this transaction (# of 0 units)
  - De minimis associated with another transaction (# of 0 units) (explain below)
  - Other (explain below)
- Change in unit configuration (explain below)

If additional information is necessary to clarify the features above and/or if there are other important features of the Transaction not described above, such additional information may be listed here:

**RAD Rehab Assistance Payments:**

Not Applicable

**Choice Mobility:**

- Project Owner will comply with RAD Choice Mobility practices.
- Project Owner is exempt from implementing the RAD Choice Mobility practices with respect to the RAD units in the Covered Project.

**Repairs:**

- a. Estimated number of months for completion for all Work (number of months the property is eligible for Rehab Assistance Payments): \_\_\_\_\_ months
- b. Final completion deadline for all Work (after which Project Owner is in default): \_\_\_\_\_

This commitment ('Commitment') to participate in the Rental Assistance Demonstration ('RAD') and convert the assistance of the Converting Project named in the above table is entered into by and among Public Housing Agency of the City of St Paul, a public housing authority organized and existing under the laws of Minnesota ('PHA'); Public Housing Agency of the City of Saint Paul, a Public Entity organized and existing under the laws of Minnesota ('Project Owner'); and the United States Department of Housing and Urban Development, acting by and through the Secretary, his or her successors, assigns or designates ('HUD'), as of the date executed by HUD below. If the PHA is to be the owner of the Covered Project, the PHA shall also be identified as the Project Owner.

#### TERMS AND CONDITIONS:

1. **Applicable HUD Regulations and Requirements.** By converting assistance and entering into the Closing Documents contemplated in this Commitment, the PHA and Project Owner agree, each as and to the extent applicable, to operate the Covered Project in accordance with all applicable law, including without limitation the Consolidated and Further Continuing Appropriations Act of 2012 (Pub. L. 112-55, signed November 18, 2011, as amended) ("RAD Statute"); all applicable program requirements and guidance, including without limitation Notice PIH-2012-32, as amended and revised from time to time (the "RAD Notice") or any successor or additional statutes, regulations or guidance; and the terms and conditions set forth below (collectively, the "Program Requirements"). Any conflicts between this Commitment and any other HUD requirements shall be conclusively resolved by HUD. Any capitalized terms used herein but not defined have the meanings given them in the RAD Notice.
2. **Acceptance of Commitment/Expiration.**
  - a. This Commitment shall terminate thirty (30) days from the date executed by HUD unless the PHA and Project Owner execute and return an unaltered copy of this Commitment to HUD, at the address that appears on the last page of this Commitment.
  - b. This Commitment shall not be effective or enforceable against HUD until all conditions stated herein have been satisfied in HUD's determination.
  - c. Unless all conditions stated herein have been satisfied as determined by HUD and the transactions contemplated by this Commitment (collectively, the "Transaction") are closed within 90 days from the date executed by HUD, this Commitment shall, unless extended by HUD in writing, expire and be of no further force or effect. Upon expiration, all rights and obligations of the respective parties shall cease.
3. **Closing Requirements and HUD Approvals.** As used in this Commitment, "Closing" means execution of all binding legal instruments connected to the transaction contemplated by this Commitment and, if applicable, recordation of such instruments. All requirements set forth in this Commitment must be completed to HUD's satisfaction before the Closing can occur. A Closing checklist ("Closing Checklist") is attached hereto as Exhibit E and incorporated herein. The Closing Checklist lists those items HUD has determined necessary to be submitted to and approved by HUD in order for the Closing of this Transaction to occur. Should HUD determine that any other documents or items (in addition to those listed on the Closing Checklist) are necessary to meet the terms of this Commitment or Program Requirements, the PHA and Project Owner agree to provide such documents or other items in such form and substance as acceptable to HUD or to terminate this Commitment and not proceed to Closing. Unless otherwise agreed by HUD, in the case where the Project Owner differs from the PHA, all post-closing requirements and obligations contained herein will apply to the Project Owner after the Closing. Any determination, approval or decision of HUD pursuant to this Commitment shall be in HUD's sole and absolute discretion. Unless otherwise set forth in writing by HUD prior to Closing, HUD's execution and release of the Closing Documents shall constitute any approvals or decisions required herein and not previously given in writing.
4. **Public Housing Requirements.** The PHA and Project Owner acknowledge that the Converting Project remains subject to the United States Housing Act of 1937, its Consolidated Annual

Contributions Contract and any amendments thereto, and all other pertinent Federal statutory, executive orders, regulations and other guidance, as those requirements may be amended from time to time (collectively the "Applicable HUD Requirements"), and shall not be subject to the HAP Contract, until the effective date of the HAP Contract. Unless HUD gives written instructions otherwise, for so long as the Converting Project remains public housing, the PHA and Project Owner shall take all steps necessary to ensure that:

- a. Fire and other property insurance as required under Applicable HUD Requirements are and shall be maintained in full force and effect;
- b. All ordinary and necessary operating expenses pursuant to Applicable HUD Requirements of the Converting Project are and shall be paid; and
- c. The Converting Project remains in compliance with Applicable HUD Requirements, including without limitation all requirements related to the physical condition of the Converting Project and any remedial agreements between HUD and the PHA and remedial judicial or administrative orders, except as expressly modified by this Commitment and/or the Closing Documents.

Upon the Closing, the PHA shall certify in writing that the foregoing requirements have been met through the date of the Closing.

5. **HUD Review of Project Ownership.** The PHA and Project Owner agree that HUD approval of the ownership and control of the Covered Project is a condition of closing. The PHA shall not transfer any ownership interest in the Converting Project prior to the Closing.
6. **Closing Documents.** The PHA and Project Owner shall execute or cause to be produced, as appropriate, such agreements, instruments, certificates and other documents as HUD may require to complete the Transaction (collectively, the "Closing Documents"), using forms prescribed by or acceptable to HUD and completed, executed, recorded and/or filed in the number of copies and in such manner as directed by HUD. Without limiting the foregoing, the Closing Documents may include:
  - a. If applicable, one or more releases or partial releases of the applicable Declaration(s) of Trust or comparable document;
  - b. a RAD Use Agreement (document HUD-52625);
  - c. a Housing Assistance Payments Contract (for PBRA, documents HUD-52620 and HUD-52618; for PBV, HUD-52530A Parts I and II and HUD-52621), including any required exhibits;
  - d. Certifications and assurances; and
  - e. Any additional documents required by HUD in order to determine whether criteria for Closing have been met.
7. **Use Agreement Priority.** A title report must be provided for the Converting Project and Covered Project. In addition, an owner's pro forma title policy may be requested for the Covered Project involving the addition of financing to be secured by the Covered Project. Unless otherwise approved by HUD, the RAD Use Agreement shall be superior to any and all liens and/or encumbrances against the Covered Project, including, without limitation, the lien evidenced by any and all mortgages, deeds of trust and other financing documents and regulatory documents related to the Covered Project (including any LIHTC use agreement). The Project Owner shall obtain consents or subordination agreements, and have such documents executed, as HUD may determine necessary to establish such priority.
8. **Expenses and Transaction Costs.** Except as otherwise set forth in this Commitment, regardless of whether the Transaction is consummated, HUD shall not be responsible for any expenses or transaction costs incurred by or at the direction of the PHA or Project Owner in connection with the Transaction (including without limitation, fees for consultants, attorneys, environmental contractors, tax advisors and accountants; city, county and/or state taxes and/or fees; recording fees, prepayment penalties and/or premiums; costs for title insurance and title examination; surveys and appraisals).
9. **Tax, Financial, and Legal Consequences.** HUD has not provided, nor shall it provide, any opinions, representations, warranties, or covenants to any party regarding any federal, state and/or local tax consequences, financial consequences, or legal consequences relative to the

Transaction. The PHA and Project Owner acknowledge that funding of the contemplated Housing Assistance Payment Contract (HAP Contract) is subject to appropriations.

10. **Certifications, Representations and Warranties by the PHA and Project Owner.** Any statement, certification, representation or warranty made by the PHA or Project Owner in or pursuant to this Commitment is true and correct when given, and shall remain true and correct at all times through and including the Closing. In the event any such statement, certification, representation or warranty is no longer complete or correct, and without limiting HUD's rights and remedies, the PHA or Project Owner, respectively, shall notify HUD in writing immediately. Without limiting the foregoing, the PHA and Project Owner, respectively, hereby represent and certify to HUD and warrant to maintain the veracity through Closing of the following statements:
- All notices required by Program Requirements relating to the transaction have been timely provided to such persons and in a manner complying with applicable Program Requirements.
  - The PHA and the Converting Project continue to meet all program eligibility requirements as stipulated in the RAD Notice.
  - With the exception of any transfers under the PHA's Admissions and Continued Occupancy Policy or as otherwise approved by HUD, the PHA has not relocated any residents of the Converting Project in connection with the Transaction prior to the date this Commitment is executed by all parties.
  - Except as specifically disclosed to and accepted by HUD in writing, neither the PHA nor the Project Owner (including, but not limited to Board Members, principals and executives of the PHA or Project Owner) has any knowledge that it (or any Board Members, principals and executives of the PHA or Project Owner, as applicable) is the current subject of, nor has received any pending notice of, any debarment, suspension or other administrative proceeding, audit or investigation by HUD, including without limitation by the Inspector General, the Departmental Enforcement Center, or the Office of Fair Housing and Equal Opportunity, or any other Federal or state government agency, whether or not sanctions have been imposed against such party.
  - No disclosed debarment, suspension or other administrative proceeding, audit or investigation would impact the PHA's or the Project Owner's ability to carry out its obligations as contemplated under this Commitment.
- Upon the request of HUD, the PHA shall provide HUD with evidence satisfactory to HUD relating to each of the foregoing certifications. Execution of the Closing Documents by the PHA and the Project Owner, respectively, constitute re-certification to HUD of the foregoing statements.
11. **Successors and Assigns.** This Commitment and its attachments are binding upon the PHA, the Project Owner and the successors and assigns of each. Unless otherwise provided herein, this Commitment may not be assigned, in whole or in part, except upon the prior written consent of HUD.
12. **Corrections.** Notwithstanding anything to the contrary contained in this Commitment, the PHA and Project Owner agree to execute, before or after the Closing, such documents, amendments or modifications as HUD deems necessary or appropriate to effectuate the intent of this Commitment or to complete or consummate the Transaction, including but not limited to instruments necessary to correct this Commitment or any of the Closing Documents.
13. **Changes to This Commitment.** HUD has approved a Financing Plan for this transaction. The PHA and Project Owner shall notify HUD of any changes to the terms set forth in the Financing Plan, or any other business terms submitted to HUD. If HUD determines such changes to be material, HUD may require an amendment to this Commitment or other reviews or approvals as HUD determines necessary to account for the changed terms. The final business terms shall be determined as of the Closing and inserted into the applicable Closing Documents. The PHA's and Project Owner's execution of the Closing Documents shall constitute acceptance of the final business terms reflected therein.

#### 14. Sources of Funds.

- a. HUD must review and approve all debt (secured and unsecured) against the Covered Project prior to Closing.
- b. Development Budget. HUD approval of this Transaction is based on the estimated Sources and Uses attached as Exhibit B. Any changes to this Sources and Uses shall be disclosed to HUD and if HUD determines that such changes are material, HUD may require additional review and approvals and/or amendment to this Commitment. PHA and/or Project Owner shall provide HUD with the final certified Sources and Uses upon Closing.
- c. PHA Funds for Development Budget. Where the Transaction includes public housing funds to be contributed by the PHA for uses other than funding the HAP Contract, these funds must be shown on the Sources and Uses. The PHA certifies that all such funds are available and reserved for the Transaction, are irrevocable, and that the PHA has obtained all consents necessary in order for the PHA to commit such funds to the Transaction.
  - i. Prior to Closing, public housing Capital Funds shown in the Sources and Uses must be moved within the HUD Line of Credit Control System (LOCCS) to the "RAD Investment" Budget Line Item (BLI 1504). These funds must be drawn down out of LOCCS at closing and, until they are disbursed for a use shown in the Sources and Uses, made subject to a General Depository Agreement (GDA, form HUD-51999).
  - ii. Until disbursed for a use shown in the Sources and Uses, Public housing Operating Reserves shown in the Sources and Uses must be held in an account or sub-account subject to a GDA.
  - iii. To the extent such funds must be subject to a GDA as described above, the PHA may use a pre-existing GDA if the PHA is making use of separate or segregated accounting. (For example, a PHA may have a pre-existing account for Operating Fund Reserves subject to a GDA and if the converted funds to be used as shown in the Sources and Uses may be adequately separated or segregated for accounting purposes in a sub-account or otherwise remaining subject to the pre-existing GDA, the requirements of this section are fulfilled.) If shown in the
  - iv. Sources and Uses, such funds may be used to satisfy obligations of the Covered Project, including without limitation, funding reserves (for example, to make an initial deposit for a replacement reserve (IDRR)) or payment of construction or other project costs in accordance with this RCC and other project documents. Methods by which the PHA may choose to disburse such funds in accordance with this section include:
    - In a lump sum as a loan to the Project Owner, subject to a loan agreement or other documentation;
    - Incrementally over time as a loan to the Project Owner, subject to a loan agreement or other documentation;
    - In a lump sum to the Project Owner as a grant or otherwise without the expectation of repayment; and/or
    - Incrementally over time to the Project Owner as a grant or otherwise without the expectation of repayment.
- d. No Additional PHA funds. Except for the amounts identified in the Sources and Uses and amounts identified in the HAP Contract to fund the Covered Project in the calendar year of conversion, no public housing funds may be used as an additional source of funds for the Covered Project. By way of illustration and not limitation, after Closing, no public housing funding (including any funds deemed "project funds" or "program income" under public housing regulations) may be used to pay for any costs for any work (Work or other work) done in connection with the Covered Project.

- e. Upon the conversion of assistance, the Converting Project, including any real or personal property thereof, shall no longer be used for public housing purposes, as originally authorized by the U.S. Housing Act of 1937. This Commitment provides instruction for such conversion and the treatment of the Converting Project. Any proceeds of disposition of the Converting Project (or of any real property or improvements that as of the date of this Commitment are considered public housing) in connection with the conversion of assistance contemplated by this Commitment shall be used for affordable housing purposes as defined in the RAD Notice. Any proceeds of any loans of converted public housing funds made in connection with the conversion of assistance contemplated by this Commitment shall be used for affordable housing purposes. Any uses of converted public housing funds listed in the Sources and Uses attached hereto as Exhibit B shall be considered end uses for purposes of 2 CFR Part 200.
15. **Moving to Work Considerations.** Participation in RAD by a Moving To Work (MTW) agency does not reflect a determination that the agency will remain an MTW agency, only a determination that the Covered Project will continue to be a RAD project under the terms of the RAD program.
16. **RAD HAP Contract Funding in Initial Year.** From the effective date of the HAP Contract through the remainder of the calendar year, the Covered Project will be funded only from available public housing amounts obligated prior to the effective date of the HAP Contract and from any additional public housing amounts that HUD obligates in full or in part, subject to the availability of sufficient appropriations, for the remainder of the calendar year in which the HAP Contract becomes effective. **Project Owner acknowledges that this amount for the first year may be less than the contract rent for subsequent years.** During such time, the PHA will draw down funds from LOCCS as instructed by HUD and transfer amounts to the Project Owner as payments pursuant to the HAP Contract in its capacity as or on behalf of the Contract Administrator, as applicable.
17. **RAD Rehab Assistance Payments.** It is anticipated that the Covered Project will be eligible for RAD Rehab Assistance Payments pursuant to its HAP Contract to the extent set forth on the second page of this Commitment.
18. **Section 8 Contract Rents.** Exhibit C sets out the monthly Section 8 contract rents that will be specified in the HAP Contract.
19. **Planned Construction and Rehabilitation.** Exhibit D sets forth the planned construction, repairs and/or rehabilitation for the Covered Project, including any repairs that need to be completed before closing, to be funded in accordance with the Sources and Uses (the "Work").

The Project Owner hereby represents, warrants and certifies to HUD and will update such representation, warranty and certification at Closing, in a form and substance acceptable to HUD, that the sources of funds are sufficient to pay for the Work and that all Work will be completed timely and in accordance with applicable RAD Program Requirements, including without limitation:

- a. The Work will be completed in accordance with:
- i. The more stringent of: (1) any applicable national building code, such as Uniform Building Code, Council of American Building Officials Code, or Building Officials Conference of America Code; or (2) applicable state and local laws, codes, ordinances, and regulations;
  - ii. Other applicable Federal requirements including any Federal fire-safety requirements and HUD minimum property standards (e.g., 24 CFR part 200, subpart S for FHA-insured properties);
  - iii. The relevant requirements of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-484 6), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-485 6), and implementing regulations at 24 CFR part 35, as applicable;

- iv. Notice PIH 2014-17 / H 2014-09, issued July 14, 2014 (and any amendments, revisions or successor documents), "Relocation Requirements under the Rental Assistance Demonstration (RAD) Program, Public Housing in the First Component," which relocation requirements include, as applicable, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and its implementing regulations at 49 CFR Part 24 with regard to any relocation of residents;
  - v. Section 504 of the Rehabilitation Act of 1973 and its implementing regulations at 24 CFR part 8, including but not limited to accessibility standards, with regard to any "substantial alterations" or other "alterations," each as defined in such regulations, as applicable;
  - vi. The design and construction requirements of the Fair Housing Amendments Act of 1988 and its implementing regulations at 24 CFR Part 100.25, as applicable;
  - vii. Section 3 of the Housing Act of 1968 and its implementing regulations at 24 CFR Part 135 and all of the related regulations, rules and requirements as applicable; and
  - viii. Davis-Bacon prevailing wage requirements, section 12 of the United States Housing Act of 1937, and Contract Work Hours and Safety Standards Act, and all of the related regulations, rules and requirements for any repairs that qualify as "construction" or "rehabilitation" as defined in such regulations, rules and requirements.
- b. Any Work not completed by the final completion date listed on page 2 of this Commitment and set forth in the HAP Contract, including any reduction in the scope of Work listed on Exhibit D, unless an extension of such date or such reduction in scope is approved in writing by HUD, constitutes a default of this Commitment and of any HAP Contract entered into with respect to the Covered Project. Upon such default, HUD may terminate this Commitment and/or HUD may take action to terminate the HAP Contract relating to the Covered Project, as provided in the HAP Contract.
  - c. The Project Owner shall not be entitled to withdraw or take any Distributions from the Covered Project until after completion of the Work and certification of the actual cost of the Work.
  - d. To the extent the Work includes new construction or substantial rehabilitation, the PHA and/or Project Owner shall engage a qualified general contractor who shall obtain either (i) a payment and performance bond from a properly licensed surety, which bond and surety shall be acceptable to HUD, or (ii) a letter of credit, acceptable to HUD.
20. **Reserve for Replacements.** The Project Owner shall establish upon Closing a Reserve for Replacements, with an IDRR as set forth in Exhibit B, the Sources and Uses. Monthly deposits into the Reserve for Replacements will be made in the amount set forth on the first page of this Commitment as set forth in the HAP Contract and adjusted annually in accordance with the HAP Contract and Program Requirements.
21. **Counsel.** Closing is conditioned upon review and approval of the Transaction by HUD, including without limitation a legal review and approval of diligence and closing documents. The PHA and Project Owner, if different than the PHA, agree to select competent counsel in connection with this Transaction in a manner that satisfies the applicable rules of professional conduct. Counsel to the PHA and/or Project Owner, as appropriate, must provide a legal opinion with respect to the following matters and any other matters reasonably requested by HUD:
- a. The PHA and Project Owner are each duly organized, validly existing and in good standing under the laws of the applicable jurisdiction(s);
  - b. The PHA and Project Owner each have the requisite power and authority, and have secured all consents required, to consummate the Transaction;
  - c. Each of the Closing Documents executed by or on behalf of the PHA and/or Project Owner in connection with the Transaction is a legally binding obligation of such party, duly executed and delivered on behalf of such party and enforceable in accordance with its terms;
  - d. There is no litigation or other claim pending or threatened against the PHA, Project Owner or the Covered Project other than as disclosed to and consented to by HUD;

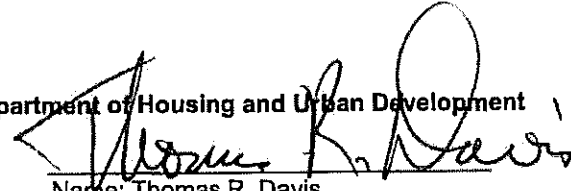
- e. Based upon a pro forma title policy acceptable to HUD and assuming the recordation of documents in the order contemplated by such pro forma title policy, provided counsel has no reason to believe the documents will be recorded in an order other than as listed in such pro forma title policy, the RAD Use Agreement is superior to the lien and/or encumbrance evidenced by any and all mortgages, deeds of trust and other financing documents and regulatory documents of record relating to the Covered Project; and
  - f. All Closing Documents conform with the legal requirements set forth in this RCC and any and all changes to HUD forms or sample language have been disclosed to HUD.
22. **Last public housing unit.** If, upon completion of this RAD conversion and other RAD conversions for which this PHA has an RCC and/or CHAP, the PHA will no longer have residential units in its public housing portfolio, the PHA agrees to comply with additional instructions provided by HUD regarding the close-out of its residential public housing portfolio prior to or after Closing. The PHA acknowledges that failure to comply with HUD instructions may result in withholding Section 8 or other cash payments after Closing pending cure of such violation to HUD's satisfaction.
23. **Non-dwelling assets.** Any non-dwelling assets proposed for removal from PIC in connection with the Transaction must be listed in the PIC removal application (a/k/a Demolition-Disposition Application) identified on the first page of this Commitment and must be approved by HUD.
24. **Special Conditions.** This Commitment is subject to the Special Conditions set forth on Exhibit A.
25. **Exhibits.** The following exhibits are a part of this Commitment and incorporated herein by this reference:
- a. Special Conditions
  - b. Sources and Uses of Funds
  - c. Monthly HAP Contract Rents
  - d. Scope of Work
  - e. Closing Checklist
26. **Entire Agreement; Survival.** The information listed on the chart on the first pages of this Commitment is a part of this Commitment. All prior and contemporaneous oral and written communications are merged herein and superseded hereby, and this Commitment and all exhibits attached constitute the entire agreement between the PHA, Project Owner and HUD with respect to the Transaction. This Commitment, and the responsibilities relating to each respective party, shall survive Closing of the Transaction.
27. **Post-Closing Responsibilities.** The PHA and Project Owner agree to follow the directions of the HUD Closing Coordinator with respect to post-Closing obligations. Without limiting the foregoing, the PHA and Project Owner, as appropriate, will provide evidence of recording of the applicable Closing Documents and copies of any applicable executed HAP contract, recorded Use Agreement, and DOT Release within three (3) business days thereof and will provide copies of the remaining Closing Documents as directed within sixty (60) days of Closing. In addition, the PHA must follow instructions provided by HUD to remove the Converting Project, or portions thereof, from PIC to effect conversion.
28. **Severability.** Should any provision of this Commitment be held by a court of law to be unenforceable, such determination shall in no way compromise the enforceability of the other provisions.
29. **Counterparts.** This Commitment may be executed in counterparts. Electronic copies of signatures (such as those in portable document format (pdf)) shall be evidence of and treated as original signatures.
30. **Consistency with Federal Law.** Nothing contained in this Commitment shall impose on HUD any duty, obligation, or requirement, the performance of which would be inconsistent with federal statutes, rules, or regulations in effect at the time of such performance.

(signature page follows)

Signature Page to RAD Conversion Commitment

Department of Housing and Urban Development

By:



Name: Thomas R. Davis

Title: Director, Office of Recapitalization

Date:

7-26-19

**PHA:** Public Housing Agency of the City of St Paul

Public Housing Agency of the City of St Paul  
Jon M Gutzmann, Executive Director  
555 N Wabasha Street, Suite 400  
St Paul, Minnesota 55102

**Project Owner:**

Public Housing Agency of the City of Saint Paul

Public Housing Agency of the City of St Paul  
Jon M Gutzmann, Executive Director  
555 N Wabasha Street, Suite 400  
St Paul, Minnesota 55102

Date:

\_\_\_\_\_

EXHIBIT A  
Special Conditions

- An acceptable Lead Based Paint (LBP) Operations & Maintenance (O&M) Plan must be submitted to HUD prior to closing.

Necessary HUD Approvals

- The PHA will be required to provide an updated PCA Narrative acceptable to HUD prior to closing.

Additional Provisions to the RCC

Not Applicable

**RCC Exhibit B**

**Sources and Uses Report**

**PHA Name** Public Housing Agency of the City of St Paul  
**PIC Number** MN00100001  
**Transaction Log Last Modified:** 07/11/2019

**Property Name** MCDONOUGH HOMES

<b>Sources</b>	
Hard Debt	\$0.00
Soft Debt	\$0.00
Grants	\$3,095,116.00
Public Housing Operating Reserves	\$2,845,116.00
Public Housing Capital Funds (inc DDTF)	\$250,000.00
Equity	\$0.00

<b>Uses</b>	
Acquisition Costs	\$0.00
Acquisition Land and Buildings	
Payoff Existing Loans and Payables	
Other Acquisition Costs	
Hard Costs	\$0.00
Demolition	
Construction/Rehabilitation	
General Requirements/Overhead/Profit	
Construction/Rehabilitation Contingency	
Builder's Risk Insurance	
Relocation Costs	\$0.00
Soft Costs	
Architectural Design Fee (Plans & Specs)	
Construction Management/Budget Planning Fee	
Engineering Fee	
Feasibility Studies	
Environmental Reports	
Appraisal/Market Study	
Accounting	
Survey	
eCNA Tool	
Title Insurance/Exam Fee, Closing Escrow	
Organizational Costs	
Recordation Fee	
Borrower's Legal Counsel	
Lender's Legal Counsel	
Consultants	
Other Professional Fees	
Other Loan Fees	
FHA Fees (MIP, Application, Inspection)	
Tax Credit Financing Fees	
Prepayment Penalty/Premium	
Payables	
Construction Interest (Not Deferred)	
Construction Loan Fees	
Bond Issuance Cost and Fees	
Permits	
Investor's Legal Counsel	
Bond Legal Counsel	
Permanent Financing Fees	
Furniture, Fixtures & Equipment	
Marketing & Lease Up	
Reserves	\$3,095,116.00
Initial Deposit to Replacement Reserve	\$250,000.00
Initial Operating Deficit Escrow	
Operating Reserve	\$2,845,116.00
Tax and Insurance Escrow	
Lease-Up Reserve	
Other Reserves:	
Developer Fees	

<b>TOTAL SOURCES:</b>	<b>\$3,095,116.00</b>	<b>TOTAL USES:</b>	<b>\$3,095,116.00</b>
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**EXHIBIT C**  
**Monthly HAP Contract Rents**

<u>Number of Contract Units</u>	<u>Number of Bedrooms</u>	<u>Contract Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>
0	0	\$0.00	\$0.00	\$0.00
35	1	\$563.00	\$91.00	\$654.00
270	2	\$707.00	\$116.00	\$823.00
169	3	\$1,009.00	\$153.00	\$1,162.00
90	4	\$1,182.00	\$173.00	\$1,355.00
28	5	\$1,360.00	\$205.00	\$1,565.00
0	6	\$0.00	\$0.00	\$0.00

**EXHIBIT D**  
**Scope of Work**

*(List all work to be done in connection with the Transaction that needs to be completed before Closing)*

Not Applicable

*(List all work to be done in connection with the Transaction following Closing)*

Not Applicable

EXHIBIT  
Closing Checklist  
See Attached

# Rental Assistance Demonstration Closing Overview & Checklist: Project Based Rental Assistance (PBRA) Conversions

In the following four sections, this document provides an overview of the RAD closing process and instructions on the document submission requirements for PBRA conversions:

- 1) General overview of the closing process;
- 2) Quick reference closing document checklist;
- 3) Full checklist with detailed descriptions and information on each submission requirement.
- 4) Instructions for uploading the draft closing package to the RAD Resource Desk

## Part 1: General Overview of the Closing Process for PBRA Conversions

### Assignment of a RAD Closing Coordinator, HUD Field Counsel & HUD Multifamily Account Executive

Upon issuance of the RAD Conversion Commitment (RCC), the RAD Closing Coordinator will serve as your main point of contact during the closing process. The RAD Closing Coordinator will contact you with instructions and will provide you with the name of the assigned HUD Field Counsel and HUD Multifamily Account Executive. The Closing Coordinator will also arrange a kick-off call with internal and external parties to discuss the closing process, timelines and other topics as needed. For additional information on the RAD closing process, please see the "Closing Process for RAD Public Housing Conversions" webinar on [www.radresource.net](http://www.radresource.net).

### Required Closing Documents

A full list of closing documents is shown in Part 2. Not all documents are applicable in all closings. Use the full checklist in Part 3 to understand what's needed for your specific closing document submission. Discuss any questions you may have regarding applicability of documents with your RAD Closing Coordinator and HUD Field Counsel. The latest version of HUD documents and templates can be found in the Closing section of the Document Library on the RAD Resource Desk, [www.radresource.net/doclibrary.cfm](http://www.radresource.net/doclibrary.cfm). Copies of HUD Multifamily forms can be found on [HUDCLIPS](#).

### \*NEW\* Closing Package Submission

You must submit two copies of the draft closing package, one to your assigned RAD Closing Coordinator and one to your assigned HUD Field Counsel. **As of September 10, 2018, all draft closing package submissions to your RAD Closing Coordinator must be uploaded via [www.radresource.net](http://www.radresource.net). Upload instructions can be found in Part 4 of this document. Your assigned HUD Field Counsel will still need to receive a copy of the draft closing package, either via email, CD, or hardcopy.** Please contact your assigned HUD Field Counsel for their submission instructions. Only complete draft closing packages will be reviewed. The draft closing package should be submitted to both parties within two weeks of RCC issuance and no later than two months following RCC issuance. Failure to submit a closing package within two months will result in your transaction being placed in "Delayed Submission" status where it will be unassigned for your closing coordinator and HUD counsel and your RCC will be at risk of being withdrawn by HUD.

### Closing Package Review

Upon receipt of a complete closing package, the RAD Closing Coordinator and HUD Field Counsel will review, provide comments, and work with you to finalize all required documents in order to close. For the purposes of RAD, the closing date is the date of recording. You will receive instructions from your RAD Closing Coordinator regarding documents required to be submitted after closing as part of the final closing docket. Note: FHA-RAD Closings will follow the existing FHA requirements and closing process with the addition of a RAD Closing Coordinator who will review the RAD-specific documents.

### Additional Guidance and Requirements for PBRA RAD Conversions

Please note that this closing checklist only pertains to the closing of the RAD conversion and that there are additional requirements that the PHA and/or new ownership entity must fulfill as part of the conversion from Public Housing to Multifamily Housing including leases, submitting 50058 End of Participation prior to the effective date of the RAD PBRA HAP contract, completing the 50059s, obtaining access to HUD systems, etc. Please refer to "RAD's Quick Reference Guide to Multifamily Housing Requirements" which can be found in the Document Library on [www.radresource.net](http://www.radresource.net).

### FDS Reporting Requirements for all RAD Conversions

Projects converting to RAD will experience a series of reporting changes based on the timing of the conversion. Consult PIH-REAC PHA Financial Accounting Brief #22: FDS Reporting Requirements for Projects Converting Under RAD. A copy can be found in the Document Library on [www.radresource.net](http://www.radresource.net).

### Important Reminder -for PHAs Leaving Public Housing

If this RAD conversion represents the PHA's last remaining public housing units, consult [PIH Notice 2016-23](#) for specific requirements and guidance for leaving the Public Housing program.

**Rental Assistance Demonstration Closing Overview & Checklist: Project Based  
Rental Assistance (PBRA) Conversions  
Part 2: Quick Reference Closing Document Checklist for PBRA RAD Conversions**

No.	Document	Included
1	Closing Contact List	<input type="checkbox"/> Yes <input type="checkbox"/> No
2	Fully executed RAD Conversion Commitment (HUD Form 52624)	<input type="checkbox"/> Yes <input type="checkbox"/> No
3	Evidence of Completion of RAD Conversion Commitment Special Conditions	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
4	Request to Amend the RAD Conversion Commitment	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
5	RAD Use Agreement (HUD Form 52625)	<input type="checkbox"/> Yes <input type="checkbox"/> No
6	RAD PBRA HAP Contract a) Part 1 (HUD Form 52620), including all exhibits b) Part 2 (HUD Form 52618)	<input type="checkbox"/> Yes <input type="checkbox"/> No
7	Declaration(s) of Trust/Declaration(s) of Restrictive Covenants and any title encumbrance and/or exception documents	<input type="checkbox"/> Yes <input type="checkbox"/> No
8	Release(s) of Declaration(s) of Trust and/or Declaration(s) of Restrictive Covenants	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
9	Title Pro Forma and/or Title Report	<input type="checkbox"/> Yes <input type="checkbox"/> No
10	Survey and Site Plans	<input type="checkbox"/> Yes <input type="checkbox"/> No
11	Sources & Uses	<input type="checkbox"/> Yes <input type="checkbox"/> No
12	Consolidated Owner Certification	<input type="checkbox"/> Yes <input type="checkbox"/> No
13	Certification and Assurances	<input type="checkbox"/> Yes <input type="checkbox"/> No
14	Opinion of Project Owner's Counsel (post-conversion owner)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
15	Opinion of PHA's Counsel	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
16	Rental Schedule (HUD Form 92458)	<input type="checkbox"/> Yes <input type="checkbox"/> No
17	Project Owner's/Management Agent's Certification (HUD Form 9839)	<input type="checkbox"/> Yes <input type="checkbox"/> No
18	Management Entity Profile (HUD Form 9832)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
19	Property Management Agreement	<input type="checkbox"/> Yes <input type="checkbox"/> No
20	Evidence of Required Amount of Fidelity Bond Coverage	<input type="checkbox"/> Yes <input type="checkbox"/> No
21	Tenant Leases (sample)	<input type="checkbox"/> Yes <input type="checkbox"/> No
22	RAD Delayed Conversion Agreement (PBRA) (formerly known as the New Construction Agreement)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
23	Master Lease/Tenancy Addendum	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
24	Organizational Documents for New Ownership Entity a) Organizational chart and list of key partners/principals b) Articles of Organization; By-Laws; Partnership Agreement (as applicable) c) Certificate of Existence, Certificate of Good Standing, or similar document from the Secretary of State providing the legal name of the Project Owner	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
25	Amendments/Releases of Existing Mixed Finance Documents a) Termination of Mixed Finance Amendment to the ACC b) Termination of Regulatory and Operating Agreement (R&O Agreement) c) Lender and PHA Subordination Agreements, as applicable	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
26	Deed	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
27	Ground Lease and Memorandum of Ground Lease	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
28	Evidence of Payoff, Release or Subordination of Existing Debt	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
29	Restrictive Covenants and Land Use Restrictions	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
30	General Depository Agreement (HUD Form 51999)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
31	First Mortgage Financing Documentation a) Note b) Mortgage/Deed of Trust c) Intercreditor/Subordination Agreement	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
32	New Junior Debt Supporting Documentation a) Note	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

**Rental Assistance Demonstration Closing Overview & Checklist: Project Based  
Rental Assistance (PBRA) Conversions**

	b) Mortgage/Deed of Trust c) Intercreditor/Subordination Agreement	
33	Bond Financing Documentation a) Documentation that issuance of the bonds has been authorized b) Firm Commitment to purchase the bonds	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
34	LIHTC Equity Documentation a) Equity Commitment, including the pay-in schedule b) LIHTC Reservation Letter	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
35	New Construction or Substantial Rehabilitation Documentation a) Evidence that the General Contractor has obtained either (i) a payment and performance bond from a properly licensed surety; or (ii) a letter of credit b) Owner Completion Guarantee Agreement	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
36	HUD Form(s) 50075.1 with Budget Line Item 1504	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
<b>DOCUMENTS TO BE SUBMITTED IMMEDIATELY AFTER CLOSING</b>		
37	HUD Form 50075.1 with Budget Line Item 1503 and Initial Year Funding Tool	<input type="checkbox"/> Yes <input type="checkbox"/> No
38	Form 50058 End of Participation (EOP)	<input type="checkbox"/> Yes <input type="checkbox"/> No
39	Recorded Release of Declaration(s) of Trust/Declaration(s) of Restrictive Covenant and Use Agreement; fully executed HAP Contract, Certification and Assurances	<input type="checkbox"/> Yes <input type="checkbox"/> No
40	Post Closing Docket	<input type="checkbox"/> Yes <input type="checkbox"/> No

**Rental Assistance Demonstration Closing Overview & Checklist: Project Based  
Rental Assistance (PBRA) Conversions  
Part 3: Full Closing Checklist for PBRA Conversions**

No.	Document	Applicability	Notes and Instructions
1	RAD Closing Contact List	Always	<ul style="list-style-type: none"> <li>• Provide this list to your RAD Closing Coordinator as soon as possible and no later than with the submission of your draft closing package.</li> <li>• The list should include full contact information for all parties that will be involved in the closing including - but not limited to- PHA, Project Owner, Existing Owner (if different from the PHA or Proposed Project Owner), PHA counsel, Project Owner's Counsel, Lender's Counsel, Escrow Agent, etc.</li> </ul>
2	RAD Conversion Commitment (RCC) – HUD Form 52624 (fully executed)	Always applicable	<ul style="list-style-type: none"> <li>• <b>Execution/Termination/Extensions:</b> <ul style="list-style-type: none"> <li>○ Must be fully executed by authorized representatives of the PHA, Project Owner, and Existing Owner (if different entities) within 30 days of issuance or the RCC will be terminated and must be reissued.</li> <li>○ For existing Mixed Finance conversions where the PHA is not the current owner, the PHA must still execute the RCC as an acknowledging party.</li> <li>○ Note that the RCC expires 90 days after issuance unless extended by HUD. RCC extension requests should be sent to your assigned RAD Closing Coordinator in advance of expiration.</li> </ul> </li> <li>• <b>Return/Submission of Fully Executed RCC:</b> <ul style="list-style-type: none"> <li>○ Upload a copy of the fully executed RCC within 30 days of issuance to the RAD Resource Desk. It should be uploaded as Item 2, Fully Executed RCC, in the Closing Document Upload section</li> </ul> </li> <li>• <b>Changes/Amendments:</b> <ul style="list-style-type: none"> <li>○ No changes to the RCC language are allowed.</li> <li>○ If you believe corrections are needed to the HUD-executed RAD Conversion Commitment please contact your RAD Transaction Manager and RAD Closing Coordinator immediately; HUD may process an amendment to the RCC to incorporate the corrections applicable. The HUD-executed RCC must still be countersigned within the 30-day timeframe.</li> <li>○ If terms outlined in the RCC have changed, submit a request to your RAD Closing Coordinator outlining the requested changes. See item #4 in this closing checklist for information on submitting RCC amendment requests.</li> <li>○ HUD expects your transaction to close within 90 days. If an extension is warranted, please contact your RAD Closing Coordinator.</li> </ul> </li> </ul>
3	Evidence of Completion of RAD Conversion Commitment Special Conditions	Conversions with special conditions listed in the RCC.	Upload relevant documentation pertaining to any Special Conditions. Work with your Closing Coordinator to ensure all conditions are satisfied prior to closing. Any certifications can be included in the Consolidated Owner Certification.

## Rental Assistance Demonstration Closing Overview & Checklist: Project Based Rental Assistance (PBRA) Conversions

4	Requests to Amend the RAD Conversion Commitment	Applicable if proposing changes to the RCC for corrections or revisions	<ul style="list-style-type: none"> <li>• Not required to be submitted with the draft closing package but should be submitted as soon as possible.</li> <li>• An RCC amendment may be required whenever there is a change to the RCC or its' exhibits, including Sources &amp; Uses.</li> <li>• Any changes to the Sources &amp; Uses or financing terms require an update to the Transaction Log on <a href="http://www.radresource.net">www.radresource.net</a>.</li> <li>• Please discuss any requested amendments with your RAD Closing Coordinator.</li> <li>• The RCC amendment request should be uploaded to the RAD Resource Desk and should detail all requested changes and justifications as appropriate.</li> </ul>
5	RAD Use Agreement – HUD Form 52625	Always applicable	<ul style="list-style-type: none"> <li>• <b>Parties:</b> The Project Owner and HUD are parties to the Use Agreement. If there is a ground lease, the fee owner (generally the PHA) and the Project Owner <u>both</u> execute the Use Agreement. Prepare HUD's signature block for the Director, Office of Recapitalization. Include a Washington, D.C. notary block. Your assigned RAD Closing Coordinator can provide you with a copy of the appropriate signature block if needed.</li> <li>• <b>Legal Description:</b> Unless there is a transfer of assistance, the legal description on the Use Agreement(s) will generally cover all property released from DOT. Where assistance is being transferred to a different site, ensure that the Use Agreement encumbers the Covered Project (the project that will be receiving Section 8 subsidy), not the Converting Project (current public housing project).</li> <li>• <b>Term:</b> Ensure that the initial term of the Use Agreement matches the approved HAP contract term.</li> <li>• <b>Local Recording Requirements:</b> The Use Agreement must contain all formalities required for recording a deed in the jurisdiction of recordation (i.e., notary/acknowledgement, seal, etc.).</li> <li>• <b>Priority:</b> The RAD Use Agreement must be superior to all financing documents (including FHA-insured mortgages).</li> <li>• <b>Partial vs Full Release:</b> If the DOTs/DORCs are being partially released, include the word "partially" in the reference to that DOT/DORC Release in the Use Agreement; if the DOTs/DORCs are being fully released, include the word "fully" in the reference to that DOT/DORC Release.</li> <li>• <b>No changes to the form are allowed</b> (other than changes to the signature pages to reflect state recording requirements).</li> <li>• Include the Covered Project's name and PBRA HAP project number.</li> </ul>

## Rental Assistance Demonstration Closing Overview & Checklist: Project Based Rental Assistance (PBRA) Conversions

6	<b>RAD PBRA HAP Contract</b> a) Part 1 - HUD Form 52620 b) Part 2 - HUD Form 52618	Always applicable	<ul style="list-style-type: none"> <li>• Completed by PHA/Owner's Counsel.</li> <li>• No changes to the boilerplate HAP contract language are permitted.</li> <li>• If applicable, HUD will provide the Rehab Assistance Payment in the RCC to be input in Part 2 of the PBRA HAP Contract.</li> <li>• Exhibit 2 to the RAD PBRA HAP is the Affirmative Fair Housing Marketing Plan (AFHMP), HUD Form 935.2A. This form should be completed and submitted to the local Multifamily Field Office at the Financing Plan stage. The draft closing package should include the final approved copy of the Plan or an indication that it is in process. Projects are permitted to close without an approved AFHMP; in those cases, the draft AFHMP plan should be attached with a cover page that says "Draft – The attached Affirmative Fair Housing Marketing Plan (AFHMP) has been submitted to HUD for review. No marketing or leasing is permitted until approval of the AFHMP by HUD. Marketing or leasing includes the solicitation, distribution or acceptance of applications or development of a waiting list."</li> <li>• The HAP Contract effective date must be the first day of either the first or second month following closing; for example, for a 9/3/16 closing, the HAP contract effective date should be 10/1/16 or 11/1/16.</li> <li>• Labor Standards Addendum (HUD Form 5679) must be attached to the HAP contract as Exhibit 3.</li> </ul>
7	<b>Declaration of Trust and any title encumbrance and/or exception documents</b>	Always applicable	<ul style="list-style-type: none"> <li>• Provide a copy of any Declarations of Trust and/or Declarations of Restrictive Covenants in force, with their recording information, even if they are not shown on the Title Pro Forma.</li> <li>• Submit any documents referenced in the legal description for the project (i.e. Plat/Parcel Map, etc.)</li> <li>• Along with the title report and/or pro forma, provide a copy of all title exceptions and encumbrances</li> </ul>
8	<b>Release of the Declaration of Trust (DOT) and/or Declaration of Restrictive Covenants (DORC)</b>	Unless approved by HUD in accordance with RAD requirements, only property that is part of the Covered Project (the project that will receive PBV or PBRA assistance and will be covered by the RAD Use Agreement) is eligible for DOT/DORC Release through RAD.	<ul style="list-style-type: none"> <li>• There is a HUD-approved sample form found on <a href="http://www.radresource.net">www.radresource.net</a> but variations are allowed.</li> <li>• If all land encumbered by the DOT/DORC is not converting through this transaction, ensure that the title and body of the document indicate that it is a <i>partial</i> release. If all land encumbered by the DOT/DORC is converting through this transaction, ensure that the title and body of the document indicate that it is a <i>full</i> release.</li> <li>• If non-dwelling buildings and/or vacant land are associated with the Covered Project, the PIH Field Office must determine whether such assets may be released per the RAD Notice.</li> <li>• When there is a phased conversion of a public housing project, HUD will look to the deal specifics to determine which property, if any, will be released from the DOT/DORC. In such situations, consult with HUD prior to submitting a draft closing package.</li> <li>• Ensure that the Release fulfills state recording requirements.</li> <li>• Prepare HUD's signature page for the General Deputy Assistant Secretary for Public and Indian Housing. Include a Washington, D.C. notary block, and a witness statement/signature line below the signature block.</li> <li>• The legal description should identically match the legal description used in the title work. Any deviations must be explained to the satisfaction of HUD.</li> </ul>

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9	<p><b>Title Pro Forma and/or Title Report</b> All proposed recorded documents must be listed in proper order.</p>	<p>Always applicable</p>	<ul style="list-style-type: none"> <li>• Include a title report (always) and Owner's Pro Forma Policy (if applicable)</li> <li>• In cases where there is a transfer of assistance, title work must be provided for both the Converting Project and the Covered Project.</li> <li>• The title search must search back at least to the vesting deed to the PHA.             <ul style="list-style-type: none"> <li>○ If the title work reveals that a Converting Project is not covered by the appropriate current DOT/DORC, a DOT/DORC may need to be recorded. Please contact your RAD Closing Coordinator for further instruction. The current versions of the DOTs for Development and Modernization are available at <a href="http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/forms/hud5">http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/forms/hud5</a>.</li> <li>○ Financial Liens and usc restrictions must be subordinated to the RAD Use Agreement or released. All other encumbrances must also be subordinated unless HUD determines, in its sole discretion, that the encumbrance will not negatively impact the Covered Project.</li> </ul> </li> <li>• If a title policy will be issued, provide a copy of the pro forma and a copy of the final policy (when issued) to HUD Field Counsel.</li> <li>• If no new debt is proposed as part of the RAD conversion and no party is receiving a title policy, a title report is acceptable. Ensure that the title report is dated within 30 days of when the HUD Field Counsel receives the complete draft package. Depending on the amount of time the deal takes to close, HUD Field Counsel may require an updated title report.</li> <li>• The legal description on the pro forma, title report and Use Agreement must precisely match. If this description does not match the DOT legal description, sufficient evidence must be provided for the HUD Field Counsel to determine (in her sole discretion), that the descriptions cover the same property.</li> <li>• Documents may be recorded in the following order:             <ul style="list-style-type: none"> <li>○ Release of DOT/DORC (if applicable)</li> <li>○ Deed or Memorandum of Ground Lease (ground lease or memo of ground lease must contain HUD required provisions subordinating to the Use Agreement)</li> <li>○ RAD Use Agreement (always applicable)</li> <li>○ Mortgages and Use Restrictions (as applicable)</li> </ul> </li> <li>• <i>RAD-FHA conversions:</i> <ul style="list-style-type: none"> <li>○ <i>The RAD Use Agreement must appear on schedule B-1 of the title policy.</i></li> <li>○ <i>Include only the lender's pro forma in the draft closing package unless HUD Counsel specifically requests to also receive the title commitment or title report.</i></li> </ul> </li> </ul>
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10	Survey and Site Plans	Always applicable	<ul style="list-style-type: none"> <li>• A <u>hard copy full-sized survey</u> of the Covered Project must be included in the draft RAD closing Package sent to the HUD Field Counsel. If DOTs or DORCs will be released from the Converting Project, a full-sized survey must also be provided for the Converting Project. <ul style="list-style-type: none"> <li>◦ If a recent survey is available, include a full-sized copy in the draft closing package submitted to HUD Field Counsel. If a recent survey is unavailable, there is no change to the existing footprint of buildings and no party is requiring a new survey, an old survey may be acceptable at HUD Field Counsel's sole discretion.</li> </ul> </li> <li>• Site plans are encouraged and must be submitted for new construction.</li> <li>• <i>If the transaction also involves FHA financing, the Covered Project's survey must comply with all FHA requirements.</i></li> <li>• Discuss any concerns regarding the survey requirements with your HUD Field Counsel.</li> </ul>
11	Sources & Uses	Always applicable	<ul style="list-style-type: none"> <li>• Final executed Sources &amp; Uses must be submitted prior to closing.</li> <li>• If the Sources &amp; Uses are changing prior to closing from what's shown in the RCC exhibit, the RCC may need to be amended. Check with your RAD Closing Coordinator.</li> <li>• Any change to the Sources &amp; Uses or key terms requires an update to the RAD Transaction Log "As Closed" column on <a href="http://www.radresource.net">www.radresource.net</a></li> </ul>
12	Consolidated Owner Certification	Always applicable	<ul style="list-style-type: none"> <li>• This document includes required certifications and can be tailored to include any requirements/special conditions noted in the RCC.</li> <li>• A draft of this document must be submitted for review and approval as part of the draft closing package.</li> <li>• Prior to closing, a PDF of the fully executed certification must be sent to your Closing Coordinator.</li> <li>• See sample template available for download on <a href="http://www.radresource.net">www.radresource.net</a>. The certification is frequently updated so please reference the latest version posted online.</li> </ul>
13	Certification and Assurances	Always applicable	<ul style="list-style-type: none"> <li>• All submitted closing documents must be listed.</li> <li>• A draft of this document must be submitted for review and approval and then executed prior to or at closing;</li> <li>• The executed version must be submitted to HUD Field Counsel within 3 days of closing. Attach redlines to the executed version showing changes made to the documents listed since sign-off by HUD.</li> <li>• See sample template available for download on <a href="http://www.radresource.net">www.radresource.net</a>.</li> <li>• The document should reflect the following recording order: <ol style="list-style-type: none"> <li>1. [Partial or Full] Release of Declaration of Trust or Declaration of Restrictive Covenants (if applicable)</li> <li>2. Deed or Memorandum of Ground Lease</li> <li>3. RAD Use Agreement (always applicable)</li> <li>4. Mortgages and/or Use Restrictions (if applicable)</li> </ol> </li> </ul>
14	Opinion of Project Owner's Counsel (Post-Conversion Owner)	Applicable if the PHA will not retain ownership.	<ul style="list-style-type: none"> <li>• If the PHA will not retain complete, direct ownership of the Covered Project after conversion, opinions are required by both Post-Conversion Owner's Counsel and PHA's Counsel.</li> <li>• A template containing HUD-required language is available on <a href="http://www.radresource.net">www.radresource.net</a>.</li> </ul>

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15	Opinion of PHA's Counsel	Applicable if the PHA will not retain ownership.	<ul style="list-style-type: none"> <li>If the PHA will not retain complete, direct ownership of the Covered Project after conversion, opinions are required by both Post-Conversion Owner's Counsel and PHA's Counsel.</li> <li>A template containing HUD-required language is available on <a href="http://www.radresource.net">www.radresource.net</a>.</li> </ul>
16	Rental Schedule - HUD Form 92458	Always applicable	Available for download on <a href="#">HUDCLIPS</a>
17	Project Owner's/Management Agent's Certification - HUD Form 9839	Always applicable	<ul style="list-style-type: none"> <li>Available for download on <a href="#">HUDCLIPS</a></li> <li>Be sure to select the correct version (9839-A, 9839-B or 9839-C) depending on your Management Agent structure. Discuss any questions with your assigned Multifamily Account Executive.</li> </ul>
18	Management Entity Profile - HUD Form 9832	Always applicable	Available for download on <a href="#">HUDCLIPS</a>
19	Property Management Agreement	Required on all conversions unless self-managed.	Include a copy of the agreement in the draft closing package.
20	Evidence of Required Amount of Fidelity Bond Coverage	Always applicable	See HUD Handbook 4381.5, Section 2.14 for requirements
21	Tenant Leases	Always applicable	<ul style="list-style-type: none"> <li>Provide the form of lease and any addendums</li> <li>Use the HUD Form Model Lease (Form HUD-90105a). Available for download on <a href="#">HUDCLIPS</a></li> <li>Appendix 1E of the RAD Notice must be attached as part of the "House Rules" and must control notwithstanding any other provision of the lease.</li> <li>Must not contain provisions challenging RAD's tenant rights of return and grievance procedures</li> <li>Prior to package submission, consult with Recap on HUD's current guidance related to Tenant Leases</li> </ul>
22	RAD Delayed Conversion Agreement (PBRA) (formerly known as the New Construction Agreement)	For conversions in which the assistance is being transferred to a new site and tenants will remain in their current units until construction of the new site is completed. In this scenario, a PHA may choose a Delayed Conversion Agreement (#22) or Master Lease/Tenancy Addendum (#23).	<ul style="list-style-type: none"> <li>The existing public housing units will continue to receive public housing subsidy and remain subject to PIH requirements until construction is complete.</li> <li>The PBRA HAP contract is not executed at closing; it is executed and becomes effective at the time that tenants transfer to the new site. The PHA/Owner should still submit a copy of the RAD PBRA HAP Contract and all exhibits for review as part of the draft closing package (as exhibits to the Delayed Conversion Agreement).</li> <li>Although the HAP contract is not executed at closing, the RAD Use Agreement is recorded against the Covered Project at closing.</li> <li>The Converting Project's DOTs are not released.</li> <li>The required Delayed Conversion Agreement template is available on <a href="http://www.radresource.net">www.radresource.net</a>.</li> </ul>

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23	<b>Master Lease/Tenancy Addendum</b>	<p>For conversions in which the assistance is being transferred to a new site and tenants will remain in their current units until construction of the new site is completed. In this scenario, a PHA may choose a Delayed Conversion Agreement (#22) or Master Lease/Tenancy Addendum (#23).</p>	<ul style="list-style-type: none"> <li>• In transactions involving new construction and a transfer of assistance, if residents are remaining in the Converting Project until the Covered Project is constructed, the parties may elect to enter into a Master Lease between the PHA and Project Owner for leasing the Converting Project. (The other option for this scenario is execution of a Delayed Conversion Agreement – see above)</li> <li>• Under the Master Lease, the RAD conversion occurs at closing, the Converting Project's dwelling units are removed from PIC at closing and a HAP contract is entered into at the time of closing.</li> <li>• Through the Master Lease, the Project Owner leases the tenants' units from the PHA and then subleases the units to the tenants (who are now Section 8 tenants).</li> <li>• There is a HUD-approved Master Lease template. A Tenancy Addendum may be used in lieu of a Master Lease.</li> <li>• The PHA should be aware of the limitations on the use of federal funds created by use of the Master Lease structure. For example, if there is an indemnification provision, the PHA cannot use federal funds to fulfill those obligations.</li> </ul>
24	<b>Organizational Documents for New Ownership Entity</b> a) Organizational chart & List of Key Partners/Principals b) Articles of Organization; By-Laws; Partnership Agreement (as applicable) c) Certificate of Existence, Certificate of Good Standing, or similar document from the Secretary of State providing the legal name of the Project Owner.	<p>Required when the Covered Project Owner is not the PHA; even if the PHA is transferring ownership to an instrumentality, the instrumentality's ownership documents must be provided.</p>	<ul style="list-style-type: none"> <li>• The entity must be validly formed and its term of existence must be at least as long as the HAP contract.</li> <li>• With the exception of LIHTC deals, the organizational documents must establish PHA or non-profit ownership/control. This statutory requirement is satisfied if:               <ul style="list-style-type: none"> <li>○ The PHA is retaining ownership of the project.</li> <li>○ The Project Owner is an entity in which the PHA is the sole owner or member.</li> <li>○ The Project Owner is organized as a nonprofit entity (it need not be a 501(c)(3) entity).</li> </ul> </li> <li>• In LIHTC deals, PHA control may be established through the owner's organizational documents or the ground lease.               <ul style="list-style-type: none"> <li>○ If control is established through the organizational structure, use the HUD required provisions. (Note: these provisions are distinct from the provisions that must be included in the organizational documents for FHA deals)</li> <li>○ If control is established through a ground lease, the ground lease must contain the ground lease control provisions available on the RAD Resource Desk.</li> <li>○ Discuss any proposed alternative method of establishing PHA control with HUD Field Counsel prior to submission of a draft closing package.</li> </ul> </li> </ul>
25	<b>Amendments/Releases of Existing Mixed Finance Documents (if applicable)</b> a) Release of Declaration of Restrictive Covenants (DORC) b) Termination of Mixed Finance Amendment to the ACC c) Termination of Regulatory and Operating Agreement (R & O Agreement) d) Lender and PHA Subordination Agreements (if applicable)	<p>Applicable where the Converting Project is an existing Mixed Finance Project.</p>	<ul style="list-style-type: none"> <li>• For DORC Releases, follow the procedure and requirements discussed above for DOT Releases.</li> <li>• The Termination of the Mixed Finance Amendment to the ACC is signed by the appropriate PIH Field Office. Once the draft documents have been deemed legally acceptable, your RAD Closing Coordinator will work with the PIH Field Office to obtain the appropriate signature.</li> <li>• If there is a partial conversion of a Mixed Finance Project, with some of the project's units remaining as public housing, the MF Amendment is <i>not</i> terminated; instead, an amendment must be prepared in HQ's Office of Public Housing Investments.</li> <li>• Termination of the ACC Amendment and Termination of the R &amp; O Agreement are posted to <a href="http://www.radresource.net">www.radresource.net</a>.</li> </ul>

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26	<b>Deed</b>	Applicable if title to the property is being conveyed.	<ul style="list-style-type: none"> <li>• When the deed conveys fee simple to the Covered Project Owner, it can contain no reversionary clauses, conditions subsequent or similar provisions; the deed must be for fee simple unless the PHA is ground leasing the land to the Covered Project Owner and simply deeding the improvements.</li> <li>• The deed cannot be a Quitclaim Deed.</li> <li>• The legal description must match the title policy/title report and RAD Use Agreement.</li> </ul>
27	<b>Ground Lease and Memorandum of Ground Lease</b>	Applicable if the property will be subject to a ground lease.	<ul style="list-style-type: none"> <li>• If the Ground Lease is not recorded, submit both the Ground Lease and a Memo of Ground Lease.</li> <li>• Use the HUD-required provisions.</li> <li>• The legal description must match the title policy/title report and RAD Use Agreement.</li> <li>• The Ground Lease must be subordinated to the RAD Use Agreement in accordance with HUD requirements.</li> <li>• In deals where the Covered Project is already covered by a ground lease, the lease must be amended to include the HUD-required provisions unless otherwise approved by HUD.</li> <li>• The lease term must be at least as long as the HAP contract.</li> </ul>
28	<b>Evidence of Payoff, Release or Subordination of Existing Debt</b>	Required if there is an existing EPC, CFFP, OFFP, or other form of debt that will be paid off or subordinated at closing.	<ul style="list-style-type: none"> <li>• Provide evidence that the existing debt has been or will be paid off in conjunction with RAD closing. Existing debt being paid off in conjunction with the RAD closing should be shown on the Sources &amp; Uses.</li> <li>• If existing debt is not being paid off at or prior to closing, the debt must be subordinated to the RAD Use Agreement in conformance with HUD guidance.</li> <li>• See the HUD-approved Subordination Agreement form on <a href="http://www.radresource.net">www.radresource.net</a>.</li> </ul>
29	<b>Restrictive Covenants and Land Use Restrictions</b>	Applicable in all deals with land restrictions	<ul style="list-style-type: none"> <li>• Restrictions must be subordinate to the RAD Use Agreement</li> <li>• For non-FHA transactions, use the HUD-approved RAD Subordination Agreement or ensure that the substantive provisions of the template are included in the Restrictive Covenants document.</li> <li>• Restrictions cannot impact the right of tenants to remain in or return to the property after conversion</li> <li>• <i>For FHA transactions, use the FHA Subordination Agreement or other appropriate form per FHA requirements</i></li> </ul>
30	<b>General Depository Agreement - GDA (Form 51999) Latest version of GDA form is dated 10/2014</b>	Required if Public Housing funds are being used as a source of funds and not being disbursed to Project Owner for an approved use at closing.	<ul style="list-style-type: none"> <li>• Consult your RAD Closing Coordinator for specific guidance and requirements.</li> <li>• Public Housing funds used in the transaction must be shown on the Sources and Uses and are subject to a GDA until they are disbursed for the approved use. Once disbursed, the funds need not be subject to a GDA.</li> <li>• Once the funds are transferred from an account held by the PHA to an account held by the Project Owner, such funds are considered disbursed for purposes of whether a GDA is required.</li> <li>• Until disbursed, public housing funds to be used in the transaction must be held in a segregated account or sub-account. If such account is already subject to a GDA, no new GDA is required.</li> <li>• If a new GDA is required, no changes to the HUD form are permitted.</li> <li>• No changes to the HUD form are permitted, other than those allowed for in the form itself.</li> <li>• <i>Not required for transactions with FHA financing. Follow FHA guidelines.</i></li> </ul>

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31	<b>First Mortgage Financing Documentation:</b> a) Note b) Mortgage/Deed of Trust c) Intercreditor / Subordination Agreement	Required for all conversions obtaining first mortgage financing.	<ul style="list-style-type: none"> <li>• New financing documents must be recorded after and explicitly subordinated to the RAD Use Agreement</li> <li>• For non-FHA transactions, use the HUD-approved RAD Subordination Agreement or ensure the substantive provisions of the template are included in the appropriate debt documents.</li> <li>• <i>In FHA-RAD deals:</i> <ul style="list-style-type: none"> <li>○ Use the appropriate form of HUD-approved subordination agreement or rider for FHA transactions.</li> <li>○ The RAD Use Agreement shall be recorded before the HUD-insured mortgage.</li> <li>○ In FHA-RAD deals, all financing must comply with all FHA requirements.</li> </ul> </li> <li>• If financing terms have changed since RCC issuance, submit revisions to the RAD Closing Coordinator for HUD review and then update the RAD Resource Desk Transaction Log once the financing changes have been approved.</li> </ul>
32	<b>New Junior Debt Supporting Documentation</b> a) Note b) Mortgage/Deed of Trust c) Intercreditor / Subordination Agreement	Required for all conversions with secondary financing or junior debt previously approved in the RAD Financing Plan.	<ul style="list-style-type: none"> <li>• If financing terms have changed since RCC issuance, submit revisions to the RAD Closing Coordinator for HUD review and then update the RAD Resource Desk Transaction Log once the financing changes have been approved.</li> <li>• Aside from the Note, Mortgage/Deed of Trust, and Intercreditor/Subordination Agreement, no additional documentation is needed to be submitted in the draft closing package.</li> </ul>
33	<b>Bond Financing Documentation</b> a) Documentation that issuance of the bonds has been authorized b) Firm Commitment to purchase the bonds	Required for all conversions utilizing bond financing	<ul style="list-style-type: none"> <li>• If financing terms have changed since RCC issuance, submit revisions to the RAD Closing Coordinator for HUD review and then update the RAD Resource Desk Transaction Log once the financing changes have been approved.</li> <li>• Aside from the documentation regarding issuance and the firm commitment, no additional documentation is needed to be submitted in the draft closing package.</li> </ul>
34	<b>LIHTC Equity Documentation</b> a) Equity Commitment, including the pay-in schedule b) LIHTC Reservation Letter	Required for all conversions involving tax credits.	<ul style="list-style-type: none"> <li>• If financing terms have changed since RCC issuance, submit revisions to the RAD Closing Coordinator for HUD review and then update the RAD Resource Desk Transaction Log once the financing changes have been approved.</li> <li>• Aside from the reservation letter and equity commitment, no additional documentation is needed to be submitted in the draft closing package.</li> </ul>
35	<b>New Construction or Substantial Rehabilitation Documentation</b> a) Evidence that the General Contractor has obtained either (i) a payment and performance bond from a properly licensed surety or (ii) a letter of credit b) Owner Completion Guarantee Agreement	New Construction or Substantial Rehabilitation only.	

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36	HUD Form(s) 50075.1 with Budget Line Item 1504	Required on all conversions that use PH Capital Funds in the development budget	<ul style="list-style-type: none"> <li>• Required before Closing as soon as a final Sources and Uses is available.</li> <li>• Submit to your Closing Coordinator the HUD Form(s) 50075.1 with BLI 1504 manually added that matches the amount of Capital Funds listed as a source in the final executed Sources and Uses. This is to ensure that the Capital Funds used in the Development budget will be available at closing. Note that only prior year Capital Funds can be utilized in this manner and you must submit one form per Capital Fund grant year.</li> <li>• Please see "RAD Initial Year Funding Process Instructions" on the Resource Desk for further information.</li> </ul>
<b>IMMEDIATELY AFTER CLOSING- ADDITIONAL REQUIRED STEPS</b>			
37	HUD Form 50075.1 with Budget Line Item 1503 and Initial Year Funding Tool(s)	Required on all conversions	<ul style="list-style-type: none"> <li>• Required immediately after Closing in order to access the final public housing subsidy from Capital Funds that will be available for the converted property for the remainder of the calendar year in which a HAP contract becomes effective</li> <li>• Complete the HUD Form 50075.1 with BLI 1503 manually entered</li> <li>• Complete the Initial Year Funding Tool(s) with the correct HAP effective date</li> <li>• Send to your Closing Coordinator within 3 business days of recording.</li> <li>• Operating funds are not to be included on the 50075.1. Please see "RAD Initial Year Funding Process Instructions" and the "RAD Initial Year Funding Tool" on the Resource Desk for further information.</li> </ul>
38	Form 50058 End of Participation (EOP)	Required on all conversions unless there is a Delayed Conversion Agreement; contact the Closing Coordinator for applicability.	<ul style="list-style-type: none"> <li>• Required within 5 business days after Closing.</li> <li>• Provide confirmation via email to the Closing Coordinator that Form-50058 EOP has been submitted. In order for HUD to remove the applicable units from the Public Housing Information Center (PIC), a Form-50058 End of Participation (EOP) for the public housing program for all residents still living at the property at RAD conversion must be submitted into PIC. The 50058 EOP must be effective for each resident on the last day of the month before the new HAP will be effective. For example, a property that will have an October 1 HAP effective date should submit EOPs effective September 30 for all residents still living at the property.</li> </ul>
39	Recorded Release of Declaration of Trust, Use Agreement, and HAP Contract (copies)	Required on all conversions	<ul style="list-style-type: none"> <li>• A PDF of the recorded Release of Declaration of Trust, Use Agreement, HAP contract, final executed Sources &amp; Uses, fully executed RCC Amendment(s), and any other documents identified by HUD must be submitted via email to the Closing Coordinator within 3 business days after recording.</li> </ul>
40	Post-Closing Docket	Required on all conversions	<ul style="list-style-type: none"> <li>• HUD requests that Post-Closing Dockets be submitted via <a href="http://www.radresource.net">www.radresource.net</a> within 30 days of Closing.</li> <li>• See the Post Closing Instructions on <a href="http://www.radresource.net">www.radresource.net</a> for details</li> </ul>
41	Reminder – PIH Close Out and FDS Reporting Requirements for RAD Projects	Required on all conversions	<ul style="list-style-type: none"> <li>• Projects converting to RAD will experience a series of reporting changes based on the timing of the conversion. Please see PIH-REAC PHA Financing Accounting Brief #2: FDS Reporting Requirements for Projects Converting Under RAD. A copy can be found in the Document Library on <a href="http://www.radresource.net">www.radresource.net</a>.</li> <li>• PHAs who are converting their last remaining Public Housing units will need to work with their PIH Field Office on closing out of Public Housing. Please consult PIH Notice 2016-23</li> </ul>

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### Part 4: Instructions for Uploading the Draft Closing Package to RAD Resource Desk

The draft closing package submitted to your RAD Closing Coordinator must be uploaded to [www.radresource.net](http://www.radresource.net). Note that your assigned HUD Field Counsel must receive a copy of the same draft closing package per his or her instructions (email, CD, hardcopy, etc). Consult your HUD Field Counsel for his or her submission preferences.

1. Login to [www.radresource.net](http://www.radresource.net). Note that you will need upload access in order to upload documents.
2. Navigate to the **My Properties with CHAPs Issued** card and click on the property name. It's status should say **RCC Issued**.
3. The closing page will open. Use the **Go To** navigation option in the menu at the top and select **Closing Document Upload** OR scroll down the page until you see the green heading that says **Closing Document Upload – PBRA**.
4. The grid is aligned to the PBRA Closing Checklist. Upload each item shown on the grid using the **Browse and Upload** buttons. For any items that are not applicable to your closing, select **N/A**. You can input comments that you'd like your RAD Closing Coordinator to see in the **PHA/Owner Comments** field. You must click **Save for Later** (located at the bottom of the page) for your comments to save.
5. If you have uploaded ALL of the applicable documents and are ready to notify your RAD Closing Coordinator that the package is ready for his or her review, click the red button that says **Submit Closing Package**. If you are not ready to make the submission yet and wish to continue working on it, click **Save for Later**.
6. Email [resourcedesk@radresource.net](mailto:resourcedesk@radresource.net) with any upload questions or issues.



## RESIDENT INFORMATION NOTICE RAD CONVERSION COMMITMENT

### General Description of HUD's Rental Assistance Demonstration (RAD)

The Rental Assistance Demonstration (RAD) is a voluntary program of the U.S. Department of Housing and Urban Development (HUD), and is accomplished as a financial and legal transaction. This program is designed to help housing authorities preserve and improve affordable housing by allowing them to convert the Federal subsidy for their public housing properties to project-based Section 8 assistance. Such a change could give the PHA more stable funding over the next 20 years (and beyond), allowing the PHA to operate and maintain the affordable housing properties that public housing provides now. **The PHA will maintain ownership and operation of all PHA properties that convert to RAD.**

### St Paul Public Housing Agency's RAD Conversion

On July 26, 2019, HUD approved the PHA's eight Financing Plans and conversion of 3,855 housing units to RAD (all PHA hi-rises and family developments) by issuing RAD Conversion Commitments (RCCs) to the PHA. The Board of Commissioners accepted the RCCs on August 14, 2019. The PHA is now in the process of closing on the RAD conversion, with an expected closing date of October 3, 2019.

After RAD closing, all households in PHA hi-rises and family developments will receive a new Project Based Rental Assistance (PBRA) Model Lease and House Rules, which will replace their existing Low-Income Public Housing Lease upon the PHA's anticipated Housing Assistance Payment (HAP) Effective Date of December 1, 2019. The PBRA Model Lease and House Rules must be reviewed and signed by all members of each household, and returned to PHA Management by November 27, 2019.

All hi-rise and family development residents are encouraged to attend any of the upcoming resident information meetings that will cover the PBRA Model Lease and House Rules. A schedule for the resident information meetings will be posted on the PHA's website at [stpha.org](http://stpha.org). A copy of the schedule will also be sent to each household via US mail, along with the household's Model Lease and House Rules.

PHA staff will continue to keep PHA residents, the community, and the Board of Commissioners informed on the RAD conversion process.



## **RAD INFORMATION NOTICE RAD CONVERSION COMMITMENT, Continued**

### **Resident Relocation Rights (Relocation Not Anticipated)**

At this time, the PHA does not anticipate any need for relocation of residents due to a RAD conversion. Nevertheless, HUD requires the PHA to notify all residents of their relocation rights under RAD. Your rights are as follows:

- You have a right to remain in any unit converted to RAD or, if any relocation is required, a right to return to an assisted unit in the Covered Project (which may be at a new site in the case of a transfer of assistance).
- You cannot be required to move permanently without consenting to the move.
- If any relocation is involved in the RAD transaction, you are entitled to relocation protections under the requirements of the RAD program and, in some circumstances, the requirements of the Uniform Relocation Act (URA). Those protections may include advance written notice of any move, advisory services, payment(s) and other assistance as applicable to the situation.

### **Residents Will Not Be Subject to Rescreening**

If your property is converted to RAD, you will not be subject to any rescreening for eligibility as a result of the conversion.

### **The PHA will follow all Fair Housing and Civil Rights Requirements**

The RAD transaction will be completed consistent with Fair Housing and Civil Rights requirements. Reasonable accommodation requests during the conversion process can be submitted through your location's Management office.

### **Upcoming Resident Information Meetings on PBRA Model Lease and House Rules**

PHA staff encourages all households to attend at least one of the upcoming resident information meetings to learn more about the PBRA Model Lease and House Rules. All households will receive their PBRA Model Lease and House Rules, along with a schedule of the resident information meetings, following closing of the PHA's RAD conversion (expected date of closing is October 3, 2019). Questions, comments, and concerns about the Model Lease and House Rules will be addressed by PHA staff at these meetings. Households will be able to sign their PBRA Model Lease and House Rules before, during, or after the resident information meetings, but all PBRA Leases and House Rules must be signed and returned to PHA Management by November 27, 2019.

## PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

**REPORT TO COMMISSIONERS**

**FROM JON M. GUTZMANN  
EXECUTIVE DIRECTOR**

**REGARDING** Rental Assistance Demonstration;  
RAD Conversion Commitment (RCC) for  
Asset Management Project No. 2 (AMP 2)  
Hamline, Front and Seal Hi-Rises

**DATE** August 14, 2019

Staff requests Board approval of Resolution No. 19-8/14-03 authorizing execution of the RAD Conversion Commitment (RCC) for the conversion of Hamline, Front and Seal Hi-Rises (HUD Project No. MN001000002; AMP 2) to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program.

The PHA applied for acceptance to the RAD program in August 2017 and HUD awarded the Commitment to enter into a Housing Assistance Payment (CHAP) for this project in August 2018. Staff submitted the Financing Plan in April 2019. HUD issued the RCC on July 26, 2019 thereby accepting the Financing Plan and starting a 90 day clock for the PHA to close on (complete) the conversion transaction. An interim milestone in this 90 day period is a 30 day deadline for the PHA to execute and return the RCC to HUD by uploading it to the RAD Resource Desk. The fully executed RCC is due by August 25, 2019. If the RCC is not returned by this date it will expire.

This is one of the eight RAD Conversion Commitments that constitute a near "portfolio-wide" conversion to PBRA under RAD, including the PHA's four family housing developments and sixteen hi-rises, a total of 3,855 public housing units.

The RAD Conversion Commitment (RCC) is a contract executed by HUD and the PHA that describes the specific terms and conditions of the RAD conversion for Hamline, Front and Seal Hi-Rises (AMP 2). The RCC is a template document which cannot be modified and is not subject

to negotiation. The 30-page document consists of a two-page summary of the specific converting project, 7 pages of “Terms and Conditions”, a signature page (page 11) and exhibits; plus the 14-page Closing Checklist (Exhibit E) that is identical for all eight projects. In addition to the specific terms and conditions there are five exhibits attached that provide additional transaction information and requirements for completing the close process successfully.

### **RCC Project Summary**

The first two pages of the RCC contain information unique to the conversion for AMP 2 Hamline, Front and Seal Hi-Rises including:

- The number of converting units: 476 total units;
- The number and length of the HAP contract(s) for the project: One contract, twenty years;
- The total amount of the monthly deposit to the replacement reserve: \$20,230 (\$510 per unit per year);
- Key features of the Covered Project: This project has no new financing (“debt-free” conversion). In addition, the Officer-In-Residence units are noted as a De Minimis reduction. The Board approved requesting a waiver to classify these three units as “unassisted” at the May 22, 2019 meeting.
- Choice Mobility Provision: The PHA will comply with RAD Choice Mobility practices; and
- The final completion deadline for all work noted in Exhibit D Scope of Work (explained below) is established as July 31, 2020. The PHA will be required to provide completion certification data for the work described on or before that date.

### **RCC Terms and Conditions**

The RCC Terms and Conditions define the process by which the commitment between the PHA and HUD to participate in the Rental Assistance Demonstration and conversion to project-based assistance will be executed. Critical components of the conversion such as the applicable rules, regulations, and requirements are noted, as well as financial considerations, and HUD and PHA obligations.

## RCC Exhibits

The RCC has five exhibits attached which are also considered part of the Commitment (as noted in Paragraph #25):

### Exhibit A: Special Conditions, Necessary Approvals, or Additional Provisions to the RCC.–

This exhibit is intended to address items that were noted during HUD’s review of the Financing Plan that did not prevent approval of the Plan, written documentation requiring HUD approval before closing, or additional provisions not included in the RCC template. These items must be cleared or adequately addressed to HUD’s satisfaction before closing.

The items noted in RCC Exhibit A for this project (Hamline, Front and Seal Hi-Rises, AMP 2) include these items:

- Ongoing work must be reconciled with the budget and ownership prior to closing, and priority of the Use Agreement relative to any potential mechanics liens must be acceptable to HUD prior to closing based on review of state law.
- The PHA will be required to provide an updated PCA Narrative acceptable to HUD prior to closing.

Staff will reconcile and provide final budget numbers for the ongoing work noted in Exhibit D prior to closing. PHA legal staff are working to ensure the PHA’s treatment of potential mechanics liens is consistent with the RAD Use Agreement and Minnesota State Law.

The “PCA Narrative” is the Capital Needs Assessment (CNA) Narrative. Staff are working with our CNA contractor to revise their CNA Narrative to address HUD’s concerns about the document we submitted previously.

Exhibit B: Sources and Uses of Funds. This is a comprehensive presentation of all sources and uses of funds needed to complete the RAD conversion. Since the PHA’s RAD transaction does not require debt, and no new development or substantial rehabilitation is proposed, the Sources and Uses is fairly basic. It summarizes what funds will be used for the Initial Deposit to Replacement Reserve (IDRR) and on-going capital improvements already in process, and establishes the operating reserve account.

Exhibit C: Monthly HAP Contract Rents. This information is taken from Exhibit A of the most current Commitment to Enter into a Housing Assistance Payment (CHAP). Staff have verified this information is correct.

Exhibit D: Scope of Work. This a list of all construction/rehabilitation work that will be completed in conjunction with the RAD transaction. The Scope of Work for this project is “owner-elected” construction work not included in the Capital Needs Assessment. The PHA intends to utilize 2018 Capital Funds to complete this work, so it must be itemized in Exhibit D in order to facilitate transfer of funds into the RAD projects. Amounts noted in Exhibit D correlate with the amounts included in RCC Exhibit B, Sources and Uses (Hard Costs – Construction/Rehabilitation). As noted in the RCC Summary, this work must be completed by July 31, 2020.

Exhibit E: Closing Checklist. HUD’s “Rental Assistance Demonstration Closing Overview & Checklist for Project Based Rental Assistance (PBRA) Conversions” is attached as the final exhibit. Staff have relied on this checklist to prepare the draft closing packet the Board will see in a related agenda item.

### **RCC Amendments**

As noted in the Closing Checklist (line item #4), amendments to the RCC are allowed for material changes to the RCC or any of the exhibits, including the Sources and Uses. Staff expect to submit an RCC Amendment prior to closing to ensure all “owner-elected” work for this project is included in Exhibit D Scope of Work. We will work with our Closing Coordinator to determine the appropriate way to submit the request.

### **Resident Notification**

As required by HUD’s RAD Notice\*, after receiving the RCC the PHA must notify each affected household that conversion of the project has been approved and inform the residents of any

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\* Notice PIH-2012-32, Rev-3; Rental Assistance Demonstration – Final Implementation, Revision 3.

impact the conversion may have on them. Since the PHA's conversion does not require relocation or other changes to the resident's current housing status, the primary message to residents will be regarding the Model Lease and the activities surrounding lease signing. A letter describing these activities and an invitation to attend a voluntary informational meeting will be sent to each household via U.S. Mail. A draft of that notice is attached.

Issuance and execution of the RCC begins the final phase of the RAD conversion transaction.

Here are the major milestones remaining:

- **The PHA submits a draft closing package** to HUD for review. The draft package must contain all documents listed in the RCC and on any closing checklist provided by HUD.
- **Final conversion** occurs on the date of closing.
- **HUD must receive fully executed versions of the closing documents** within 30 days after closing.

With the Board's approval, the RAD Conversion Commitment (RCC) for this project will be signed by the PHA's Executive Director and submitted to HUD by the August 25, 2019 deadline.

JMG/AJH/FAH

Attachments:

1. Resolution No. 19-8/14-03
2. RAD Conversion Commitment for Project #2 Hamline, Front and Seal Hi-Rises including Exhibits A – E
3. Draft Notification to Residents of Projects Converting to PBRA under RAD

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL  
RESOLUTION NO. 19-8/14-03**

**RENTAL ASSISTANCE DEMONSTRATION (RAD) CONVERSION TO  
PROJECT-BASED RENTAL ASSISTANCE (PBRA);  
EXECUTION OF RAD CONVERSION COMMITMENT  
ASSET MANAGEMENT PROJECT NO. 2 (AMP 2)  
HAMLINE, FRONT AND SEAL HI-RISES**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) has applied to the U.S. Department of Housing & Urban Development (HUD) to convert 3,855 dwelling units of Low Income Public Housing (LIPH; Section 9) to Project-Based Rental Assistance (PBRA; Section 8), through HUD's Rental Assistance Demonstration (RAD) program, as initially approved by the PHA's Board of Commissioners on August 23, 2017; and

WHEREAS, on August 20, 2018 the PHA received HUD's approval letters for all eight RAD conversion applications; and the letters also serve as the "Commitment to Enter into a Housing Assistance Payment" (CHAP) awards for those Asset Management Projects (AMPs 1-8); and

WHEREAS, in April 2019 staff submitted the PHA's eight RAD Financing Plan packages by uploading over 300 documents to HUD's online "RAD Resource Desk"; and

WHEREAS, PHA staff worked with a "Financing Transaction Manager" assigned by HUD to fulfill all necessary requirements for approval of the PHA Financing Plan demonstrating transaction viability; and

WHEREAS, on July 26, 2019 HUD staff issued a RAD Conversion Commitment approving the PHA Financing Plan; and

WHEREAS, PHA staff are now working with a "RAD Closing Coordinator" assigned by HUD who will work with other HUD staff and PHA staff on the next steps in the RAD conversion process, resulting in closing of the RAD transaction; and

WHEREAS, the Board of Commissioners finds that the RAD Conversion Commitment is necessary and appropriate to execute, in furtherance of the PHA's applications to convert the public housing units in the PHA's hi-rises and family housing developments to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program, to best serve the needs of PHA residents;

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Public Housing Agency of the City of Saint Paul as follows:

1. The Executive Director or his designee is authorized to execute the RAD Conversion Commitment as presented;
2. Staff is authorized to execute and submit all required documents relating to this Conversion Commitment, including any amendments deemed necessary by PHA or HUD staff; and
3. Pursuant to HUD notice dated January 11, 1990, the PHA certifies that no employee is serving in a variety of positions that will exceed 100 percent of his or her work time.

**Rental Assistance Demonstration (RAD)  
Conversion Commitment (Public  
Housing; First Component)**

**U.S. Department of Housing and  
Urban Development  
Office of Multifamily Housing**

<b>Complete each box, even if information is duplicative</b>			
<b>Proposed Name and Address of Covered Project:</b>  HAMLINE HI-RISE VARIOUS St Paul, MN 55104	<b>Proposed Project Owner:</b>  Public Housing Agency of the City of Saint Paul  651-298-5664 jon.gutzmann@stpha.org Project Owner is controlled by: <input checked="" type="checkbox"/> Control by a Public Body <input type="checkbox"/> Control by a Non-profit Body	<b>Proposed Project Owner Notice Address:</b>  555 N. Wabasha Street, Suite 400 St Paul, MN 55102	
<b>Existing Ownership Entity, Name and Address of Converting Project:</b>  Public Housing Agency of the City of St Paul HAMLINE HI-RISE Various St. Paul, MN 55104	<b>PHA:</b>  Public Housing Agency of the City of St Paul  Contact phone/email: 651-298-5664/Jon.Gutzmann@stpha.org PHA is an MTW agency: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>PHA Notice Address:</b>  555 N. Wabasha Street, Suite 400 St Paul, MN 55102	
<b>Dwelling Units in Covered Project (specify total # of dwelling units, and # of RAD, non-RAD income restricted, market, and manager units):</b> Total Units: 476 RAD Units: 476 LIHTC Units: 0 Market Units: 0 Other Affd Units: 0			
<b>PIH Information Center (PIC) removal application number (a/k/a Demolition-Disposition Application Number (DDA#)):</b> DDA0008964			
<b>Converting Project PIC Number(s)</b> <i>(for all items to the right in this row, list data by each AMP # in the cells below):</i>	<b># of units converting to RAD to be removed from each AMP:</b>	<b># of non-converting units to be removed from each AMP (e.g., due to a de minimis reduction):</b>	<b>Total # of units to be removed from each AMP (sum of two middle columns):</b>
MN001000002	476	3	479
<input checked="" type="checkbox"/> Project-Based Rental Assistance (PBRA) <input type="checkbox"/> Project-Based Vouchers (PBV), If PBV, list HAP Contract Administrator (PHA or another housing authority): _____		<b>Number of HAP Contracts and Term length of each HAP Contract:</b> 1 contract(s) 20 years	
<b>Reserve Fund for Replacements</b>  Amount of Total Monthly Deposit to Replacement Reserve upon effective date of the HAP contract <u>\$20,230.00</u>			

**Key features of Covered Project:**

General:

- Ground lease
- Transfer of Assistance
- Scattered-site project
- Major non-dwelling assets (e.g., free-standing buildings, community or commercial facilities or significant unimproved acreage) (explain below).
  - Existing included in the PIC removal application listed on page 1
  - To be added to the Covered Project
- PHA's sole project or, together with substantially concurrent conversions, the PHA's last public housing project to convert

Inter-Related Projects:

- Multi-phase conversion
- Converting Project is adjacent to public housing units within the same AMP that are not converting (not a full conversion of a contiguous project)
- Rent Bundling
  - This is a donor property
  - This is a recipient property
 (Identify below the associated properties in the rent bundling arrangement and when the other projects have/are expected to close)

Construction:

- Demolition of current public housing units
- New Construction. If new construction, is HAP contract to be entered into:
  - at Closing, or
  - upon construction completion

Relocation:

- Tenants will be Relocated for >12 months
- Tenants will be Relocated for ≤12 months
- No relocation anticipated

Financing:

- FHA-Insured Financing anticipated  
If so, date of Firm Commitment: \_\_\_\_\_
- Low-Income Housing Tax Credits anticipated  
Date of any allocating agency closing deadline: \_\_\_\_\_
- Conventional financing anticipated
- No new FHA-Insured, LIHTC or conventional financing
- Existing debt, such as EPC, CFFP, OFFP or existing mixed-finance debt (list below the type of debt, whether it will remain outstanding post-conversion and, if not, whether it will be paid off prior to or at closing)
- Public housing funds in Sources and Uses

Unit Configuration:

- Reduction in units. If checked, 3 (#) units reduced based on the following authority:
  - De minimis associated with this transaction (# of 3 units)
  - De minimis associated with another transaction (# of 0 units) (explain below)
  - Other (explain below)
- Change in unit configuration (explain below)

If additional information is necessary to clarify the features above and/or if there are other important features of the Transaction not described above, such additional information may be listed here:

**RAD Rehab Assistance Payments:**

Not Applicable

**Choice Mobility:**

- Project Owner will comply with RAD Choice Mobility practices.
- Project Owner is exempt from implementing the RAD Choice Mobility practices with respect to the RAD units in the Covered Project.

**Repairs:**

- a. Estimated number of months for completion for all Work (number of months the property is eligible for Rehab Assistance Payments): 9 months
- b. Final completion deadline for all Work (after which Project Owner is in default): 07/31/2020

This commitment ('Commitment') to participate in the Rental Assistance Demonstration ('RAD') and convert the assistance of the Converting Project named in the above table is entered into by and among Public Housing Agency of the City of St Paul, a public housing authority organized and existing under the laws of Minnesota ('PHA'); Public Housing Agency of the City of Saint Paul, a Public Entity organized and existing under the laws of Minnesota ('Project Owner'); and the United States Department of Housing and Urban Development, acting by and through the Secretary, his or her successors, assigns or designates ('HUD'), as of the date executed by HUD below. If the PHA is to be the owner of the Covered Project, the PHA shall also be identified as the Project Owner.

#### **TERMS AND CONDITIONS:**

1. **Applicable HUD Regulations and Requirements.** By converting assistance and entering into the Closing Documents contemplated in this Commitment, the PHA and Project Owner agree, each as and to the extent applicable, to operate the Covered Project in accordance with all applicable law, including without limitation the Consolidated and Further Continuing Appropriations Act of 2012 (Pub. L. 112-55, signed November 18, 2011, as amended) ("RAD Statute"); all applicable program requirements and guidance, including without limitation Notice PIH-2012-32, as amended and revised from time to time (the "RAD Notice") or any successor or additional statutes, regulations or guidance; and the terms and conditions set forth below (collectively, the "Program Requirements"). Any conflicts between this Commitment and any other HUD requirements shall be conclusively resolved by HUD. Any capitalized terms used herein but not defined have the meanings given them in the RAD Notice.
  
2. **Acceptance of Commitment/Expiration.**
  - a. This Commitment shall terminate thirty (30) days from the date executed by HUD unless the PHA and Project Owner execute and return an unaltered copy of this Commitment to HUD, at the address that appears on the last page of this Commitment.
  
  - b. This Commitment shall not be effective or enforceable against HUD until all conditions stated herein have been satisfied in HUD's determination.
  
  - c. Unless all conditions stated herein have been satisfied as determined by HUD and the transactions contemplated by this Commitment (collectively, the "Transaction") are closed within 90 days from the date executed by HUD, this Commitment shall, unless extended by HUD in writing, expire and be of no further force or effect. Upon expiration, all rights and obligations of the respective parties shall cease.
  
3. **Closing Requirements and HUD Approvals.** As used in this Commitment, "Closing" means execution of all binding legal instruments connected to the transaction contemplated by this Commitment and, if applicable, recordation of such instruments. All requirements set forth in this Commitment must be completed to HUD's satisfaction before the Closing can occur. A Closing checklist ("Closing Checklist") is attached hereto as Exhibit E and incorporated herein. The Closing Checklist lists those items HUD has determined necessary to be submitted to and approved by HUD in order for the Closing of this Transaction to occur. Should HUD determine that any other documents or items (in addition to those listed on the Closing Checklist) are necessary to meet the terms of this Commitment or Program Requirements, the PHA and Project Owner agree to provide such documents or other items in such form and substance as acceptable to HUD or to terminate this Commitment and not proceed to Closing. Unless otherwise agreed by HUD, in the case where the Project Owner differs from the PHA, all post-closing requirements and obligations contained herein will apply to the Project Owner after the Closing. Any determination, approval or decision of HUD pursuant to this Commitment shall be in HUD's sole and absolute discretion. Unless otherwise set forth in writing by HUD prior to Closing, HUD's execution and release of the Closing Documents shall constitute any approvals or decisions required herein and not previously given in writing.
  
4. **Public Housing Requirements.** The PHA and Project Owner acknowledge that the Converting Project remains subject to the United States Housing Act of 1937, its Consolidated Annual

Contributions Contract and any amendments thereto, and all other pertinent Federal statutory, executive orders, regulations and other guidance, as those requirements may be amended from time to time (collectively the "Applicable HUD Requirements"), and shall not be subject to the HAP Contract, until the effective date of the HAP Contract. Unless HUD gives written instructions otherwise, for so long as the Converting Project remains public housing, the PHA and Project Owner shall take all steps necessary to ensure that:

- a. Fire and other property insurance as required under Applicable HUD Requirements are and shall be maintained in full force and effect;
- b. All ordinary and necessary operating expenses pursuant to Applicable HUD Requirements of the Converting Project are and shall be paid; and
- c. The Converting Project remains in compliance with Applicable HUD Requirements, including without limitation all requirements related to the physical condition of the Converting Project and any remedial agreements between HUD and the PHA and remedial judicial or administrative orders, except as expressly modified by this Commitment and/or the Closing Documents.

Upon the Closing, the PHA shall certify in writing that the foregoing requirements have been met through the date of the Closing.

5. **HUD Review of Project Ownership.** The PHA and Project Owner agree that HUD approval of the ownership and control of the Covered Project is a condition of closing. The PHA shall not transfer any ownership interest in the Converting Project prior to the Closing.
6. **Closing Documents.** The PHA and Project Owner shall execute or cause to be produced, as appropriate, such agreements, instruments, certificates and other documents as HUD may require to complete the Transaction (collectively, the "Closing Documents"), using forms prescribed by or acceptable to HUD and completed, executed, recorded and/or filed in the number of copies and in such manner as directed by HUD. Without limiting the foregoing, the Closing Documents may include:
  - a. If applicable, one or more releases or partial releases of the applicable Declaration(s) of Trust or comparable document;
  - b. a RAD Use Agreement (document HUD-52625);
  - c. a Housing Assistance Payments Contract (for PBRA, documents HUD-52620 and HUD-52618; for PBV, HUD-52530A Parts I and II and HUD-52621), including any required exhibits;
  - d. Certifications and assurances; and
  - e. Any additional documents required by HUD in order to determine whether criteria for Closing have been met.
7. **Use Agreement Priority.** A title report must be provided for the Converting Project and Covered Project. In addition, an owner's pro forma title policy may be requested for the Covered Project involving the addition of financing to be secured by the Covered Project. Unless otherwise approved by HUD, the RAD Use Agreement shall be superior to any and all liens and/or encumbrances against the Covered Project, including, without limitation, the lien evidenced by any and all mortgages, deeds of trust and other financing documents and regulatory documents related to the Covered Project (including any LIHTC use agreement). The Project Owner shall obtain consents or subordination agreements, and have such documents executed, as HUD may determine necessary to establish such priority.
8. **Expenses and Transaction Costs.** Except as otherwise set forth in this Commitment, regardless of whether the Transaction is consummated, HUD shall not be responsible for any expenses or transaction costs incurred by or at the direction of the PHA or Project Owner in connection with the Transaction (including without limitation, fees for consultants, attorneys, environmental contractors, tax advisors and accountants; city, county and/or state taxes and/or fees; recording fees, prepayment penalties and/or premiums; costs for title insurance and title examination; surveys and appraisals).
9. **Tax, Financial, and Legal Consequences.** HUD has not provided, nor shall it provide, any opinions, representations, warranties, or covenants to any party regarding any federal, state and/or local tax consequences, financial consequences, or legal consequences relative to the

Transaction. The PHA and Project Owner acknowledge that funding of the contemplated Housing Assistance Payment Contract (HAP Contract) is subject to appropriations.

10. **Certifications, Representations and Warranties by the PHA and Project Owner.** Any statement, certification, representation or warranty made by the PHA or Project Owner in or pursuant to this Commitment is true and correct when given, and shall remain true and correct at all times through and including the Closing. In the event any such statement, certification, representation or warranty is no longer complete or correct, and without limiting HUD's rights and remedies, the PHA or Project Owner, respectively, shall notify HUD in writing immediately. Without limiting the foregoing, the PHA and Project Owner, respectively, hereby represent and certify to HUD and warrant to maintain the veracity through Closing of the following statements:
- a. All notices required by Program Requirements relating to the transaction have been timely provided to such persons and in a manner complying with applicable Program Requirements.
  - b. The PHA and the Converting Project continue to meet all program eligibility requirements as stipulated in the RAD Notice.
  - c. With the exception of any transfers under the PHA's Admissions and Continued Occupancy Policy or as otherwise approved by HUD, the PHA has not relocated any residents of the Converting Project in connection with the Transaction prior to the date this Commitment is executed by all parties.
  - d. Except as specifically disclosed to and accepted by HUD in writing, neither the PHA nor the Project Owner (including, but not limited to Board Members, principals and executives of the PHA or Project Owner) has any knowledge that it (or any Board Members, principals and executives of the PHA or Project Owner in their official capacity as members, principals or executives of the PHA or Project Owner, as applicable) is the current subject of, nor has received any pending notice of, any debarment, suspension or other administrative proceeding, audit or investigation by HUD, including without limitation by the Inspector General, the Departmental Enforcement Center, or the Office of Fair Housing and Equal Opportunity, or any other Federal or state government agency, whether or not sanctions have been imposed against such party.
  - e. No disclosed debarment, suspension or other administrative proceeding, audit or investigation would impact the PHA's or the Project Owner's ability to carry out its obligations as contemplated under this Commitment.
- Upon the request of HUD, the PHA shall provide HUD with evidence satisfactory to HUD relating to each of the foregoing certifications. Execution of the Closing Documents by the PHA and the Project Owner, respectively, constitute re-certification to HUD of the foregoing statements.
11. **Successors and Assigns.** This Commitment and its attachments are binding upon the PHA, the Project Owner and the successors and assigns of each. Unless otherwise provided herein, this Commitment may not be assigned, in whole or in part, except upon the prior written consent of HUD.
12. **Corrections.** Notwithstanding anything to the contrary contained in this Commitment, the PHA and Project Owner agree to execute, before or after the Closing, such documents, amendments or modifications as HUD deems necessary or appropriate to effectuate the intent of this Commitment or to complete or consummate the Transaction, including but not limited to instruments necessary to correct this Commitment or any of the Closing Documents.
13. **Changes to This Commitment.** HUD has approved a Financing Plan for this transaction. The PHA and Project Owner shall notify HUD of any changes to the terms set forth in the Financing Plan, or any other business terms submitted to HUD. If HUD determines such changes to be material, HUD may require an amendment to this Commitment or other reviews or approvals as HUD determines necessary to account for the changed terms. The final business terms shall be determined as of the Closing and inserted into the applicable Closing Documents. The PHA's and Project Owner's execution of the Closing Documents shall constitute acceptance of the final business terms reflected therein.

**14. Sources of Funds.**

- a. HUD must review and approve all debt (secured and unsecured) against the Covered Project prior to Closing.
- b. Development Budget. HUD approval of this Transaction is based on the estimated Sources and Uses attached as Exhibit B. Any changes to this Sources and Uses shall be disclosed to HUD and if HUD determines that such changes are material, HUD may require additional review and approvals and/or amendment to this Commitment. PHA and/or Project Owner shall provide HUD with the final certified Sources and Uses upon Closing.
- c. PHA Funds for Development Budget. Where the Transaction includes public housing funds to be contributed by the PHA for uses other than funding the HAP Contract, these funds must be shown on the Sources and Uses. The PHA certifies that all such funds are available and reserved for the Transaction, are irrevocable, and that the PHA has obtained all consents necessary in order for the PHA to commit such funds to the Transaction.
  - i. Prior to Closing, public housing Capital Funds shown in the Sources and Uses must be moved within the HUD Line of Credit Control System (LOCCS) to the "RAD Investment" Budget Line Item (BLI 1504). These funds must be drawn down out of LOCCS at closing and, until they are disbursed for a use shown in the Sources and Uses, made subject to a General Depository Agreement (GDA, form HUD-51999).
  - ii. Until disbursed for a use shown in the Sources and Uses, Public housing Operating Reserves shown in the Sources and Uses must be held in an account or sub-account subject to a GDA.
  - iii. To the extent such funds must be subject to a GDA as described above, the PHA may use a pre-existing GDA if the PHA is making use of separate or segregated accounting. (For example, a PHA may have a pre-existing account for Operating Fund Reserves subject to a GDA and if the converted funds to be used as shown in the Sources and Uses may be adequately separated or segregated for accounting purposes in a sub-account or otherwise remaining subject to the pre-existing GDA, the requirements of this section are fulfilled.) If shown in the
  - iv. Sources and Uses, such funds may be used to satisfy obligations of the Covered Project, including without limitation, funding reserves (for example, to make an initial deposit for a replacement reserve (IDRR)) or payment of construction or other project costs in accordance with this RCC and other project documents. Methods by which the PHA may choose to disburse such funds in accordance with this section include:
    - In a lump sum as a loan to the Project Owner, subject to a loan agreement or other documentation;
    - Incrementally over time as a loan to the Project Owner, subject to a loan agreement or other documentation;
    - In a lump sum to the Project Owner as a grant or otherwise without the expectation of repayment; and/or
    - Incrementally over time to the Project Owner as a grant or otherwise without the expectation of repayment.
- d. No Additional PHA funds. Except for the amounts identified in the Sources and Uses and amounts identified in the HAP Contract to fund the Covered Project in the calendar year of conversion, no public housing funds may be used as an additional source of funds for the Covered Project. By way of illustration and not limitation, after Closing, no public housing funding (including any funds deemed "project funds" or "program income" under public housing regulations) may be used to pay for any costs for any work (Work or other work) done in connection with the Covered Project.

- e. Upon the conversion of assistance, the Converting Project, including any real or personal property thereof, shall no longer be used for public housing purposes, as originally authorized by the U.S. Housing Act of 1937. This Commitment provides instruction for such conversion and the treatment of the Converting Project. Any proceeds of disposition of the Converting Project (or of any real property or improvements that as of the date of this Commitment are considered public housing) in connection with the conversion of assistance contemplated by this Commitment shall be used for affordable housing purposes as defined in the RAD Notice. Any proceeds of any loans of converted public housing funds made in connection with the conversion of assistance contemplated by this Commitment shall be used for affordable housing purposes. Any uses of converted public housing funds listed in the Sources and Uses attached hereto as Exhibit B shall be considered end uses for purposes of 2 CFR Part 200.
15. **Moving to Work Considerations.** Participation in RAD by a Moving To Work (MTW) agency does not reflect a determination that the agency will remain an MTW agency, only a determination that the Covered Project will continue to be a RAD project under the terms of the RAD program.
16. **RAD HAP Contract Funding in Initial Year.** From the effective date of the HAP Contract through the remainder of the calendar year, the Covered Project will be funded only from available public housing amounts obligated prior to the effective date of the HAP Contract and from any additional public housing amounts that HUD obligates in full or in part, subject to the availability of sufficient appropriations, for the remainder of the calendar year in which the HAP Contract becomes effective. **Project Owner acknowledges that this amount for the first year may be less than the contract rent for subsequent years.** During such time, the PHA will draw down funds from LOCCS as instructed by HUD and transfer amounts to the Project Owner as payments pursuant to the HAP Contract in its capacity as or on behalf of the Contract Administrator, as applicable.
17. **RAD Rehab Assistance Payments.** It is anticipated that the Covered Project will be eligible for RAD Rehab Assistance Payments pursuant to its HAP Contract to the extent set forth on the second page of this Commitment.
18. **Section 8 Contract Rents.** Exhibit C sets out the monthly Section 8 contract rents that will be specified in the HAP Contract.
19. **Planned Construction and Rehabilitation.** Exhibit D sets forth the planned construction, repairs and/or rehabilitation for the Covered Project, including any repairs that need to be completed before closing, to be funded in accordance with the Sources and Uses (the "Work").

The Project Owner hereby represents, warrants and certifies to HUD and will update such representation, warranty and certification at Closing, in a form and substance acceptable to HUD, that the sources of funds are sufficient to pay for the Work and that all Work will be completed timely and in accordance with applicable RAD Program Requirements, including without limitation:

- a. The Work will be completed in accordance with:
- i. The more stringent of: (1) any applicable national building code, such as Uniform Building Code, Council of American Building Officials Code, or Building Officials Conference of America Code; or (2) applicable state and local laws, codes, ordinances, and regulations;
  - ii. Other applicable Federal requirements including any Federal fire-safety requirements and HUD minimum property standards (e.g., 24 CFR part 200, subpart S for FHA-insured properties);
  - iii. The relevant requirements of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-484 6), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-485 8), and implementing regulations at 24 CFR part 35, as applicable;

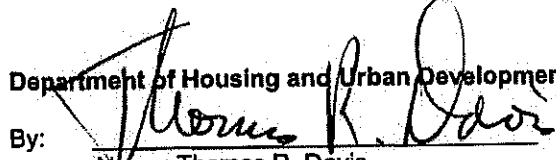
- iv. Notice PIH 2014-17 / H 2014-09, issued July 14, 2014 (and any amendments, revisions or successor documents), "Relocation Requirements under the Rental Assistance Demonstration (RAD) Program, Public Housing in the First Component," which relocation requirements include, as applicable, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and its implementing regulations at 49 CFR Part 24 with regard to any relocation of residents;
  - v. Section 504 of the Rehabilitation Act of 1973 and its implementing regulations at 24 CFR part 8, including but not limited to accessibility standards, with regard to any "substantial alterations" or other "alterations," each as defined in such regulations, as applicable;
  - vi. The design and construction requirements of the Fair Housing Amendments Act of 1988 and its implementing regulations at 24 CFR Part 100.25, as applicable;
  - vii. Section 3 of the Housing Act of 1968 and its implementing regulations at 24 CFR Part 135 and all of the related regulations, rules and requirements as applicable; and
  - viii. Davis-Bacon prevailing wage requirements, section 12 of the United States Housing Act of 1937, and Contract Work Hours and Safety Standards Act, and all of the related regulations, rules and requirements for any repairs that qualify as "construction" or "rehabilitation" as defined in such regulations, rules and requirements.
- b. Any Work not completed by the final completion date listed on page 2 of this Commitment and set forth in the HAP Contract, including any reduction in the scope of Work listed on Exhibit D, unless an extension of such date or such reduction in scope is approved in writing by HUD, constitutes a default of this Commitment and of any HAP Contract entered into with respect to the Covered Project. Upon such default, HUD may terminate this Commitment and/or HUD may take action to terminate the HAP Contract relating to the Covered Project, as provided in the HAP Contract.
  - c. The Project Owner shall not be entitled to withdraw or take any Distributions from the Covered Project until after completion of the Work and certification of the actual cost of the Work.
  - d. To the extent the Work includes new construction or substantial rehabilitation, the PHA and/or Project Owner shall engage a qualified general contractor who shall obtain either (i) a payment and performance bond from a properly licensed surety, which bond and surety shall be acceptable to HUD, or (ii) a letter of credit, acceptable to HUD.
20. **Reserve for Replacements.** The Project Owner shall establish upon Closing a Reserve for Replacements, with an IDRR as set forth in Exhibit B, the Sources and Uses. Monthly deposits into the Reserve for Replacements will be made in the amount set forth on the first page of this Commitment as set forth in the HAP Contract and adjusted annually in accordance with the HAP Contract and Program Requirements.
21. **Counsel.** Closing is conditioned upon review and approval of the Transaction by HUD, including without limitation a legal review and approval of diligence and closing documents. The PHA and Project Owner, if different than the PHA, agree to select competent counsel in connection with this Transaction in a manner that satisfies the applicable rules of professional conduct. Counsel to the PHA and/or Project Owner, as appropriate, must provide a legal opinion with respect to the following matters and any other matters reasonably requested by HUD:
- a. The PHA and Project Owner are each duly organized, validly existing and in good standing under the laws of the applicable jurisdiction(s);
  - b. The PHA and Project Owner each have the requisite power and authority, and have secured all consents required, to consummate the Transaction;
  - c. Each of the Closing Documents executed by or on behalf of the PHA and/or Project Owner in connection with the Transaction is a legally binding obligation of such party, duly executed and delivered on behalf of such party and enforceable in accordance with its terms;
  - d. There is no litigation or other claim pending or threatened against the PHA, Project Owner or the Covered Project other than as disclosed to and consented to by HUD;

- e. Based upon a pro forma title policy acceptable to HUD and assuming the recordation of documents in the order contemplated by such pro forma title policy, provided counsel has no reason to believe the documents will be recorded in an order other than as listed in such pro forma title policy, the RAD Use Agreement is superior to the lien and/or encumbrance evidenced by any and all mortgages, deeds of trust and other financing documents and regulatory documents of record relating to the Covered Project; and
  - f. All Closing Documents conform with the legal requirements set forth in this RCC and any and all changes to HUD forms or sample language have been disclosed to HUD.
22. **Last public housing unit.** If, upon completion of this RAD conversion and other RAD conversions for which this PHA has an RCC and/or CHAP, the PHA will no longer have residential units in its public housing portfolio, the PHA agrees to comply with additional instructions provided by HUD regarding the close-out of its residential public housing portfolio prior to or after Closing. The PHA acknowledges that failure to comply with HUD instructions may result in withholding Section 8 or other cash payments after Closing pending cure of such violation to HUD's satisfaction.
23. **Non-dwelling assets.** Any non-dwelling assets proposed for removal from PIC in connection with the Transaction must be listed in the PIC removal application (a/k/a Demolition-Disposition Application) identified on the first page of this Commitment and must be approved by HUD.
24. **Special Conditions.** This Commitment is subject to the Special Conditions set forth on Exhibit A.
25. **Exhibits.** The following exhibits are a part of this Commitment and incorporated herein by this reference:
- a. Special Conditions
  - b. Sources and Uses of Funds
  - c. Monthly HAP Contract Rents
  - d. Scope of Work
  - e. Closing Checklist
26. **Entire Agreement; Survival.** The information listed on the chart on the first pages of this Commitment is a part of this Commitment. All prior and contemporaneous oral and written communications are merged herein and superseded hereby, and this Commitment and all exhibits attached constitute the entire agreement between the PHA, Project Owner and HUD with respect to the Transaction. This Commitment, and the responsibilities relating to each respective party, shall survive Closing of the Transaction.
27. **Post-Closing Responsibilities.** The PHA and Project Owner agree to follow the directions of the HUD Closing Coordinator with respect to post-Closing obligations. Without limiting the foregoing, the PHA and Project Owner, as appropriate, will provide evidence of recording of the applicable Closing Documents and copies of any applicable executed HAP contract, recorded Use Agreement, and DOT Release within three (3) business days thereof and will provide copies of the remaining Closing Documents as directed within sixty (60) days of Closing. In addition, the PHA must follow instructions provided by HUD to remove the Converting Project, or portions thereof, from PIC to effect conversion.
28. **Severability.** Should any provision of this Commitment be held by a court of law to be unenforceable, such determination shall in no way compromise the enforceability of the other provisions.
29. **Counterparts.** This Commitment may be executed in counterparts. Electronic copies of signatures (such as those in portable document format (pdf)) shall be evidence of and treated as original signatures.
30. **Consistency with Federal Law.** Nothing contained in this Commitment shall impose on HUD any duty, obligation, or requirement, the performance of which would be inconsistent with federal statutes, rules, or regulations in effect at the time of such performance.

(signature page follows)

Signature Page to RAD Conversion Commitment

Department of Housing and Urban Development

By: 

Name: Thomas R. Davis  
Title: Director, Office of Recapitalization

Date: 7-26-19

PHA: Public Housing Agency of the City of St Paul

Public Housing Agency of the City of St Paul  
Jon M Gutzmann, Executive Director  
555 N Wabasha Street, Suite 400  
St Paul, Minnesota 55102

Project Owner: Public Housing Agency of the City of Saint Paul

Public Housing Agency of the City of St Paul  
Jon M Gutzmann, Executive Director  
555 N Wabasha Street, Suite 400  
St Paul, Minnesota 55102

Date: \_\_\_\_\_

EXHIBIT A  
Special Conditions

Not Applicable

Necessary HUD Approvals

- The PHA will be required to provide an updated PCA Narrative acceptable to HUD prior to closing.

Additional Provisions to the RCC

- Ongoing work must be reconciled with the budget and ownership prior to closing, and priority of the Use Agreement relative to any potential mechanics liens must be acceptable to HUD prior to closing based on review of state law.

# Sources and Uses Report

RCC Exhibit B

PHA Name Public Housing Agency of the City of St Paul  
 PIC Number MN001000002  
 Transaction Log Last Modified: 07/12/2019

Property Name HAMLIN HI-RISE

<b>Sources</b>	
Hard Debt	\$0.00
Soft Debt	\$0.00
Grants	\$1,541,203.00
Public Housing Operating Reserves	\$1,259,203.00
Public Housing Capital Funds (inc DDTF)	\$282,000.00
Equity	\$0.00

<b>Uses</b>	
Acquisition Costs	\$0.00
Acquisition Land and Buildings	
Payoff Existing Loans and Payables	
Other Acquisition Costs	
Hard Costs	\$112,000.00
Demolition	
Construction/Rehabilitation	\$112,000.00
General Requirements/Overhead/Profit	
Construction/Rehabilitation Contingency	
Builder's Risk Insurance	
Relocation Costs	
Soft Costs	\$0.00
Architectural Design Fee (Plans & Specs)	
Construction Management/Budget Planning Fee	
Engineering Fee	
Feasibility Studies	
Environmental Reports	
Appraisal/Market Study	
Accounting	
Survey	
eCNA Tool	
Title Insurance/Exam Fee, Closing Escrow	
Organizational Costs	
Recordation Fee	
Borrower's Legal Counsel	
Lender's Legal Counsel	
Consultants	
Other Professional Fees	
Other Loan Fees	
FHA Fees (MIP, Application, Inspection)	
Tax Credit Financing Fees	
Prepayment Penalty/Premium	
Payables	
Construction Interest (Not Deferred)	
Construction Loan Fees	
Bond Issuance Cost and Fees	
Permits	
Investor's Legal Counsel	
Bond Legal Counsel	
Permanent Financing Fees	
Furniture, Fixtures & Equipment	
Marketing & Lease Up	
Reserves	\$1,541,203.00
Initial Deposit to Replacement Reserve	\$170,000.00
Initial Operating Deficit Escrow	
Operating Reserve	\$1,259,203.00
Tax and Insurance Escrow	
Lease-Up Reserve	
Other Reserves:	
Developer Fees	

<b>TOTAL SOURCES:</b>	<b>\$1,541,203.00</b>	<b>TOTAL USES:</b>	<b>\$1,541,203.00</b>
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**EXHIBIT C**  
**Monthly HAP Contract Rents**

<u>Number of Contract Units</u>	<u>Number of Bedrooms</u>	<u>Contract Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>
0	0	\$0.00	\$0.00	\$0.00
476	1	\$729.00	\$0.00	\$729.00
0	2	\$0.00	\$0.00	\$0.00
0	3	\$0.00	\$0.00	\$0.00
0	4	\$0.00	\$0.00	\$0.00
0	5	\$0.00	\$0.00	\$0.00
0	6	\$0.00	\$0.00	\$0.00

**EXHIBIT D**  
**Scope of Work**

*(List all work to be done in connection with the Transaction that needs to be completed before Closing)*

Not Applicable

*(List all work to be done in connection with the Transaction following Closing)*

<b>Work Item</b>	<b>Description of Improvement Work</b>	<b>Budget</b>
	Hi-Rise Boiler Equip	\$12,000.00
	Hamline & Seal Dom Water Presssure Pumps	\$30,000.00
	Hamline & Seal Hot Water Tanks	\$50,000.00
	Capitalized Project Management Costs	\$20,000.00
		<b>Total \$112,000.00</b>

**EXHIBIT E**  
**Closing Checklist**  
**See Attached**



## RESIDENT INFORMATION NOTICE RAD CONVERSION COMMITMENT

### General Description of HUD's Rental Assistance Demonstration (RAD)

The Rental Assistance Demonstration (RAD) is a voluntary program of the U.S. Department of Housing and Urban Development (HUD), and is accomplished as a financial and legal transaction. This program is designed to help housing authorities preserve and improve affordable housing by allowing them to convert the Federal subsidy for their public housing properties to project-based Section 8 assistance. Such a change could give the PHA more stable funding over the next 20 years (and beyond), allowing the PHA to operate and maintain the affordable housing properties that public housing provides now. **The PHA will maintain ownership and operation of all PHA properties that convert to RAD.**

### St Paul Public Housing Agency's RAD Conversion

On July 26, 2019, HUD approved the PHA's eight Financing Plans and conversion of 3,855 housing units to RAD (all PHA hi-rises and family developments) by issuing RAD Conversion Commitments (RCCs) to the PHA. The Board of Commissioners accepted the RCCs on August 14, 2019. The PHA is now in the process of closing on the RAD conversion, with an expected closing date of October 3, 2019.

After RAD closing, all households in PHA hi-rises and family developments will receive a new Project Based Rental Assistance (PBRA) Model Lease and House Rules, which will replace their existing Low-Income Public Housing Lease upon the PHA's anticipated Housing Assistance Payment (HAP) Effective Date of December 1, 2019. The PBRA Model Lease and House Rules must be reviewed and signed by all members of each household, and returned to PHA Management by November 27, 2019.

All hi-rise and family development residents are encouraged to attend any of the upcoming resident information meetings that will cover the PBRA Model Lease and House Rules. A schedule for the resident information meetings will be posted on the PHA's website at [stpha.org](http://stpha.org). A copy of the schedule will also be sent to each household via US mail, along with the household's Model Lease and House Rules.

PHA staff will continue to keep PHA residents, the community, and the Board of Commissioners informed on the RAD conversion process.



## **RAD INFORMATION NOTICE**

### **RAD CONVERSION COMMITMENT, Continued**

#### **Resident Relocation Rights (Relocation Not Anticipated)**

At this time, the PHA does not anticipate any need for relocation of residents due to a RAD conversion. Nevertheless, HUD requires the PHA to notify all residents of their relocation rights under RAD. Your rights are as follows:

- You have a right to remain in any unit converted to RAD or, if any relocation is required, a right to return to an assisted unit in the Covered Project (which may be at a new site in the case of a transfer of assistance).
- You cannot be required to move permanently without consenting to the move.
- If any relocation is involved in the RAD transaction, you are entitled to relocation protections under the requirements of the RAD program and, in some circumstances, the requirements of the Uniform Relocation Act (URA). Those protections may include advance written notice of any move, advisory services, payment(s) and other assistance as applicable to the situation.

#### **Residents Will Not Be Subject to Rescreening**

If your property is converted to RAD, you will not be subject to any rescreening for eligibility as a result of the conversion.

#### **The PHA will follow all Fair Housing and Civil Rights Requirements**

The RAD transaction will be completed consistent with Fair Housing and Civil Rights requirements. Reasonable accommodation requests during the conversion process can be submitted through your location's Management office.

#### **Upcoming Resident Information Meetings on PBRA Model Lease and House Rules**

PHA staff encourages all households to attend at least one of the upcoming resident information meetings to learn more about the PBRA Model Lease and House Rules. All households will receive their PBRA Model Lease and House Rules, along with a schedule of the resident information meetings, following closing of the PHA's RAD conversion (expected date of closing is October 3, 2019). Questions, comments, and concerns about the Model Lease and House Rules will be addressed by PHA staff at these meetings. Households will be able to sign their PBRA Model Lease and House Rules before, during, or after the resident information meetings, but all PBRA Leases and House Rules must be signed and returned to PHA Management by November 27, 2019.

# PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

**REPORT TO COMMISSIONERS**

**FROM JON M. GUTZMANN  
EXECUTIVE DIRECTOR**

**REGARDING** Rental Assistance Demonstration;  
RAD Conversion Commitment (RCC) for  
Asset Management Project No. 3 (AMP 3)  
Edgerton, Iowa and Wilson Hi-Rises

**DATE** August 14, 2019

Staff requests Board approval of Resolution No. 19-8/14-04 authorizing execution of the RAD Conversion Commitment (RCC) for the conversion of Edgerton, Iowa and Wilson Hi-Rises (HUD Project No. MN001000003; AMP 3) to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program.

The PHA applied for acceptance to the RAD program in August 2017 and HUD awarded the Commitment to enter into a Housing Assistance Payment (CHAP) for this project in August 2018. Staff submitted the Financing Plan in April 2019. HUD issued the RCC on July 26, 2019 thereby accepting the Financing Plan and starting a 90 day clock for the PHA to close on (complete) the conversion transaction. An interim milestone in this 90 day period is a 30 day deadline for the PHA to execute and return the RCC to HUD by uploading it to the RAD Resource Desk. The fully executed RCC is due by August 25, 2019. If the RCC is not returned by this date it will expire.

This is one of the eight RAD Conversion Commitments that constitute a near "portfolio-wide" conversion to PBRA under RAD, including the PHA's four family housing developments and sixteen hi-rises, a total of 3,855 public housing units.

The RAD Conversion Commitment (RCC) is a contract executed by HUD and the PHA that describes the specific terms and conditions of the RAD conversion for Edgerton, Iowa and Wilson Hi-Rises (AMP 3). The RCC is a template document which cannot be modified and is

not subject to negotiation. The 30-page document consists of a two-page summary of the specific converting project, 7 pages of “Terms and Conditions”, a signature page (page 11) and exhibits; plus the 14-page Closing Checklist (Exhibit E) that is identical for all eight projects. In addition to the specific terms and conditions there are five exhibits attached that provide additional transaction information and requirements for completing the close process successfully.

### **RCC Project Summary**

The first two pages of the RCC contain information unique to the conversion for AMP 3 Edgerton, Iowa and Wilson Hi-Rises including:

- The number of converting units: 553 total units;
- The number and length of the HAP contract(s) for the project: One contract, twenty years;
- The total amount of the monthly deposit to the replacement reserve: \$43,779.17 (\$950 per unit per year);
- Key features of the Covered Project: This project has no new financing (“debt-free” conversion). In addition, the Officer-In-Residence units are noted as a De Minimis reduction. The Board approved requesting a waiver to classify these three units as “unassisted” at the May 22, 2019 meeting.
- Choice Mobility Provision: The PHA will comply with RAD Choice Mobility practices; and
- The final completion deadline for all work noted in Exhibit D Scope of Work (explained below) is established as October 31, 2020. The PHA will be required to provide completion certification data for the work described on or before that date.

### **RCC Terms and Conditions**

The RCC Terms and Conditions define the process by which the commitment between the PHA and HUD to participate in the Rental Assistance Demonstration and conversion to project-based assistance will be executed. Critical components of the conversion such as the applicable rules, regulations, and requirements are noted, as well as financial considerations, and HUD and PHA obligations.

### RCC Exhibits

The RCC has five exhibits attached which are also considered part of the Commitment (as noted in Paragraph #25):

#### Exhibit A: Special Conditions, Necessary Approvals, or Additional Provisions to the RCC.–

This exhibit is intended to address items that were noted during HUD’s review of the Financing Plan that did not prevent approval of the Plan, written documentation requiring HUD approval before closing, or additional provisions not included in the RCC template. These items must be cleared or adequately addressed to HUD’s satisfaction before closing.

The items noted in RCC Exhibit A for this project (Edgerton, Iowa and Wilson Hi-Rises, AMP 3) include these items:

- Ongoing work must be reconciled with the budget and ownership prior to closing, and priority of the Use Agreement relative to any potential mechanics liens must be acceptable to HUD prior to closing based on review of state law.
- The PHA will be required to provide an updated PCA Narrative acceptable to HUD prior to closing.

Staff will reconcile and provide final budget numbers for the ongoing work noted in Exhibit D prior to closing. PHA legal staff are working to ensure the PHA’s treatment of potential mechanics liens is consistent with the RAD Use Agreement and Minnesota State Law.

The “PCA Narrative” is the Capital Needs Assessment (CNA) Narrative. Staff are working with our CNA contractor to revise their CNA Narrative to address HUD’s concerns about the document we submitted previously.

Exhibit B: Sources and Uses of Funds. This is a comprehensive presentation of all sources and uses of funds needed to complete the RAD conversion. Since the PHA’s RAD transaction does not require debt, and no new development or substantial rehabilitation is proposed, the Sources and Uses is fairly basic. It summarizes what funds will be used for the Initial Deposit to Replacement Reserve (IDRR) and on-going capital improvements already in process, and establishes the operating reserve account.

Exhibit C: Monthly HAP Contract Rents. This information is taken from Exhibit A of the most current Commitment to Enter into a Housing Assistance Payment (CHAP). Staff have verified this information is correct.

Exhibit D: Scope of Work. This a list of all construction/rehabilitation work that will be completed in conjunction with the RAD transaction. The Scope of Work for this project is “owner-elected” construction work not included in the Capital Needs Assessment. The PHA intends to utilize 2018 Capital Funds to complete this work, so it must be itemized in Exhibit D in order to facilitate transfer of funds into the RAD projects. Amounts noted in Exhibit D correlate with the amounts included in RCC Exhibit B, Sources and Uses (Hard Costs – Construction/Rehabilitation). As noted in the RCC Summary, this work must be completed by October 31, 2020.

Exhibit E: Closing Checklist. HUD’s “Rental Assistance Demonstration Closing Overview & Checklist for Project Based Rental Assistance (PBRA) Conversions” is attached as the final exhibit. Staff have relied on this checklist to prepare the draft closing packet the Board will see in a related agenda item.

### **RCC Amendments**

As noted in the Closing Checklist (line item #4), amendments to the RCC are allowed for material changes to the RCC or any of the exhibits, including the Sources and Uses. Staff expect to submit an RCC Amendment prior to closing to ensure all “owner-elected” work for this project is included in Exhibit D Scope of Work. We will work with our Closing Coordinator to determine the appropriate way to submit the request.

### **Resident Notification**

As required by HUD’s RAD Notice\*, after receiving the RCC the PHA must notify each affected household that conversion of the project has been approved and inform the residents of any

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\* Notice PIH-2012-32, Rev-3; Rental Assistance Demonstration – Final Implementation, Revision 3.

impact the conversion may have on them. Since the PHA's conversion does not require relocation or other changes to the resident's current housing status, the primary message to residents will be regarding the Model Lease and the activities surrounding lease signing. A letter describing these activities and information regarding additional informational meetings will be sent to each household via U.S. Mail. A draft of that notice is attached.

Issuance and execution of the RCC begins the final phase of the RAD conversion transaction.

Here are the major milestones remaining:

- **The PHA submits a draft closing package** to HUD for review. The draft package must contain all documents listed in the RCC and on any closing checklist provided by HUD.
- **Final conversion** occurs on the date of closing.
- **HUD must receive fully executed versions of the closing documents** within 30 days after closing.

With the Board's approval, the RAD Conversion Commitment (RCC) for this project will be signed by the PHA's Executive Director and submitted to HUD by the August 25, 2019 deadline.

JMG/AJH/FAH

Attachments:

1. Resolution No. 19-8/14-04
2. RAD Conversion Commitment for Project #3 Edgerton, Iowa and Wilson Hi-Rises including Exhibits A – E
3. Draft Notification to Residents of Projects Converting to PBRA under RAD

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL  
RESOLUTION NO. 19-8/14-04**

**RENTAL ASSISTANCE DEMONSTRATION (RAD) CONVERSION TO  
PROJECT-BASED RENTAL ASSISTANCE (PBRA);  
EXECUTION OF RAD CONVERSION COMMITMENT  
ASSET MANAGEMENT PROJECT NO. 3 (AMP 3)  
EDGERTON, IOWA AND WILSON HI-RISES**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) has applied to the U.S. Department of Housing & Urban Development (HUD) to convert 3,855 dwelling units of Low Income Public Housing (LIPH; Section 9) to Project-Based Rental Assistance (PBRA; Section 8), through HUD's Rental Assistance Demonstration (RAD) program, as initially approved by the PHA's Board of Commissioners on August 23, 2017; and

WHEREAS, on August 20, 2018 the PHA received HUD's approval letters for all eight RAD conversion applications; and the letters also serve as the "Commitment to Enter into a Housing Assistance Payment" (CHAP) awards for those Asset Management Projects (AMPs 1-8); and

WHEREAS, in April 2019 staff submitted the PHA's eight RAD Financing Plan packages by uploading over 300 documents to HUD's online "RAD Resource Desk"; and

WHEREAS, PHA staff worked with a "Financing Transaction Manager" assigned by HUD to fulfill all necessary requirements for approval of the PHA Financing Plan demonstrating transaction viability; and

WHEREAS, on July 26, 2019 HUD staff issued a RAD Conversion Commitment approving the PHA Financing Plan; and

WHEREAS, PHA staff are now working with a "RAD Closing Coordinator" assigned by HUD who will work with other HUD staff and PHA staff on the next steps in the RAD conversion process, resulting in closing of the RAD transaction; and

WHEREAS, the Board of Commissioners finds that the RAD Conversion Commitment is necessary and appropriate to execute, in furtherance of the PHA's applications to convert the public housing units in the PHA's hi-rises and family housing developments to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program, to best serve the needs of PHA residents;

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Public Housing Agency of the City of Saint Paul as follows:

1. The Executive Director or his designee is authorized to execute the RAD Conversion Commitment as presented;
2. Staff is authorized to execute and submit all required documents relating to this Conversion Commitment, including any amendments deemed necessary by PHA or HUD staff; and
3. Pursuant to HUD notice dated January 11, 1990, the PHA certifies that no employee is serving in a variety of positions that will exceed 100 percent of his or her work time.

**Rental Assistance Demonstration (RAD)  
Conversion Commitment (Public  
Housing; First Component)**

**U.S. Department of Housing and  
Urban Development  
Office of Multifamily Housing**

<b>Complete each box, even if information is duplicative</b>			
<b>Proposed Name and Address of Covered Project:</b>  EDGERTON HI-RISE VARIOUS St Paul, MN 55130	<b>Proposed Project Owner:</b> Public Housing Agency of the City of Saint Paul  651-298-5664 jon.gutzmann@stpha.org Project Owner is controlled by: <input checked="" type="checkbox"/> Control by a Public Body <input type="checkbox"/> Control by a Non-profit Body	<b>Proposed Project Owner Notice Address:</b>  555 N Wabasha Street, Suite 400 St Paul, MN 55102	
<b>Existing Ownership Entity, Name and Address of Converting Project:</b>  Public Housing Agency of the City of St Paul EDGERTON HI-RISE VARIOUS St. Paul, MN 55130	<b>PHA:</b> Public Housing Agency of the City of St Paul  Contact phone/email: 651-298-5664/Jon.Gutzmann@stpha.org PHA is an MTW agency: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>PHA Notice Address:</b>  555 N. Wabasha Street, Suite 400 St Paul, MN 55102	
<b>Dwelling Units in Covered Project (specify total # of dwelling units, and # of RAD, non-RAD income restricted, market, and manager units):</b> Total Units: 553 RAD Units: 553 LIHTC Units: 0 Market Units: 0 Other Affd Units: 0			
<b>PIH Information Center (PIC) removal application number (a/k/a Demolition-Disposition Application Number (DDA#)):</b> DDA0008965			
<b>Converting Project PIC Number(s)</b> <i>(for all items to the right in this row, list data by each AMP # in the cells below):</i>	<b># of units converting to RAD to be removed from each AMP:</b>	<b># of non-converting units to be removed from each AMP (e.g., due to a de minimis reduction):</b>	<b>Total # of units to be removed from each AMP (sum of two middle columns):</b>
MN001000003	553	3	556
<input checked="" type="checkbox"/> Project-Based Rental Assistance (PBRA) <input type="checkbox"/> Project-Based Vouchers (PBV). If PBV, list HAP Contract Administrator (PHA or another housing authority): _____			<b>Number of HAP Contracts and Term length of each HAP Contract:</b> 1 contract(s) 20 years
<b>Reserve Fund for Replacements</b>  Amount of Total Monthly Deposit to Replacement Reserve upon effective date of the HAP contract <u>\$43,779.17</u>			

**Key features of Covered Project:**

General:

- Ground lease
- Transfer of Assistance
- Scattered-site project
- Major non-dwelling assets (e.g., free-standing buildings, community or commercial facilities or significant unimproved acreage) (explain below).
  - Existing Included in the PIC removal application listed on page 1
  - To be added to the Covered Project
- PHA's sole project or, together with substantially concurrent conversions, the PHA's last public housing project to convert

Inter-Related Projects:

- Multi-phase conversion
- Converting Project is adjacent to public housing units within the same AMP that are not converting (not a full conversion of a contiguous project)
- Rent Bundling
  - This is a donor property
  - This is a recipient property (Identify below the associated properties in the rent bundling arrangement and when the other projects have/are expected to close)

Construction:

- Demolition of current public housing units
- New Construction. If new construction, is HAP contract to be entered into:
  - at Closing, or
  - upon construction completion

Relocation:

- Tenants will be Relocated for >12 months
- Tenants will be Relocated for ≤12 months
- No relocation anticipated

Financing:

- FHA-Insured Financing anticipated  
If so, date of Firm Commitment: \_\_\_\_\_
- Low-Income Housing Tax Credits anticipated  
Date of any allocating agency closing deadline: \_\_\_\_\_
- Conventional financing anticipated
- No new FHA-Insured, LIHTC or conventional financing
- Existing debt, such as EPC, CFFP, OFFP or existing mixed-finance debt (list below the type of debt, whether it will remain outstanding post-conversion and, if not, whether it will be paid off prior to or at closing)
- Public housing funds in Sources and Uses

Unit Configuration:

- Reduction in units. If checked, 3 (#) units reduced based on the following authority:
  - De minimis associated with this transaction (# of 3 units)
  - De minimis associated with another transaction (# of 0 units) (explain below)
  - Other (explain below)
- Change in unit configuration (explain below)

If additional information is necessary to clarify the features above and/or if there are other important features of the Transaction not described above, such additional information may be listed here:

**RAD Rehab Assistance Payments:**

Not Applicable

**Choice Mobility:**

- Project Owner will comply with RAD Choice Mobility practices.
- Project Owner is exempt from implementing the RAD Choice Mobility practices with respect to the RAD units in the Covered Project.

**Repairs:**

- a. Estimated number of months for completion for all Work (number of months the property is eligible for Rehab Assistance Payments): 12 months
- b. Final completion deadline for all Work (after which Project Owner is in default): 10/31/2020

This commitment ('Commitment') to participate in the Rental Assistance Demonstration ('RAD') and convert the assistance of the Converting Project named in the above table is entered into by and among Public Housing Agency of the City of St Paul, a public housing authority organized and existing under the laws of Minnesota ('PHA'); Public Housing Agency of the City of Saint Paul, a Public Entity organized and existing under the laws of Minnesota ('Project Owner'); and the United States Department of Housing and Urban Development, acting by and through the Secretary, his or her successors, assigns or designees ('HUD'), as of the date executed by HUD below. If the PHA is to be the owner of the Covered Project, the PHA shall also be identified as the Project Owner.

#### TERMS AND CONDITIONS:

1. **Applicable HUD Regulations and Requirements.** By converting assistance and entering into the Closing Documents contemplated in this Commitment, the PHA and Project Owner agree, each as and to the extent applicable, to operate the Covered Project in accordance with all applicable law, including without limitation the Consolidated and Further Continuing Appropriations Act of 2012 (Pub. L. 112-55, signed November 18, 2011, as amended) ("RAD Statute"); all applicable program requirements and guidance, including without limitation Notice PIH-2012-32, as amended and revised from time to time (the "RAD Notice") or any successor or additional statutes, regulations or guidance; and the terms and conditions set forth below (collectively, the "Program Requirements"). Any conflicts between this Commitment and any other HUD requirements shall be conclusively resolved by HUD. Any capitalized terms used herein but not defined have the meanings given them in the RAD Notice.
2. **Acceptance of Commitment/Expiration.**
  - a. This Commitment shall terminate thirty (30) days from the date executed by HUD unless the PHA and Project Owner execute and return an unaltered copy of this Commitment to HUD, at the address that appears on the last page of this Commitment.
  - b. This Commitment shall not be effective or enforceable against HUD until all conditions stated herein have been satisfied in HUD's determination.
  - c. Unless all conditions stated herein have been satisfied as determined by HUD and the transactions contemplated by this Commitment (collectively, the "Transaction") are closed within 90 days from the date executed by HUD, this Commitment shall, unless extended by HUD in writing, expire and be of no further force or effect. Upon expiration, all rights and obligations of the respective parties shall cease.
3. **Closing Requirements and HUD Approvals.** As used in this Commitment, "Closing" means execution of all binding legal instruments connected to the transaction contemplated by this Commitment and, if applicable, recordation of such instruments. All requirements set forth in this Commitment must be completed to HUD's satisfaction before the Closing can occur. A Closing checklist ("Closing Checklist") is attached hereto as Exhibit E and incorporated herein. The Closing Checklist lists those items HUD has determined necessary to be submitted to and approved by HUD in order for the Closing of this Transaction to occur. Should HUD determine that any other documents or items (in addition to those listed on the Closing Checklist) are necessary to meet the terms of this Commitment or Program Requirements, the PHA and Project Owner agree to provide such documents or other items in such form and substance as acceptable to HUD or to terminate this Commitment and not proceed to Closing. Unless otherwise agreed by HUD, in the case where the Project Owner differs from the PHA, all post-closing requirements and obligations contained herein will apply to the Project Owner after the Closing. Any determination, approval or decision of HUD pursuant to this Commitment shall be in HUD's sole and absolute discretion. Unless otherwise set forth in writing by HUD prior to Closing, HUD's execution and release of the Closing Documents shall constitute any approvals or decisions required herein and not previously given in writing.
4. **Public Housing Requirements.** The PHA and Project Owner acknowledge that the Converting Project remains subject to the United States Housing Act of 1937, its Consolidated Annual

Contributions Contract and any amendments thereto, and all other pertinent Federal statutory, executive orders, regulations and other guidance, as those requirements may be amended from time to time (collectively the "Applicable HUD Requirements"), and shall not be subject to the HAP Contract, until the effective date of the HAP Contract. Unless HUD gives written instructions otherwise, for so long as the Converting Project remains public housing, the PHA and Project Owner shall take all steps necessary to ensure that:

- a. Fire and other property insurance as required under Applicable HUD Requirements are and shall be maintained in full force and effect;
- b. All ordinary and necessary operating expenses pursuant to Applicable HUD Requirements of the Converting Project are and shall be paid; and
- c. The Converting Project remains in compliance with Applicable HUD Requirements, including without limitation all requirements related to the physical condition of the Converting Project and any remedial agreements between HUD and the PHA and remedial judicial or administrative orders, except as expressly modified by this Commitment and/or the Closing Documents.

Upon the Closing, the PHA shall certify in writing that the foregoing requirements have been met through the date of the Closing.

5. **HUD Review of Project Ownership.** The PHA and Project Owner agree that HUD approval of the ownership and control of the Covered Project is a condition of closing. The PHA shall not transfer any ownership interest in the Converting Project prior to the Closing.
6. **Closing Documents.** The PHA and Project Owner shall execute or cause to be produced, as appropriate, such agreements, instruments, certificates and other documents as HUD may require to complete the Transaction (collectively, the "Closing Documents"), using forms prescribed by or acceptable to HUD and completed, executed, recorded and/or filed in the number of copies and in such manner as directed by HUD. Without limiting the foregoing, the Closing Documents may include:
  - a. If applicable, one or more releases or partial releases of the applicable Declaration(s) of Trust or comparable document;
  - b. a RAD Use Agreement (document HUD-52625);
  - c. a Housing Assistance Payments Contract (for PBRA, documents HUD-52620 and HUD-52618; for PBV, HUD-52530A Parts I and II and HUD-52621), including any required exhibits;
  - d. Certifications and assurances; and
  - e. Any additional documents required by HUD in order to determine whether criteria for Closing have been met.
7. **Use Agreement Priority.** A title report must be provided for the Converting Project and Covered Project. In addition, an owner's pro forma title policy may be requested for the Covered Project involving the addition of financing to be secured by the Covered Project. Unless otherwise approved by HUD, the RAD Use Agreement shall be superior to any and all liens and/or encumbrances against the Covered Project, including, without limitation, the lien evidenced by any and all mortgages, deeds of trust and other financing documents and regulatory documents related to the Covered Project (including any LIHTC use agreement). The Project Owner shall obtain consents or subordination agreements, and have such documents executed, as HUD may determine necessary to establish such priority.
8. **Expenses and Transaction Costs.** Except as otherwise set forth in this Commitment, regardless of whether the Transaction is consummated, HUD shall not be responsible for any expenses or transaction costs incurred by or at the direction of the PHA or Project Owner in connection with the Transaction (including without limitation, fees for consultants, attorneys, environmental contractors, tax advisors and accountants; city, county and/or state taxes and/or fees; recording fees, prepayment penalties and/or premiums; costs for title insurance and title examination; surveys and appraisals).
9. **Tax, Financial, and Legal Consequences.** HUD has not provided, nor shall it provide, any opinions, representations, warranties, or covenants to any party regarding any federal, state and/or local tax consequences, financial consequences, or legal consequences relative to the

Transaction. The PHA and Project Owner acknowledge that funding of the contemplated Housing Assistance Payment Contract (HAP Contract) is subject to appropriations.

10. **Certifications, Representations and Warranties by the PHA and Project Owner.** Any statement, certification, representation or warranty made by the PHA or Project Owner in or pursuant to this Commitment is true and correct when given, and shall remain true and correct at all times through and including the Closing. In the event any such statement, certification, representation or warranty is no longer complete or correct, and without limiting HUD's rights and remedies, the PHA or Project Owner, respectively, shall notify HUD in writing immediately. Without limiting the foregoing, the PHA and Project Owner, respectively, hereby represent and certify to HUD and warrant to maintain the veracity through Closing of the following statements:
- a. All notices required by Program Requirements relating to the transaction have been timely provided to such persons and in a manner complying with applicable Program Requirements.
  - b. The PHA and the Converting Project continue to meet all program eligibility requirements as stipulated in the RAD Notice.
  - c. With the exception of any transfers under the PHA's Admissions and Continued Occupancy Policy or as otherwise approved by HUD, the PHA has not relocated any residents of the Converting Project in connection with the Transaction prior to the date this Commitment is executed by all parties.
  - d. Except as specifically disclosed to and accepted by HUD in writing, neither the PHA nor the Project Owner (including, but not limited to Board Members, principals and executives of the PHA or Project Owner) has any knowledge that it (or any Board Members, principals and executives of the PHA or Project Owner in their official capacity as members, principals or executives of the PHA or Project Owner, as applicable) is the current subject of, nor has received any pending notice of, any debarment, suspension or other administrative proceeding, audit or investigation by HUD, including without limitation by the Inspector General, the Departmental Enforcement Center, or the Office of Fair Housing and Equal Opportunity, or any other Federal or state government agency, whether or not sanctions have been imposed against such party.
  - e. No disclosed debarment, suspension or other administrative proceeding, audit or investigation would impact the PHA's or the Project Owner's ability to carry out its obligations as contemplated under this Commitment.
- Upon the request of HUD, the PHA shall provide HUD with evidence satisfactory to HUD relating to each of the foregoing certifications. Execution of the Closing Documents by the PHA and the Project Owner, respectively, constitute re-certification to HUD of the foregoing statements.
11. **Successors and Assigns.** This Commitment and its attachments are binding upon the PHA, the Project Owner and the successors and assigns of each. Unless otherwise provided herein, this Commitment may not be assigned, in whole or in part, except upon the prior written consent of HUD.
12. **Corrections.** Notwithstanding anything to the contrary contained in this Commitment, the PHA and Project Owner agree to execute, before or after the Closing, such documents, amendments or modifications as HUD deems necessary or appropriate to effectuate the intent of this Commitment or to complete or consummate the Transaction, including but not limited to instruments necessary to correct this Commitment or any of the Closing Documents.
13. **Changes to This Commitment.** HUD has approved a Financing Plan for this transaction. The PHA and Project Owner shall notify HUD of any changes to the terms set forth in the Financing Plan, or any other business terms submitted to HUD. If HUD determines such changes to be material, HUD may require an amendment to this Commitment or other reviews or approvals as HUD determines necessary to account for the changed terms. The final business terms shall be determined as of the Closing and inserted into the applicable Closing Documents. The PHA's and Project Owner's execution of the Closing Documents shall constitute acceptance of the final business terms reflected therein.

#### 14. Sources of Funds.

- a. HUD must review and approve all debt (secured and unsecured) against the Covered Project prior to Closing.
- b. Development Budget. HUD approval of this Transaction is based on the estimated Sources and Uses attached as Exhibit B. Any changes to this Sources and Uses shall be disclosed to HUD and if HUD determines that such changes are material, HUD may require additional review and approvals and/or amendment to this Commitment. PHA and/or Project Owner shall provide HUD with the final certified Sources and Uses upon Closing.
- c. PHA Funds for Development Budget. Where the Transaction includes public housing funds to be contributed by the PHA for uses other than funding the HAP Contract, these funds must be shown on the Sources and Uses. The PHA certifies that all such funds are available and reserved for the Transaction, are irrevocable, and that the PHA has obtained all consents necessary in order for the PHA to commit such funds to the Transaction.
  - i. Prior to Closing, public housing Capital Funds shown in the Sources and Uses must be moved within the HUD Line of Credit Control System (LOCCS) to the "RAD Investment" Budget Line Item (BLI 1504). These funds must be drawn down out of LOCCS at closing and, until they are disbursed for a use shown in the Sources and Uses, made subject to a General Depository Agreement (GDA, form HUD-51999).
  - ii. Until disbursed for a use shown in the Sources and Uses, Public housing Operating Reserves shown in the Sources and Uses must be held in an account or sub-account subject to a GDA.
  - iii. To the extent such funds must be subject to a GDA as described above, the PHA may use a pre-existing GDA if the PHA is making use of separate or segregated accounting. (For example, a PHA may have a pre-existing account for Operating Fund Reserves subject to a GDA and if the converted funds to be used as shown in the Sources and Uses may be adequately separated or segregated for accounting purposes in a sub-account or otherwise remaining subject to the pre-existing GDA, the requirements of this section are fulfilled.) If shown in the
  - iv. Sources and Uses, such funds may be used to satisfy obligations of the Covered Project, including without limitation, funding reserves (for example, to make an initial deposit for a replacement reserve (IDRR)) or payment of construction or other project costs in accordance with this RCC and other project documents. Methods by which the PHA may choose to disburse such funds in accordance with this section include:
    - In a lump sum as a loan to the Project Owner, subject to a loan agreement or other documentation;
    - Incrementally over time as a loan to the Project Owner, subject to a loan agreement or other documentation;
    - In a lump sum to the Project Owner as a grant or otherwise without the expectation of repayment; and/or
    - Incrementally over time to the Project Owner as a grant or otherwise without the expectation of repayment.
- d. No Additional PHA funds. Except for the amounts identified in the Sources and Uses and amounts identified in the HAP Contract to fund the Covered Project in the calendar year of conversion, no public housing funds may be used as an additional source of funds for the Covered Project. By way of illustration and not limitation, after Closing, no public housing funding (including any funds deemed "project funds" or "program income" under public housing regulations) may be used to pay for any costs for any work (Work or other work) done in connection with the Covered Project.

- e. Upon the conversion of assistance, the Converting Project, including any real or personal property thereof, shall no longer be used for public housing purposes, as originally authorized by the U.S. Housing Act of 1937. This Commitment provides instruction for such conversion and the treatment of the Converting Project. Any proceeds of disposition of the Converting Project (or of any real property or improvements that as of the date of this Commitment are considered public housing) in connection with the conversion of assistance contemplated by this Commitment shall be used for affordable housing purposes as defined in the RAD Notice. Any proceeds of any loans of converted public housing funds made in connection with the conversion of assistance contemplated by this Commitment shall be used for affordable housing purposes. Any uses of converted public housing funds listed in the Sources and Uses attached hereto as Exhibit B shall be considered end uses for purposes of 2 CFR Part 200.
15. **Moving to Work Considerations.** Participation in RAD by a Moving To Work (MTW) agency does not reflect a determination that the agency will remain an MTW agency, only a determination that the Covered Project will continue to be a RAD project under the terms of the RAD program.
16. **RAD HAP Contract Funding in Initial Year.** From the effective date of the HAP Contract through the remainder of the calendar year, the Covered Project will be funded only from available public housing amounts obligated prior to the effective date of the HAP Contract and from any additional public housing amounts that HUD obligates in full or in part, subject to the availability of sufficient appropriations, for the remainder of the calendar year in which the HAP Contract becomes effective. **Project Owner acknowledges that this amount for the first year may be less than the contract rent for subsequent years.** During such time, the PHA will draw down funds from LOCCS as instructed by HUD and transfer amounts to the Project Owner as payments pursuant to the HAP Contract in its capacity as or on behalf of the Contract Administrator, as applicable.
17. **RAD Rehab Assistance Payments.** It is anticipated that the Covered Project will be eligible for RAD Rehab Assistance Payments pursuant to its HAP Contract to the extent set forth on the second page of this Commitment.
18. **Section 8 Contract Rents.** Exhibit C sets out the monthly Section 8 contract rents that will be specified in the HAP Contract.
19. **Planned Construction and Rehabilitation.** Exhibit D sets forth the planned construction, repairs and/or rehabilitation for the Covered Project, including any repairs that need to be completed before closing, to be funded in accordance with the Sources and Uses (the "Work").

The Project Owner hereby represents, warrants and certifies to HUD and will update such representation, warranty and certification at Closing, in a form and substance acceptable to HUD, that the sources of funds are sufficient to pay for the Work and that all Work will be completed timely and in accordance with applicable RAD Program Requirements, including without limitation:

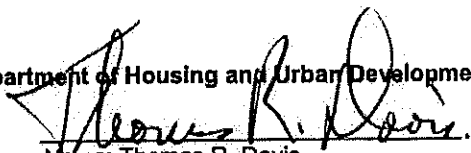
- a. The Work will be completed in accordance with:
- i. The more stringent of: (1) any applicable national building code, such as Uniform Building Code, Council of American Building Officials Code, or Building Officials Conference of America Code; or (2) applicable state and local laws, codes, ordinances, and regulations;
  - ii. Other applicable Federal requirements including any Federal fire-safety requirements and HUD minimum property standards (e.g., 24 CFR part 200, subpart S for FHA-insured properties);
  - iii. The relevant requirements of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-484 6), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-485 6), and implementing regulations at 24 CFR part 35, as applicable;

- iv. Notice PIH 2014-17 / H 2014-09, issued July 14, 2014 (and any amendments, revisions or successor documents), "Relocation Requirements under the Rental Assistance Demonstration (RAD) Program, Public Housing in the First Component," which relocation requirements include, as applicable, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and its implementing regulations at 49 CFR Part 24 with regard to any relocation of residents;
  - v. Section 504 of the Rehabilitation Act of 1973 and its implementing regulations at 24 CFR part 8, including but not limited to accessibility standards, with regard to any "substantial alterations" or other "alterations," each as defined in such regulations, as applicable;
  - vi. The design and construction requirements of the Fair Housing Amendments Act of 1988 and its implementing regulations at 24 CFR Part 100.25, as applicable;
  - vii. Section 3 of the Housing Act of 1968 and its implementing regulations at 24 CFR Part 135 and all of the related regulations, rules and requirements as applicable; and
  - viii. Davis-Bacon prevailing wage requirements, section 12 of the United States Housing Act of 1937, and Contract Work Hours and Safety Standards Act, and all of the related regulations, rules and requirements for any repairs that qualify as "construction" or "rehabilitation" as defined in such regulations, rules and requirements.
- b. Any Work not completed by the final completion date listed on page 2 of this Commitment and set forth in the HAP Contract, including any reduction in the scope of Work listed on Exhibit D, unless an extension of such date or such reduction in scope is approved in writing by HUD, constitutes a default of this Commitment and of any HAP Contract entered into with respect to the Covered Project. Upon such default, HUD may terminate this Commitment and/or HUD may take action to terminate the HAP Contract relating to the Covered Project, as provided in the HAP Contract.
  - c. The Project Owner shall not be entitled to withdraw or take any Distributions from the Covered Project until after completion of the Work and certification of the actual cost of the Work.
  - d. To the extent the Work includes new construction or substantial rehabilitation, the PHA and/or Project Owner shall engage a qualified general contractor who shall obtain either (i) a payment and performance bond from a properly licensed surety, which bond and surety shall be acceptable to HUD, or (ii) a letter of credit, acceptable to HUD.
20. **Reserve for Replacements.** The Project Owner shall establish upon Closing a Reserve for Replacements, with an IDRR as set forth in Exhibit B, the Sources and Uses. Monthly deposits into the Reserve for Replacements will be made in the amount set forth on the first page of this Commitment as set forth in the HAP Contract and adjusted annually in accordance with the HAP Contract and Program Requirements.
21. **Counsel.** Closing is conditioned upon review and approval of the Transaction by HUD, including without limitation a legal review and approval of diligence and closing documents. The PHA and Project Owner, if different than the PHA, agree to select competent counsel in connection with this Transaction in a manner that satisfies the applicable rules of professional conduct. Counsel to the PHA and/or Project Owner, as appropriate, must provide a legal opinion with respect to the following matters and any other matters reasonably requested by HUD:
- a. The PHA and Project Owner are each duly organized, validly existing and in good standing under the laws of the applicable jurisdiction(s);
  - b. The PHA and Project Owner each have the requisite power and authority, and have secured all consents required, to consummate the Transaction;
  - c. Each of the Closing Documents executed by or on behalf of the PHA and/or Project Owner in connection with the Transaction is a legally binding obligation of such party, duly executed and delivered on behalf of such party and enforceable in accordance with its terms;
  - d. There is no litigation or other claim pending or threatened against the PHA, Project Owner or the Covered Project other than as disclosed to and consented to by HUD;

- e. Based upon a pro forma title policy acceptable to HUD and assuming the recordation of documents in the order contemplated by such pro forma title policy, provided counsel has no reason to believe the documents will be recorded in an order other than as listed in such pro forma title policy, the RAD Use Agreement is superior to the lien and/or encumbrance evidenced by any and all mortgages, deeds of trust and other financing documents and regulatory documents of record relating to the Covered Project; and
  - f. All Closing Documents conform with the legal requirements set forth in this RCC and any and all changes to HUD forms or sample language have been disclosed to HUD.
22. **Last public housing unit.** If, upon completion of this RAD conversion and other RAD conversions for which this PHA has an RCC and/or CHAP, the PHA will no longer have residential units in its public housing portfolio, the PHA agrees to comply with additional instructions provided by HUD regarding the close-out of its residential public housing portfolio prior to or after Closing. The PHA acknowledges that failure to comply with HUD instructions may result in withholding Section 8 or other cash payments after Closing pending cure of such violation to HUD's satisfaction.
23. **Non-dwelling assets.** Any non-dwelling assets proposed for removal from PIC in connection with the Transaction must be listed in the PIC removal application (a/k/a Demolition-Disposition Application) identified on the first page of this Commitment and must be approved by HUD.
24. **Special Conditions.** This Commitment is subject to the Special Conditions set forth on Exhibit A.
25. **Exhibits.** The following exhibits are a part of this Commitment and incorporated herein by this reference:
- a. Special Conditions
  - b. Sources and Uses of Funds
  - c. Monthly HAP Contract Rents
  - d. Scope of Work
  - e. Closing Checklist
26. **Entire Agreement: Survival.** The information listed on the chart on the first pages of this Commitment is a part of this Commitment. All prior and contemporaneous oral and written communications are merged herein and superseded hereby, and this Commitment and all exhibits attached constitute the entire agreement between the PHA, Project Owner and HUD with respect to the Transaction. This Commitment, and the responsibilities relating to each respective party, shall survive Closing of the Transaction.
27. **Post-Closing Responsibilities.** The PHA and Project Owner agree to follow the directions of the HUD Closing Coordinator with respect to post-Closing obligations. Without limiting the foregoing, the PHA and Project Owner, as appropriate, will provide evidence of recording of the applicable Closing Documents and copies of any applicable executed HAP contract, recorded Use Agreement, and DOT Release within three (3) business days thereof and will provide copies of the remaining Closing Documents as directed within sixty (60) days of Closing. In addition, the PHA must follow instructions provided by HUD to remove the Converting Project, or portions thereof, from PIC to effect conversion.
28. **Severability.** Should any provision of this Commitment be held by a court of law to be unenforceable, such determination shall in no way compromise the enforceability of the other provisions.
29. **Counterparts.** This Commitment may be executed in counterparts. Electronic copies of signatures (such as those in portable document format (pdf)) shall be evidence of and treated as original signatures.
30. **Consistency with Federal Law.** Nothing contained in this Commitment shall impose on HUD any duty, obligation, or requirement, the performance of which would be inconsistent with federal statutes, rules, or regulations in effect at the time of such performance.

(signature page follows)

**Signature Page to RAD Conversion Commitment**

**Department of Housing and Urban Development**  
By:   
Name: Thomas R. Davis  
Title: Director, Office of Recapitalization  
Date: 7-26-19

**PHA:** Public Housing Agency of the City of St Paul  
  
Public Housing Agency of the City of St Paul  
Jon M Gutzmann, Executive Director  
555 N Wabasha Street, Suite 400  
St Paul, Minnesota 55102

**Project Owner:** Public Housing Agency of the City of Saint Paul  
  
Public Housing Agency of the City of St Paul  
Jon M Gutzmann, Executive Director  
555 N Wabasha Street, Suite 400  
St Paul, Minnesota 55102

Date: \_\_\_\_\_

**EXHIBIT A**  
**Special Conditions**

Not Applicable

**Necessary HUD Approvals**

- The PHA will be required to provide an updated PCA Narrative acceptable to HUD prior to closing.

**Additional Provisions to the RCC**

- Ongoing work must be reconciled with the budget and ownership prior to closing, and priority of the Use Agreement relative to any potential mechanics liens must be acceptable to HUD prior to closing based on review of state law.

**Sources and Uses Report**

**RCC Exhibit B**

PHA Name Public Housing Agency of the City of St Paul  
 PIC Number MN001000003  
 Transaction Log Last Modified: 07/12/2019

Property Name EDGERTON HI-RISE

<b>Sources</b>	
Hard Debt	\$0.00
Soft Debt	\$0.00
Grants	\$1,940,728.00
Public Housing Operating Reserves	\$1,425,728.00
Public Housing Capital Funds (inc DDTF)	\$515,000.00
Equity	\$0.00

<b>Uses</b>	
Acquisition Costs	\$0.00
Acquisition Land and Buildings	
Payoff Existing Loans and Payables	
Other Acquisition Costs	
Hard Costs	\$100,000.00
Demolition	
Construction/Rehabilitation	\$100,000.00
General Requirements/Overhead/Profit	
Construction/Rehabilitation Contingency	
Builder's Risk Insurance	
Relocation Costs	
Soft Costs	\$0.00
Architectural Design Fee (Plans & Specs)	
Construction Management/Budget Planning Fee	
Engineering Fee	
Feasibility Studies	
Environmental Reports	
Appraisal/Market Study	
Accounting	
Survey	
eCNA Tool	
Title Insurance/Exam Fee, Closing Escrow	
Organizational Costs	
Recordation Fee	
Borrower's Legal Counsel	
Lender's Legal Counsel	
Consultants	
Other Professional Fees	
Other Loan Fees	
FHA Fees (MIP, Application, Inspection)	
Tax Credit Financing Fees	
Prepayment Penalty/Premium	
Payables	
Construction Interest (Not Deferred)	
Construction Loan Fees	
Bond Issuance Cost and Fees	
Permits	
Investor's Legal Counsel	
Bond Legal Counsel	
Permanent Financing Fees	
Furniture, Fixtures & Equipment	
Marketing & Lease Up	
Reserves	\$1,840,728.00
Initial Deposit to Replacement Reserve	\$415,000.00
Initial Operating Deficit Escrow	
Operating Reserve	\$1,425,728.00
Tax and Insurance Escrow	
Lease-Up Reserve	
Other Reserves:	
Developer Fees	

**TOTAL SOURCES: \$1,940,728.00**

**TOTAL USES: \$1,940,728.00**

**EXHIBIT C**  
**Monthly HAP Contract Rents**

<u>Number of Contract Units</u>	<u>Number of Bedrooms</u>	<u>Contract Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>
0	0	\$0.00	\$0.00	\$0.00
553	1	\$724.00	\$0.00	\$724.00
0	2	\$0.00	\$0.00	\$0.00
0	3	\$0.00	\$0.00	\$0.00
0	4	\$0.00	\$0.00	\$0.00
0	5	\$0.00	\$0.00	\$0.00
0	6	\$0.00	\$0.00	\$0.00

**EXHIBIT D**  
**Scope of Work**

*(List all work to be done in connection with the Transaction that needs to be completed before Closing)*

Not Applicable

*(List all work to be done in connection with the Transaction following Closing)*

<b>Work Item</b>	<b>Description of Improvement Work</b>	<b>Budget</b>
	Hi-Rise Boiler Equip	\$15,000.00
	Wilson Hot Water Tenks	\$25,000.00
	Edg. & Wilson Dom Water Presssure Pumps	\$30,000.00
	Capitalized Project Management Costs	\$30,000.00
		<b>Total \$100,000.00</b>

**EXHIBIT E**  
**Closing Checklist**  
**See Attached**



## RESIDENT INFORMATION NOTICE RAD CONVERSION COMMITMENT

### General Description of HUD's Rental Assistance Demonstration (RAD)

The Rental Assistance Demonstration (RAD) is a voluntary program of the U.S. Department of Housing and Urban Development (HUD), and is accomplished as a financial and legal transaction. This program is designed to help housing authorities preserve and improve affordable housing by allowing them to convert the Federal subsidy for their public housing properties to project-based Section 8 assistance. Such a change could give the PHA more stable funding over the next 20 years (and beyond), allowing the PHA to operate and maintain the affordable housing properties that public housing provides now. **The PHA will maintain ownership and operation of all PHA properties that convert to RAD.**

### St Paul Public Housing Agency's RAD Conversion

On July 26, 2019, HUD approved the PHA's eight Financing Plans and conversion of 3,855 housing units to RAD (all PHA hi-rises and family developments) by issuing RAD Conversion Commitments (RCCs) to the PHA. The Board of Commissioners accepted the RCCs on August 14, 2019. The PHA is now in the process of closing on the RAD conversion, with an expected closing date of October 3, 2019.

After RAD closing, all households in PHA hi-rises and family developments will receive a new Project Based Rental Assistance (PBRA) Model Lease and House Rules, which will replace their existing Low-Income Public Housing Lease upon the PHA's anticipated Housing Assistance Payment (HAP) Effective Date of December 1, 2019. The PBRA Model Lease and House Rules must be reviewed and signed by all members of each household, and returned to PHA Management by November 27, 2019.

All hi-rise and family development residents are encouraged to attend any of the upcoming resident information meetings that will cover the PBRA Model Lease and House Rules. A schedule for the resident information meetings will be posted on the PHA's website at [stpha.org](http://stpha.org). A copy of the schedule will also be sent to each household via US mail, along with the household's Model Lease and House Rules.

PHA staff will continue to keep PHA residents, the community, and the Board of Commissioners informed on the RAD conversion process.



## **RAD INFORMATION NOTICE**

### **RAD CONVERSION COMMITMENT, Continued**

#### **Resident Relocation Rights (Relocation Not Anticipated)**

At this time, the PHA does not anticipate any need for relocation of residents due to a RAD conversion. Nevertheless, HUD requires the PHA to notify all residents of their relocation rights under RAD. Your rights are as follows:

- You have a right to remain in any unit converted to RAD or, if any relocation is required, a right to return to an assisted unit in the Covered Project (which may be at a new site in the case of a transfer of assistance).
- You cannot be required to move permanently without consenting to the move.
- If any relocation is involved in the RAD transaction, you are entitled to relocation protections under the requirements of the RAD program and, in some circumstances, the requirements of the Uniform Relocation Act (URA). Those protections may include advance written notice of any move, advisory services, payment(s) and other assistance as applicable to the situation.

#### **Residents Will Not Be Subject to Rescreening**

If your property is converted to RAD, you will not be subject to any rescreening for eligibility as a result of the conversion.

#### **The PHA will follow all Fair Housing and Civil Rights Requirements**

The RAD transaction will be completed consistent with Fair Housing and Civil Rights requirements. Reasonable accommodation requests during the conversion process can be submitted through your location's Management office.

#### **Upcoming Resident Information Meetings on PBRA Model Lease and House Rules**

PHA staff encourages all households to attend at least one of the upcoming resident information meetings to learn more about the PBRA Model Lease and House Rules. All households will receive their PBRA Model Lease and House Rules, along with a schedule of the resident information meetings, following closing of the PHA's RAD conversion (expected date of closing is October 3, 2019). Questions, comments, and concerns about the Model Lease and House Rules will be addressed by PHA staff at these meetings. Households will be able to sign their PBRA Model Lease and House Rules before, during, or after the resident information meetings, but all PBRA Leases and House Rules must be signed and returned to PHA Management by November 27, 2019.

# PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

**REPORT TO COMMISSIONERS**

**FROM JON M. GUTZMANN  
EXECUTIVE DIRECTOR**

**REGARDING** Rental Assistance Demonstration;  
RAD Conversion Commitment (RCC) for  
Asset Management Project No. 4 (AMP 4)  
Roosevelt Homes

**DATE** August 14, 2019

Staff requests Board approval of Resolution No. 19-8/14-05 authorizing execution of the RAD Conversion Commitment (RCC) for the conversion of Roosevelt Homes (HUD Project No. MN001000004; AMP 4) to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program.

The PHA applied for acceptance to the RAD program in August 2017 and HUD awarded the Commitment to enter into a Housing Assistance Payment (CHAP) for this project in August 2018. Staff submitted the Financing Plan in April 2019. HUD issued the RCC on July 26, 2019 thereby accepting the Financing Plan and starting a 90 day clock for the PHA to close on (complete) the conversion transaction. An interim milestone in this 90 day period is a 30 day deadline for the PHA to execute and return the RCC to HUD by uploading it to the RAD Resource Desk. The fully executed RCC is due by August 25, 2019. If the RCC is not returned by this date it will expire.

This is one of the eight RAD Conversion Commitments that constitute a near "portfolio-wide" conversion to PBRA under RAD, including the PHA's four family housing developments and sixteen hi-rises, a total of 3,855 public housing units.

The RAD Conversion Commitment (RCC) is a contract executed by HUD and the PHA that describes the specific terms and conditions of the RAD conversion for Roosevelt Homes (AMP 4). The RCC is a template document which cannot be modified and is not subject to negotiation.

The 30-page document consists of a two-page summary of the specific converting project, 7 pages of “Terms and Conditions”, a signature page (page 11) and exhibits; plus the 14-page Closing Checklist (Exhibit E) that is identical for all eight projects. In addition to the specific terms and conditions there are five exhibits attached that provide additional transaction information and requirements for completing the close process successfully.

### **RCC Project Summary**

The first two pages of the RCC contain information unique to the conversion for AMP 4 Roosevelt Homes including:

- The number of converting units: 320 total units;
- The number and length of the HAP contract(s) for the project: One contract, twenty years;
- The total amount of the monthly deposit to the replacement reserve: \$17,333.33 (\$650 per unit per year);
- Key features of the Covered Project: This project has no new financing (“debt-free” conversion);
- Choice Mobility Provision: The PHA will comply with RAD Choice Mobility practices.

### **RCC Terms and Conditions**

The RCC Terms and Conditions define the process by which the commitment between the PHA and HUD to participate in the Rental Assistance Demonstration and conversion to project-based assistance will be executed. Critical components of the conversion such as the applicable rules, regulations, and requirements are noted, as well as financial considerations, and HUD and PHA obligations.

### **RCC Exhibits**

The RCC has five exhibits attached which are also considered part of the Commitment (as noted in Paragraph #25):

Exhibit A: Special Conditions, Necessary Approvals, or Additional Provisions to the RCC.

This exhibit is intended to address items that were noted during HUD’s review of the Financing Plan that did not prevent approval of the Plan, or written documentation requiring HUD approval before closing. These items must be cleared or adequately addressed to HUD’s satisfaction before closing.

The items noted in RCC Exhibit A for this project (Roosevelt Homes, AMP 4) are:

- An acceptable Lead Based Paint (LBP) Operations & Maintenance (O&M) Plan must be submitted to HUD prior to closing.
- The PHA will be required to provide an updated PCA Narrative acceptable to HUD prior to closing.

HUD staff said the O&M Plan prepared by our CNA contractor and submitted by staff as part of the Financing Plan is incomplete because it does not specifically state that the Plan is compliant with HUD’s lead based paint regulations. PHA staff are working with our CNA contractor to have the required language inserted into the O & M Plan. Revised Plans will be uploaded to the RAD Resource Desk once they are received.

The “PCA Narrative” is the Capital Needs Assessment (CNA) Narrative. Staff are working with our CNA contractor to revise their CNA Narrative to address HUD’s concerns about the document we submitted previously.

Exhibit B: Sources and Uses of Funds. This is a comprehensive presentation of all sources and uses of funds needed to complete the RAD conversion. Since the PHA’s RAD transaction does not require debt, and no new development or substantial rehabilitation is proposed, the Sources and Uses is fairly basic. It summarizes what funds will be used for the Initial Deposit to Replacement Reserve (IDRR) and on-going capital improvements already in process, and establishes the operating reserve account.

Exhibit C: Monthly HAP Contract Rents. This information is taken from Exhibit A of the most current Commitment to Enter into a Housing Assistance Payment (CHAP). Staff have verified this information is correct.

Exhibit D: Scope of Work. This a list of all construction/rehabilitation work that will be completed in conjunction with the RAD transaction. Amounts noted in the Scope of Work correlate with the amounts included in RCC Exhibit B, Sources and Uses (Hard

Costs – Construction/Rehabilitation). Roosevelt Homes currently does not have any anticipated rehabilitation, so there are no items listed in Exhibit D.

Exhibit E: Closing Checklist. HUD’s “Rental Assistance Demonstration Closing Overview & Checklist for Project Based Rental Assistance (PBRA) Conversions” is attached as the final exhibit. Staff have relied on this checklist to prepare the draft closing packet the Board will see in a related agenda item.

### **RCC Amendments**

As noted in the Closing Checklist (line item #4), amendments to the RCC are allowed for material changes to the RCC or any of the exhibits, including the Sources and Uses. At this time, staff do not believe that an RCC Amendment will be needed for this project. If an amendment is required prior to closing, staff will work with our Closing Coordinator to determine the appropriate way to submit the request.

### **Resident Notification**

As required by HUD’s RAD Notice\*, after receiving the RCC the PHA must notify each affected household that conversion of the project has been approved and inform the residents of any impact the conversion may have on them. Since the PHA’s conversion does not require relocation or other changes to the resident’s current housing status, the primary message to residents will be regarding the Model Lease and the activities surrounding lease signing. A letter describing these activities and information regarding additional informational meetings will be sent to each household via U.S. Mail. A draft of that notice is attached.

Issuance and execution of the RCC begins the final phase of the RAD conversion transaction. Here are the major milestones remaining:

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\* Notice PIH-2012-32, Rev-3; Rental Assistance Demonstration – Final Implementation, Revision 3.

- **The PHA submits a draft closing package** to HUD for review. The draft package must contain all documents listed in the RCC and on any closing checklist provided by HUD.
- **Final conversion** occurs on the date of closing.
- **HUD must receive fully executed versions of the closing documents** within 30 days after closing.

With the Board's approval, the RAD Conversion Commitment (RCC) for this project will be signed by the PHA's Executive Director and submitted to HUD by the August 25, 2019 deadline.

JMG/AJH/FAH

Attachments:

1. Resolution No. 19-8/14-05
2. RAD Conversion Commitment for Project #4 Roosevelt Homes including Exhibits A – E
3. Draft Notification to Residents of Projects Converting to PBRA under RAD

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL  
RESOLUTION NO. 19-8/14-05**

**RENTAL ASSISTANCE DEMONSTRATION (RAD) CONVERSION TO  
PROJECT-BASED RENTAL ASSISTANCE (PBRA);  
EXECUTION OF RAD CONVERSION COMMITMENT  
ASSET MANAGEMENT PROJECT NO. 4 (AMP 4)  
ROOSEVELT HOMES**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) has applied to the U.S. Department of Housing & Urban Development (HUD) to convert 3,855 dwelling units of Low Income Public Housing (LIPH; Section 9) to Project-Based Rental Assistance (PBRA; Section 8), through HUD's Rental Assistance Demonstration (RAD) program, as initially approved by the PHA's Board of Commissioners on August 23, 2017; and

WHEREAS, on August 20, 2018 the PHA received HUD's approval letters for all eight RAD conversion applications; and the letters also serve as the "Commitment to Enter into a Housing Assistance Payment" (CHAP) awards for those Asset Management Projects (AMPs 1-8); and

WHEREAS, in April 2019 staff submitted the PHA's eight RAD Financing Plan packages by uploading over 300 documents to HUD's online "RAD Resource Desk"; and

WHEREAS, PHA staff worked with a "Financing Transaction Manager" assigned by HUD to fulfill all necessary requirements for approval of the PHA Financing Plan demonstrating transaction viability; and

WHEREAS, on July 26, 2019 HUD staff issued a RAD Conversion Commitment approving the PHA Financing Plan; and

WHEREAS, PHA staff are now working with a "RAD Closing Coordinator" assigned by HUD who will work with other HUD staff and PHA staff on the next steps in the RAD conversion process, resulting in closing of the RAD transaction; and

WHEREAS, the Board of Commissioners finds that the RAD Conversion Commitment is necessary and appropriate to execute, in furtherance of the PHA's applications to convert the public housing units in the PHA's hi-rises and family housing developments to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program, to best serve the needs of PHA residents;

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Public Housing Agency of the City of Saint Paul as follows:

1. The Executive Director or his designee is authorized to execute the RAD Conversion Commitment as presented;
2. Staff is authorized to execute and submit all required documents relating to this Conversion Commitment, including any amendments deemed necessary by PHA or HUD staff; and
3. Pursuant to HUD notice dated January 11, 1990, the PHA certifies that no employee is serving in a variety of positions that will exceed 100 percent of his or her work time.

**Rental Assistance Demonstration (RAD)  
Conversion Commitment (Public  
Housing; First Component)**

**U.S. Department of Housing and  
Urban Development  
Office of Multifamily Housing**

<b>Complete each box, even if information is duplicative</b>			
<b>Proposed Name and Address of Covered Project:</b>  ROOSEVELT HOMES Various St Paul, MN 55106	<b>Proposed Project Owner:</b>  Public Housing Agency of the City of Saint Paul  651-298-5664 jon.gutzmann@stpha.org Project Owner is controlled by: <input checked="" type="checkbox"/> Control by a Public Body <input type="checkbox"/> Control by a Non-profit Body	<b>Proposed Project Owner Notice Address:</b>  555 N Wabasha Street, Suite 400 St Paul, MN 55102	
<b>Existing Ownership Entity, Name and Address of Converting Project:</b>  Public Housing Agency of the City of St Paul ROOSEVELT HOMES Various St. Paul, MN 55106	<b>PHA:</b>  Public Housing Agency of the City of St Paul  Contact phone/email: 651-298-5664/Jon.Gutzmann@stpha.org PHA is an MTW agency: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>PHA Notice Address:</b>  555 N. Wabasha Street, Suite 400 St Paul, MN 55102	
<b>Dwelling Units in Covered Project (specify total # of dwelling units, and # of RAD, non-RAD income restricted, market, and manager units):</b> Total Units: 320 RAD Units: 320 LIHTC Units: 0 Market Units: 0 Other Affd Units: 0			
<b>PIH Information Center (PIC) removal application number (a/k/a Demolition-Disposition Application Number (DDA#)):</b> DDA0008966			
<b>Converting Project PIC Number(s)</b> <i>(for all items to the right in this row, list data by each AMP # in the cells below):</i>	<b># of units converting to RAD to be removed from each AMP:</b>	<b># of non-converting units to be removed from each AMP (e.g., due to a de minimis reduction):</b>	<b>Total # of units to be removed from each AMP (sum of two middle columns):</b>
MN001000004	320	0	320
<input checked="" type="checkbox"/> Project-Based Rental Assistance (PBRA) <input type="checkbox"/> Project-Based Vouchers (PBV). If PBV, list HAP Contract Administrator (PHA or another housing authority): _____		<b>Number of HAP Contracts and Term length of each HAP Contract:</b>  1 contract(s) 20 years	
<b>Reserve Fund for Replacements</b>  Amount of Total Monthly Deposit to Replacement Reserve upon effective date of the HAP contract <u>\$17,333.33</u>			

This commitment ('Commitment') to participate in the Rental Assistance Demonstration ('RAD') and convert the assistance of the Converting Project named in the above table is entered into by and among Public Housing Agency of the City of St Paul, a public housing authority organized and existing under the laws of Minnesota ('PHA'); Public Housing Agency of the City of Saint Paul, a Public Entity organized and existing under the laws of Minnesota ('Project Owner'); and the United States Department of Housing and Urban Development, acting by and through the Secretary, his or her successors, assigns or designates ('HUD'), as of the date executed by HUD below. If the PHA is to be the owner of the Covered Project, the PHA shall also be identified as the Project Owner.

#### TERMS AND CONDITIONS:

1. **Applicable HUD Regulations and Requirements.** By converting assistance and entering into the Closing Documents contemplated in this Commitment, the PHA and Project Owner agree, each as and to the extent applicable, to operate the Covered Project in accordance with all applicable law, including without limitation the Consolidated and Further Continuing Appropriations Act of 2012 (Pub. L. 112-55, signed November 18, 2011, as amended) ("RAD Statute"); all applicable program requirements and guidance, including without limitation Notice PIH-2012-32, as amended and revised from time to time (the "RAD Notice") or any successor or additional statutes, regulations or guidance; and the terms and conditions set forth below (collectively, the "Program Requirements"). Any conflicts between this Commitment and any other HUD requirements shall be conclusively resolved by HUD. Any capitalized terms used herein but not defined have the meanings given them in the RAD Notice.
2. **Acceptance of Commitment/Expiration.**
  - a. This Commitment shall terminate thirty (30) days from the date executed by HUD unless the PHA and Project Owner execute and return an unaltered copy of this Commitment to HUD, at the address that appears on the last page of this Commitment.
  - b. This Commitment shall not be effective or enforceable against HUD until all conditions stated herein have been satisfied in HUD's determination.
  - c. Unless all conditions stated herein have been satisfied as determined by HUD and the transactions contemplated by this Commitment (collectively, the "Transaction") are closed within 90 days from the date executed by HUD, this Commitment shall, unless extended by HUD in writing, expire and be of no further force or effect. Upon expiration, all rights and obligations of the respective parties shall cease.
3. **Closing Requirements and HUD Approvals.** As used in this Commitment, "Closing" means execution of all binding legal instruments connected to the transaction contemplated by this Commitment and, if applicable, recordation of such instruments. All requirements set forth in this Commitment must be completed to HUD's satisfaction before the Closing can occur. A Closing checklist ("Closing Checklist") is attached hereto as Exhibit E and incorporated herein. The Closing Checklist lists those items HUD has determined necessary to be submitted to and approved by HUD in order for the Closing of this Transaction to occur. Should HUD determine that any other documents or items (in addition to those listed on the Closing Checklist) are necessary to meet the terms of this Commitment or Program Requirements, the PHA and Project Owner agree to provide such documents or other items in such form and substance as acceptable to HUD or to terminate this Commitment and not proceed to Closing. Unless otherwise agreed by HUD, in the case where the Project Owner differs from the PHA, all post-closing requirements and obligations contained herein will apply to the Project Owner after the Closing. Any determination, approval or decision of HUD pursuant to this Commitment shall be in HUD's sole and absolute discretion. Unless otherwise set forth in writing by HUD prior to Closing, HUD's execution and release of the Closing Documents shall constitute any approvals or decisions required herein and not previously given in writing.
4. **Public Housing Requirements.** The PHA and Project Owner acknowledge that the Converting Project remains subject to the United States Housing Act of 1937, its Consolidated Annual

**Key features of Covered Project:**

General:

- Ground lease
- Transfer of Assistance
- Scattered-site project
- Major non-dwelling assets (e.g., free-standing buildings, community or commercial facilities or significant unimproved acreage) (explain below).
  - Existing included in the PIC removal application listed on page 1
  - To be added to the Covered Project
- PHA's sole project or, together with substantially concurrent conversions, the PHA's last public housing project to convert

Inter-Related Projects:

- Multi-phase conversion
- Converting Project is adjacent to public housing units within the same AMP that are not converting (not a full conversion of a contiguous project)
- Rent Bundling
  - This is a donor property
  - This is a recipient property
 (Identify below the associated properties in the rent bundling arrangement and when the other projects have/are expected to close)

Construction:

- Demolition of current public housing units
- New Construction. If new construction, is HAP contract to be entered into:
  - at Closing, or
  - upon construction completion

Relocation:

- Tenants will be Relocated for >12 months
- Tenants will be Relocated for ≤12 months
- No relocation anticipated

Financing:

- FHA-Insured Financing anticipated  
If so, date of Firm Commitment: \_\_\_\_\_
- Low-Income Housing Tax Credits anticipated  
Date of any allocating agency closing deadline: \_\_\_\_\_
- Conventional financing anticipated
- No new FHA-Insured, LIHTC or conventional financing
- Existing debt, such as EPC, CFFP, OFFP or existing mixed-finance debt (list below the type of debt, whether it will remain outstanding post-conversion and, if not, whether it will be paid off prior to or at closing)
- Public housing funds in Sources and Uses

Unit Configuration:

- Reduction in units. If checked, 0 (#) units reduced based on the following authority:
  - De minimis associated with this transaction (# of 0 units)
  - De minimis associated with another transaction (# of 0 units) (explain below)
  - Other (explain below)
- Change in unit configuration (explain below)

If additional information is necessary to clarify the features above and/or if there are other important features of the Transaction not described above, such additional information may be listed here:

**RAD Rehab Assistance Payments:**

Not Applicable

**Choice Mobility:**

- Project Owner will comply with RAD Choice Mobility practices.
- Project Owner is exempt from implementing the RAD Choice Mobility practices with respect to the RAD units in the Covered Project.

**Repairs:**

- a. Estimated number of months for completion for all Work (number of months the property is eligible for Rehab Assistance Payments): 0 months
- b. Final completion deadline for all Work (after which Project Owner is in default): \_\_\_\_\_

Contributions Contract and any amendments thereto, and all other pertinent Federal statutory, executive orders, regulations and other guidance, as those requirements may be amended from time to time (collectively the "Applicable HUD Requirements"), and shall not be subject to the HAP Contract, until the effective date of the HAP Contract. Unless HUD gives written instructions otherwise, for so long as the Converting Project remains public housing, the PHA and Project Owner shall take all steps necessary to ensure that:

- a. Fire and other property insurance as required under Applicable HUD Requirements are and shall be maintained in full force and effect;
- b. All ordinary and necessary operating expenses pursuant to Applicable HUD Requirements of the Converting Project are and shall be paid; and
- c. The Converting Project remains in compliance with Applicable HUD Requirements, including without limitation all requirements related to the physical condition of the Converting Project and any remedial agreements between HUD and the PHA and remedial judicial or administrative orders, except as expressly modified by this Commitment and/or the Closing Documents.

Upon the Closing, the PHA shall certify in writing that the foregoing requirements have been met through the date of the Closing.

5. **HUD Review of Project Ownership.** The PHA and Project Owner agree that HUD approval of the ownership and control of the Covered Project is a condition of closing. The PHA shall not transfer any ownership interest in the Converting Project prior to the Closing.
6. **Closing Documents.** The PHA and Project Owner shall execute or cause to be produced, as appropriate, such agreements, instruments, certificates and other documents as HUD may require to complete the Transaction (collectively, the "Closing Documents"), using forms prescribed by or acceptable to HUD and completed, executed, recorded and/or filed in the number of copies and in such manner as directed by HUD. Without limiting the foregoing, the Closing Documents may include:
  - a. If applicable, one or more releases or partial releases of the applicable Declaration(s) of Trust or comparable document;
  - b. a RAD Use Agreement (document HUD-52625);
  - c. a Housing Assistance Payments Contract (for PBRA, documents HUD-52620 and HUD-52618; for PBV, HUD-52530A Parts I and II and HUD-52621), including any required exhibits;
  - d. Certifications and assurances; and
  - e. Any additional documents required by HUD in order to determine whether criteria for Closing have been met.
7. **Use Agreement Priority.** A title report must be provided for the Converting Project and Covered Project. In addition, an owner's pro forma title policy may be requested for the Covered Project involving the addition of financing to be secured by the Covered Project. Unless otherwise approved by HUD, the RAD Use Agreement shall be superior to any and all liens and/or encumbrances against the Covered Project, including, without limitation, the lien evidenced by any and all mortgages, deeds of trust and other financing documents and regulatory documents related to the Covered Project (including any LIHTC use agreement). The Project Owner shall obtain consents or subordination agreements, and have such documents executed, as HUD may determine necessary to establish such priority.
8. **Expenses and Transaction Costs.** Except as otherwise set forth in this Commitment, regardless of whether the Transaction is consummated, HUD shall not be responsible for any expenses or transaction costs incurred by or at the direction of the PHA or Project Owner in connection with the Transaction (including without limitation, fees for consultants, attorneys, environmental contractors, tax advisors and accountants; city, county and/or state taxes and/or fees; recording fees, prepayment penalties and/or premiums; costs for title insurance and title examination; surveys and appraisals).
9. **Tax, Financial, and Legal Consequences.** HUD has not provided, nor shall it provide, any opinions, representations, warranties, or covenants to any party regarding any federal, state and/or local tax consequences, financial consequences, or legal consequences relative to the

Transaction. The PHA and Project Owner acknowledge that funding of the contemplated Housing Assistance Payment Contract (HAP Contract) is subject to appropriations.

10. **Certifications, Representations and Warranties by the PHA and Project Owner.** Any statement, certification, representation or warranty made by the PHA or Project Owner in or pursuant to this Commitment is true and correct when given, and shall remain true and correct at all times through and including the Closing. In the event any such statement, certification, representation or warranty is no longer complete or correct, and without limiting HUD's rights and remedies, the PHA or Project Owner, respectively, shall notify HUD in writing immediately. Without limiting the foregoing, the PHA and Project Owner, respectively, hereby represent and certify to HUD and warrant to maintain the veracity through Closing of the following statements:
- All notices required by Program Requirements relating to the transaction have been timely provided to such persons and in a manner complying with applicable Program Requirements.
  - The PHA and the Converting Project continue to meet all program eligibility requirements as stipulated in the RAD Notice.
  - With the exception of any transfers under the PHA's Admissions and Continued Occupancy Policy or as otherwise approved by HUD, the PHA has not relocated any residents of the Converting Project in connection with the Transaction prior to the date this Commitment is executed by all parties.
  - Except as specifically disclosed to and accepted by HUD in writing, neither the PHA nor the Project Owner (including, but not limited to Board Members, principals and executives of the PHA or Project Owner) has any knowledge that it (or any Board Members, principals and executives of the PHA or Project Owner in their official capacity as members, principals or executives of the PHA or Project Owner, as applicable) is the current subject of, nor has received any pending notice of, any debarment, suspension or other administrative proceeding, audit or investigation by HUD, including without limitation by the Inspector General, the Departmental Enforcement Center, or the Office of Fair Housing and Equal Opportunity, or any other Federal or state government agency, whether or not sanctions have been imposed against such party.
  - No disclosed debarment, suspension or other administrative proceeding, audit or investigation would impact the PHA's or the Project Owner's ability to carry out its obligations as contemplated under this Commitment.

Upon the request of HUD, the PHA shall provide HUD with evidence satisfactory to HUD relating to each of the foregoing certifications. Execution of the Closing Documents by the PHA and the Project Owner, respectively, constitute re-certification to HUD of the foregoing statements.

11. **Successors and Assigns.** This Commitment and its attachments are binding upon the PHA, the Project Owner and the successors and assigns of each. Unless otherwise provided herein, this Commitment may not be assigned, in whole or in part, except upon the prior written consent of HUD.
12. **Corrections.** Notwithstanding anything to the contrary contained in this Commitment, the PHA and Project Owner agree to execute, before or after the Closing, such documents, amendments or modifications as HUD deems necessary or appropriate to effectuate the intent of this Commitment or to complete or consummate the Transaction, including but not limited to instruments necessary to correct this Commitment or any of the Closing Documents.
13. **Changes to This Commitment.** HUD has approved a Financing Plan for this transaction. The PHA and Project Owner shall notify HUD of any changes to the terms set forth in the Financing Plan, or any other business terms submitted to HUD. If HUD determines such changes to be material, HUD may require an amendment to this Commitment or other reviews or approvals as HUD determines necessary to account for the changed terms. The final business terms shall be determined as of the Closing and inserted into the applicable Closing Documents. The PHA's and Project Owner's execution of the Closing Documents shall constitute acceptance of the final business terms reflected therein.

#### 14. Sources of Funds.

- a. HUD must review and approve all debt (secured and unsecured) against the Covered Project prior to Closing.
- b. Development Budget. HUD approval of this Transaction is based on the estimated Sources and Uses attached as Exhibit B. Any changes to this Sources and Uses shall be disclosed to HUD and if HUD determines that such changes are material, HUD may require additional review and approvals and/or amendment to this Commitment. PHA and/or Project Owner shall provide HUD with the final certified Sources and Uses upon Closing.
- c. PHA Funds for Development Budget. Where the Transaction includes public housing funds to be contributed by the PHA for uses other than funding the HAP Contract, these funds must be shown on the Sources and Uses. The PHA certifies that all such funds are available and reserved for the Transaction, are irrevocable, and that the PHA has obtained all consents necessary in order for the PHA to commit such funds to the Transaction.
  - i. Prior to Closing, public housing Capital Funds shown in the Sources and Uses must be moved within the HUD Line of Credit Control System (LOCCS) to the "RAD Investment" Budget Line Item (BLI 1504). These funds must be drawn down out of LOCCS at closing and, until they are disbursed for a use shown in the Sources and Uses, made subject to a General Depository Agreement (GDA, form HUD-51999).
  - ii. Until disbursed for a use shown in the Sources and Uses, Public housing Operating Reserves shown in the Sources and Uses must be held in an account or sub-account subject to a GDA.
  - iii. To the extent such funds must be subject to a GDA as described above, the PHA may use a pre-existing GDA if the PHA is making use of separate or segregated accounting. (For example, a PHA may have a pre-existing account for Operating Fund Reserves subject to a GDA and if the converted funds to be used as shown in the Sources and Uses may be adequately separated or segregated for accounting purposes in a sub-account or otherwise remaining subject to the pre-existing GDA, the requirements of this section are fulfilled.) If shown in the
  - iv. Sources and Uses, such funds may be used to satisfy obligations of the Covered Project, including without limitation, funding reserves (for example, to make an initial deposit for a replacement reserve (IDRR)) or payment of construction or other project costs in accordance with this RCC and other project documents. Methods by which the PHA may choose to disburse such funds in accordance with this section include:
    - In a lump sum as a loan to the Project Owner, subject to a loan agreement or other documentation;
    - Incrementally over time as a loan to the Project Owner, subject to a loan agreement or other documentation;
    - In a lump sum to the Project Owner as a grant or otherwise without the expectation of repayment; and/or
    - Incrementally over time to the Project Owner as a grant or otherwise without the expectation of repayment.
- d. No Additional PHA funds. Except for the amounts identified in the Sources and Uses and amounts identified in the HAP Contract to fund the Covered Project in the calendar year of conversion, no public housing funds may be used as an additional source of funds for the Covered Project. By way of illustration and not limitation, after Closing, no public housing funding (including any funds deemed "project funds" or "program income" under public housing regulations) may be used to pay for any costs for any work (Work or other work) done in connection with the Covered Project.

- e. Upon the conversion of assistance, the Converting Project, including any real or personal property thereof, shall no longer be used for public housing purposes, as originally authorized by the U.S. Housing Act of 1937. This Commitment provides instruction for such conversion and the treatment of the Converting Project. Any proceeds of disposition of the Converting Project (or of any real property or improvements that as of the date of this Commitment are considered public housing) in connection with the conversion of assistance contemplated by this Commitment shall be used for affordable housing purposes as defined in the RAD Notice. Any proceeds of any loans of converted public housing funds made in connection with the conversion of assistance contemplated by this Commitment shall be used for affordable housing purposes. Any uses of converted public housing funds listed in the Sources and Uses attached hereto as Exhibit B shall be considered end uses for purposes of 2 CFR Part 200.
15. **Moving to Work Considerations.** Participation in RAD by a Moving To Work (MTW) agency does not reflect a determination that the agency will remain an MTW agency, only a determination that the Covered Project will continue to be a RAD project under the terms of the RAD program.
16. **RAD HAP Contract Funding in Initial Year.** From the effective date of the HAP Contract through the remainder of the calendar year, the Covered Project will be funded only from available public housing amounts obligated prior to the effective date of the HAP Contract and from any additional public housing amounts that HUD obligates in full or in part, subject to the availability of sufficient appropriations, for the remainder of the calendar year in which the HAP Contract becomes effective. **Project Owner acknowledges that this amount for the first year may be less than the contract rent for subsequent years.** During such time, the PHA will draw down funds from LOCCS as instructed by HUD and transfer amounts to the Project Owner as payments pursuant to the HAP Contract in its capacity as or on behalf of the Contract Administrator, as applicable.
17. **RAD Rehab Assistance Payments.** It is anticipated that the Covered Project will be eligible for RAD Rehab Assistance Payments pursuant to its HAP Contract to the extent set forth on the second page of this Commitment.
18. **Section 8 Contract Rents.** Exhibit C sets out the monthly Section 8 contract rents that will be specified in the HAP Contract.
19. **Planned Construction and Rehabilitation.** Exhibit D sets forth the planned construction, repairs and/or rehabilitation for the Covered Project, including any repairs that need to be completed before closing, to be funded in accordance with the Sources and Uses (the "Work").

The Project Owner hereby represents, warrants and certifies to HUD and will update such representation, warranty and certification at Closing, in a form and substance acceptable to HUD, that the sources of funds are sufficient to pay for the Work and that all Work will be completed timely and in accordance with applicable RAD Program Requirements, including without limitation:

- a. The Work will be completed in accordance with:
- i. The more stringent of: (1) any applicable national building code, such as Uniform Building Code, Council of American Building Officials Code, or Building Officials Conference of America Code; or (2) applicable state and local laws, codes, ordinances, and regulations;
  - ii. Other applicable Federal requirements including any Federal fire-safety requirements and HUD minimum property standards (e.g., 24 CFR part 200, subpart S for FHA-insured properties);
  - iii. The relevant requirements of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-484 6), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-485 6), and implementing regulations at 24 CFR part 35, as applicable;

- iv. Notice PIH 2014-17 / H 2014-09, issued July 14, 2014 (and any amendments, revisions or successor documents), "Relocation Requirements under the Rental Assistance Demonstration (RAD) Program, Public Housing in the First Component," which relocation requirements include, as applicable, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and its implementing regulations at 49 CFR Part 24 with regard to any relocation of residents;
  - v. Section 504 of the Rehabilitation Act of 1973 and its implementing regulations at 24 CFR part 8, including but not limited to accessibility standards, with regard to any "substantial alterations" or other "alterations," each as defined in such regulations, as applicable;
  - vi. The design and construction requirements of the Fair Housing Amendments Act of 1988 and its implementing regulations at 24 CFR Part 100.25, as applicable;
  - vii. Section 3 of the Housing Act of 1968 and its implementing regulations at 24 CFR Part 135 and all of the related regulations, rules and requirements as applicable; and
  - viii. Davis-Bacon prevailing wage requirements, section 12 of the United States Housing Act of 1937, and Contract Work Hours and Safety Standards Act, and all of the related regulations, rules and requirements for any repairs that qualify as "construction" or "rehabilitation" as defined in such regulations, rules and requirements.
- b. Any Work not completed by the final completion date listed on page 2 of this Commitment and set forth in the HAP Contract, including any reduction in the scope of Work listed on Exhibit D, unless an extension of such date or such reduction in scope is approved in writing by HUD, constitutes a default of this Commitment and of any HAP Contract entered into with respect to the Covered Project. Upon such default, HUD may terminate this Commitment and/or HUD may take action to terminate the HAP Contract relating to the Covered Project, as provided in the HAP Contract.
  - c. The Project Owner shall not be entitled to withdraw or take any Distributions from the Covered Project until after completion of the Work and certification of the actual cost of the Work.
  - d. To the extent the Work includes new construction or substantial rehabilitation, the PHA and/or Project Owner shall engage a qualified general contractor who shall obtain either (i) a payment and performance bond from a properly licensed surety, which bond and surety shall be acceptable to HUD, or (ii) a letter of credit, acceptable to HUD.
20. **Reserve for Replacements.** The Project Owner shall establish upon Closing a Reserve for Replacements, with an IDRR as set forth in Exhibit B, the Sources and Uses. Monthly deposits into the Reserve for Replacements will be made in the amount set forth on the first page of this Commitment as set forth in the HAP Contract and adjusted annually in accordance with the HAP Contract and Program Requirements.
21. **Counsel.** Closing is conditioned upon review and approval of the Transaction by HUD, including without limitation a legal review and approval of diligence and closing documents. The PHA and Project Owner, if different than the PHA, agree to select competent counsel in connection with this Transaction in a manner that satisfies the applicable rules of professional conduct. Counsel to the PHA and/or Project Owner, as appropriate, must provide a legal opinion with respect to the following matters and any other matters reasonably requested by HUD:
- a. The PHA and Project Owner are each duly organized, validly existing and in good standing under the laws of the applicable jurisdiction(s);
  - b. The PHA and Project Owner each have the requisite power and authority, and have secured all consents required, to consummate the Transaction;
  - c. Each of the Closing Documents executed by or on behalf of the PHA and/or Project Owner in connection with the Transaction is a legally binding obligation of such party, duly executed and delivered on behalf of such party and enforceable in accordance with its terms;
  - d. There is no litigation or other claim pending or threatened against the PHA, Project Owner or the Covered Project other than as disclosed to and consented to by HUD;

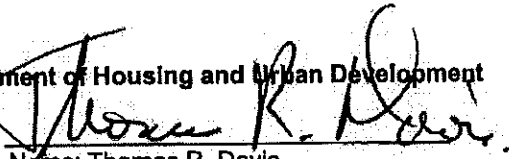
- e. Based upon a pro forma title policy acceptable to HUD and assuming the recordation of documents in the order contemplated by such pro forma title policy, provided counsel has no reason to believe the documents will be recorded in an order other than as listed in such pro forma title policy, the RAD Use Agreement is superior to the lien and/or encumbrance evidenced by any and all mortgages, deeds of trust and other financing documents and regulatory documents of record relating to the Covered Project; and
  - f. All Closing Documents conform with the legal requirements set forth in this RCC and any and all changes to HUD forms or sample language have been disclosed to HUD.
22. **Last public housing unit.** If, upon completion of this RAD conversion and other RAD conversions for which this PHA has an RCC and/or CHAP, the PHA will no longer have residential units in its public housing portfolio, the PHA agrees to comply with additional instructions provided by HUD regarding the close-out of its residential public housing portfolio prior to or after Closing. The PHA acknowledges that failure to comply with HUD instructions may result in withholding Section 8 or other cash payments after Closing pending cure of such violation to HUD's satisfaction.
23. **Non-dwelling assets.** Any non-dwelling assets proposed for removal from PIC in connection with the Transaction must be listed in the PIC removal application (a/k/a Demolition-Disposition Application) identified on the first page of this Commitment and must be approved by HUD.
24. **Special Conditions.** This Commitment is subject to the Special Conditions set forth on Exhibit A.
25. **Exhibits.** The following exhibits are a part of this Commitment and incorporated herein by this reference:
- a. Special Conditions
  - b. Sources and Uses of Funds
  - c. Monthly HAP Contract Rents
  - d. Scope of Work
  - e. Closing Checklist
26. **Entire Agreement; Survival.** The information listed on the chart on the first pages of this Commitment is a part of this Commitment. All prior and contemporaneous oral and written communications are merged herein and superseded hereby, and this Commitment and all exhibits attached constitute the entire agreement between the PHA, Project Owner and HUD with respect to the Transaction. This Commitment, and the responsibilities relating to each respective party, shall survive Closing of the Transaction.
27. **Post-Closing Responsibilities.** The PHA and Project Owner agree to follow the directions of the HUD Closing Coordinator with respect to post-Closing obligations. Without limiting the foregoing, the PHA and Project Owner, as appropriate, will provide evidence of recording of the applicable Closing Documents and copies of any applicable executed HAP contract, recorded Use Agreement, and DOT Release within three (3) business days thereof and will provide copies of the remaining Closing Documents as directed within sixty (60) days of Closing. In addition, the PHA must follow instructions provided by HUD to remove the Converting Project, or portions thereof, from PIC to effect conversion.
28. **Severability.** Should any provision of this Commitment be held by a court of law to be unenforceable, such determination shall in no way compromise the enforceability of the other provisions.
29. **Counterparts.** This Commitment may be executed in counterparts. Electronic copies of signatures (such as those in portable document format (pdf)) shall be evidence of and treated as original signatures.
30. **Consistency with Federal Law.** Nothing contained in this Commitment shall impose on HUD any duty, obligation, or requirement, the performance of which would be inconsistent with federal statutes, rules, or regulations in effect at the time of such performance.

(signature page follows)

Signature Page to RAD Conversion Commitment

Department of Housing and Urban Development

By:



Name: Thomas R. Davis

Title: Director, Office of Recapitalization

Date:

7-26-19

**PHA:** Public Housing Agency of the City of St Paul

Public Housing Agency of the City of St Paul  
Jon M Gutzmann, Executive Director  
555 N Wabasha Street, Suite 400  
St Paul, Minnesota 55102

**Project Owner:**

Public Housing Agency of the City of Saint Paul

Public Housing Agency of the City of St Paul  
Jon M Gutzmann, Executive Director  
555 N Wabasha Street, Suite 400  
St Paul, Minnesota 55102

Date: \_\_\_\_\_

**EXHIBIT A**  
**Special Conditions**

- An acceptable Lead Based Paint (LBP) Operations & Maintenance (O&M) Plan must be submitted to HUD prior to closing.

**Necessary HUD Approvals**

- The PHA will be required to provide an updated PCA Narrative acceptable to HUD prior to closing.

**Additional Provisions to the RCC**

Not Applicable

**Sources and Uses Report**

PHA Name Public Housing Agency of the City of St Paul  
 PIC Number MN001000004  
 Transaction Log Last Modified: 07/15/2019

Property Name ROOSEVELT HOMES

<b>Sources</b>	
Hard Debt	\$0.00
Soft Debt	\$0.00
Grants	\$1,052,356.00
Public Housing Operating Reserves	\$917,356.00
Public Housing Capital Funds (inc DDTF)	\$135,000.00
Equity	\$0.00

<b>Uses</b>	
Acquisition Costs	\$0.00
Acquisition Land and Buildings	
Payoff Existing Loans and Payables	
Other Acquisition Costs	
Hard Costs	\$0.00
Demolition	
Construction/Rehabilitation	
General Requirements/Overhead/Profit	
Construction/Rehabilitation Contingency	
Builder's Risk Insurance	
Relocation Costs	
Soft Costs	\$0.00
Architectural Design Fee (Plans & Specs)	
Construction Management/Budget Planning Fee	
Engineering Fee	
Feasibility Studies	
Environmental Reports	
Appraisal/Market Study	
Accounting	
Survey	
eCNA Tool	
Title Insurance/Exam Fee, Closing Escrow	
Organizational Costs	
Recordation Fee	
Borrower's Legal Counsel	
Lender's Legal Counsel	
Consultants	
Other Professional Fees	
Other Loan Fees	
FHA Fees (MIP, Application, Inspection)	
Tax Credit Financing Fees	
Prepayment Penalty/Premium	
Payables	
Construction Interest (Not Deferred)	
Construction Loan Fees	
Bond Issuance Cost and Fees	
Permits	
Investor's Legal Counsel	
Bond Legal Counsel	
Permanent Financing Fees	
Furniture, Fixtures & Equipment	
Marketing & Lease Up	
Reserves	\$1,052,356.00
Initial Deposit to Replacement Reserve	\$135,000.00
Initial Operating Deficit Escrow	
Operating Reserve	\$917,356.00
Tax and Insurance Escrow	
Lease-Up Reserve	
Other Reserves:	
Developer Fees	

<b>TOTAL SOURCES:</b>	<b>\$1,052,356.00</b>	<b>TOTAL USES:</b>	<b>\$1,052,356.00</b>
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**EXHIBIT C**  
**Monthly HAP Contract Rents**

<u>Number of Contract Units</u>	<u>Number of Bedrooms</u>	<u>Contract Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>
0	0	\$0.00	\$0.00	\$0.00
63	1	\$590.00	\$61.00	\$651.00
167	2	\$744.00	\$109.00	\$853.00
68	3	\$1,057.00	\$129.00	\$1,186.00
22	4	\$1,238.00	\$157.00	\$1,395.00
0	5	\$0.00	\$0.00	\$0.00
0	6	\$0.00	\$0.00	\$0.00

**EXHIBIT D**  
**Scope of Work**

*(List all work to be done in connection with the Transaction that needs to be completed before Closing)*

Not Applicable

*(List all work to be done in connection with the Transaction following Closing)*

Not Applicable

EXHIBIT E  
Closing Checklist  
See Attached



## RESIDENT INFORMATION NOTICE RAD CONVERSION COMMITMENT

### General Description of HUD's Rental Assistance Demonstration (RAD)

The Rental Assistance Demonstration (RAD) is a voluntary program of the U.S. Department of Housing and Urban Development (HUD), and is accomplished as a financial and legal transaction. This program is designed to help housing authorities preserve and improve affordable housing by allowing them to convert the Federal subsidy for their public housing properties to project-based Section 8 assistance. Such a change could give the PHA more stable funding over the next 20 years (and beyond), allowing the PHA to operate and maintain the affordable housing properties that public housing provides now. **The PHA will maintain ownership and operation of all PHA properties that convert to RAD.**

### St Paul Public Housing Agency's RAD Conversion

On July 26, 2019, HUD approved the PHA's eight Financing Plans and conversion of 3,855 housing units to RAD (all PHA hi-rises and family developments) by issuing RAD Conversion Commitments (RCCs) to the PHA. The Board of Commissioners accepted the RCCs on August 14, 2019. The PHA is now in the process of closing on the RAD conversion, with an expected closing date of October 3, 2019.

After RAD closing, all households in PHA hi-rises and family developments will receive a new Project Based Rental Assistance (PBRA) Model Lease and House Rules, which will replace their existing Low-Income Public Housing Lease upon the PHA's anticipated Housing Assistance Payment (HAP) Effective Date of December 1, 2019. The PBRA Model Lease and House Rules must be reviewed and signed by all members of each household, and returned to PHA Management by November 27, 2019.

All hi-rise and family development residents are encouraged to attend any of the upcoming resident information meetings that will cover the PBRA Model Lease and House Rules. A schedule for the resident information meetings will be posted on the PHA's website at [stpha.org](http://stpha.org). A copy of the schedule will also be sent to each household via US mail, along with the household's Model Lease and House Rules.

PHA staff will continue to keep PHA residents, the community, and the Board of Commissioners informed on the RAD conversion process.



## **RAD INFORMATION NOTICE RAD CONVERSION COMMITMENT, Continued**

### **Resident Relocation Rights (Relocation Not Anticipated)**

At this time, the PHA does not anticipate any need for relocation of residents due to a RAD conversion. Nevertheless, HUD requires the PHA to notify all residents of their relocation rights under RAD. Your rights are as follows:

- You have a right to remain in any unit converted to RAD or, if any relocation is required, a right to return to an assisted unit in the Covered Project (which may be at a new site in the case of a transfer of assistance).
- You cannot be required to move permanently without consenting to the move.
- If any relocation is involved in the RAD transaction, you are entitled to relocation protections under the requirements of the RAD program and, in some circumstances, the requirements of the Uniform Relocation Act (URA). Those protections may include advance written notice of any move, advisory services, payment(s) and other assistance as applicable to the situation.

### **Residents Will Not Be Subject to Rescreening**

If your property is converted to RAD, you will not be subject to any rescreening for eligibility as a result of the conversion.

### **The PHA will follow all Fair Housing and Civil Rights Requirements**

The RAD transaction will be completed consistent with Fair Housing and Civil Rights requirements. Reasonable accommodation requests during the conversion process can be submitted through your location's Management office.

### **Upcoming Resident Information Meetings on PBRA Model Lease and House Rules**

PHA staff encourages all households to attend at least one of the upcoming resident information meetings to learn more about the PBRA Model Lease and House Rules. All households will receive their PBRA Model Lease and House Rules, along with a schedule of the resident information meetings, following closing of the PHA's RAD conversion (expected date of closing is October 3, 2019). Questions, comments, and concerns about the Model Lease and House Rules will be addressed by PHA staff at these meetings. Households will be able to sign their PBRA Model Lease and House Rules before, during, or after the resident information meetings, but all PBRA Leases and House Rules must be signed and returned to PHA Management by November 27, 2019.

## PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

**REPORT TO COMMISSIONERS**

**FROM JON M. GUTZMANN  
EXECUTIVE DIRECTOR**

**REGARDING** Rental Assistance Demonstration;  
RAD Conversion Commitment (RCC) for  
Asset Management Project No. 5 (AMP 5)  
Mt. Airy Homes, Mt. Airy and Valley Hi-Rises

**DATE** August 14, 2019

Staff requests Board approval of Resolution No. 19-8/14-06 authorizing execution of the RAD Conversion Commitment (RCC) for the conversion of Mt. Airy Homes and Mt. Airy and Valley Hi-Rises (HUD Project No. MN001000005; AMP 5) to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program.

The PHA applied for acceptance to the RAD program in August 2017 and HUD awarded the Commitment to enter into a Housing Assistance Payment (CHAP) for this project in August 2018. Staff submitted the Financing Plan in April 2019. HUD issued the RCC on July 26, 2019 thereby accepting the Financing Plan and starting a 90 day clock for the PHA to close on (complete) the conversion transaction. An interim milestone in this 90 day period is a 30 day deadline for the PHA to execute and return the RCC to HUD by uploading it to the RAD Resource Desk. The fully executed RCC is due by August 25, 2019. If the RCC is not returned by this date it will expire.

This is one of the eight RAD Conversion Commitments that constitute a near "portfolio-wide" conversion to PBRA under RAD, including the PHA's four family housing developments and sixteen hi-rises, a total of 3,855 public housing units.

The RAD Conversion Commitment (RCC) is a contract executed by HUD and the PHA that describes the specific terms and conditions of the RAD conversion for Mt. Airy Homes and Mt. Airy and Valley Hi-Rises (AMP 5). The RCC is a template document which cannot be

modified and is not subject to negotiation. The 30-page document consists of a two-page summary of the specific converting project, 7 pages of “Terms and Conditions”, a signature page (page 11) and exhibits; plus the 14-page Closing Checklist (Exhibit E) that is identical for all eight projects. In addition to the specific terms and conditions there are five exhibits attached that provide additional transaction information and requirements for completing the close process successfully.

### **RCC Project Summary**

The first two pages of the RCC contain information unique to the conversion for AMP 5 Mt. Airy Homes, and Mt. Airy and Valley Hi-Rises including:

- The number of converting units: 610 total units;
- The number and length of the HAP contract(s) for the project: One contract, twenty years;
- The total amount of the monthly deposit to the replacement reserve: \$27,958.33 (\$550 per unit per year);
- Key features of the Covered Project: This project has no new financing (“debt-free” conversion). In addition, the Officer-In-Residence units are noted as a De Minimis reduction. The Board approved requesting a waiver to classify these three units as “unassisted” at the May 22, 2019 meeting.
- Choice Mobility Provision: The PHA will comply with RAD Choice Mobility practices; and
- The final completion deadline for all work noted in Exhibit D Scope of Work (explained below) is established as July 31, 2020. The PHA will be required to provide completion certification data for the work described on or before that date.

### **RCC Terms and Conditions**

The RCC Terms and Conditions define the process by which the commitment between the PHA and HUD to participate in the Rental Assistance Demonstration and conversion to project-based assistance will be executed. Critical components of the conversion such as the applicable rules, regulations, and requirements are noted, as well as financial considerations, and HUD and PHA obligations.

### RCC Exhibits

The RCC has five exhibits attached which are also considered part of the Commitment (as noted in Paragraph #25):

#### Exhibit A: Special Conditions, Necessary Approvals, or Additional Provisions to the RCC.

This exhibit is intended to address items that were noted during HUD’s review of the Financing Plan that did not prevent approval of the Plan, written documentation requiring HUD approval before closing, or additional provisions not included in the RCC template. These items must be cleared or adequately addressed to HUD’s satisfaction before closing.

The items noted in RCC Exhibit A for this project (Mt. Airy Homes and Mt. Airy and Valley Hi-Rises, AMP 5) are:

- An acceptable Lead Based Paint (LBP) Operations & Maintenance (O&M) Plan must be submitted to HUD prior to closing.
- The PHA will be required to provide an updated PCA Narrative acceptable to HUD prior to closing.
- Ongoing work must be reconciled with the budget and ownership prior to closing, and priority of the Use Agreement relative to any potential mechanics liens must be acceptable to HUD prior to closing based on review of state law.

HUD staff said the O&M Plan prepared by our CNA contractor and submitted by staff as part of the Financing Plan is incomplete because it does not specifically state that the Plan is compliant with HUD’s lead based paint regulations. PHA staff are working with our CNA contractor to have the required language inserted into the O&M Plan. Revised Plans will be uploaded to the RAD Resource Desk once they are received.

The “PCA Narrative” is the Capital Needs Assessment (CNA) Narrative. Staff are working with our CNA contractor to revise their CNA Narrative to address HUD’s concerns about the document we submitted previously.

Staff will reconcile and provide final budget numbers for the ongoing work noted in Exhibit D prior to closing. PHA legal staff are working to ensure the PHA’s treatment of potential mechanics liens is consistent with the RAD Use Agreement and Minnesota State Law.

Exhibit B: Sources and Uses of Funds. This is a comprehensive presentation of all sources and uses of funds needed to complete the RAD conversion. Since the PHA's RAD transaction does not require debt, and no new development or substantial rehabilitation is proposed, the Sources and Uses is fairly basic. It summarizes what funds will be used for the Initial Deposit to Replacement Reserve (IDRR) and on-going capital improvements already in process, and establishes the operating reserve account.

Exhibit C: Monthly HAP Contract Rents. This information is taken from Exhibit A of the most current Commitment to Enter into a Housing Assistance Payment (CHAP). Staff have verified this information is correct.

Exhibit D: Scope of Work. This a list of all construction/rehabilitation work that will be completed in conjunction with the RAD transaction. The Scope of Work for this project is "owner-elected" construction work not included in the Capital Needs Assessment. The PHA intends to utilize 2018 Capital Funds to complete this work, so it must be itemized in Exhibit D in order to facilitate transfer of funds into the RAD projects. Amounts noted in the Scope of Work correlate with the amounts included in RCC Exhibit B, Sources and Uses (Hard Costs – Construction/Rehabilitation). As noted in the RCC Summary, this work must be completed by July 31, 2020.

Exhibit E: Closing Checklist. HUD's "Rental Assistance Demonstration Closing Overview & Checklist for Project Based Rental Assistance (PBRA) Conversions" is attached as the final exhibit. Staff have relied on this checklist to prepare the draft closing packet the Board will see in a related agenda item.

### **RCC Amendments**

As noted in the Closing Checklist (line item #4), amendments to the RCC are allowed for material changes to the RCC or any of the exhibits, including the Sources and Uses. Staff expect to submit an RCC Amendment prior to closing to ensure all "owner-elected" work for this project is included in Exhibit D Scope of Work. Staff will work with our Closing Coordinator to determine the appropriate way to submit the request.

**Resident Notification**

As required by HUD's RAD Notice<sup>\*</sup>, after receiving the RCC the PHA must notify each affected household that conversion of the project has been approved and inform the residents of any impact the conversion may have on them. Since the PHA's conversion does not require relocation or other changes to the resident's current housing status, the primary message to residents will be regarding the Model Lease and the activities surrounding lease signing. A letter describing these activities and information regarding additional informational meetings will be sent to each household via U.S. Mail. A draft of that notice is attached.

Issuance and execution of the RCC begins the final phase of the RAD conversion transaction.

Here are the major milestones remaining:

- **The PHA submits a draft closing package** to HUD for review. The draft package must contain all documents listed in the RCC and on any closing checklist provided by HUD.
- **Final conversion** occurs on the date of closing.
- **HUD must receive fully executed versions of the closing documents** within 30 days after closing.

With the Board's approval, the RAD Conversion Commitment (RCC) for this project will be signed by the PHA's Executive Director and submitted to HUD by the August 25, 2019 deadline.

JMG/AJH/FAH

Attachments:

1. Resolution No. 19-8/14-06
2. RAD Conversion Commitment for Project #5 Mt Airy Homes, and Mt Airy and Valley Hi-Rises including Exhibits A – E
3. Draft Notification to Residents of Projects Converting to PBRA under RAD

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<sup>\*</sup> Notice PIH-2012-32, Rev-3; Rental Assistance Demonstration – Final Implementation, Revision 3.

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL  
RESOLUTION NO. 19-8/14-06**

**RENTAL ASSISTANCE DEMONSTRATION (RAD) CONVERSION TO  
PROJECT-BASED RENTAL ASSISTANCE (PBRA);  
EXECUTION OF RAD CONVERSION COMMITMENT  
ASSET MANAGEMENT PROJECT NO. 5 (AMP 5)  
MT. AIRY HOMES, MT. AIRY AND VALLEY HI-RISES**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) has applied to the U.S. Department of Housing & Urban Development (HUD) to convert 3,855 dwelling units of Low Income Public Housing (LIPH; Section 9) to Project-Based Rental Assistance (PBRA; Section 8), through HUD's Rental Assistance Demonstration (RAD) program, as initially approved by the PHA's Board of Commissioners on August 23, 2017; and

WHEREAS, on August 20, 2018 the PHA received HUD's approval letters for all eight RAD conversion applications; and the letters also serve as the "Commitment to Enter into a Housing Assistance Payment" (CHAP) awards for those Asset Management Projects (AMPs 1-8); and

WHEREAS, in April 2019 staff submitted the PHA's eight RAD Financing Plan packages by uploading over 300 documents to HUD's online "RAD Resource Desk"; and

WHEREAS, PHA staff worked with a "Financing Transaction Manager" assigned by HUD to fulfill all necessary requirements for approval of the PHA Financing Plan demonstrating transaction viability; and

WHEREAS, on July 26, 2019 HUD staff issued a RAD Conversion Commitment approving the PHA Financing Plan; and

WHEREAS, PHA staff are now working with a "RAD Closing Coordinator" assigned by HUD who will work with other HUD staff and PHA staff on the next steps in the RAD conversion process, resulting in closing of the RAD transaction; and

WHEREAS, the Board of Commissioners finds that the RAD Conversion Commitment is necessary and appropriate to execute, in furtherance of the PHA's applications to convert the public housing units in the PHA's hi-rises and family housing developments to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program, to best serve the needs of PHA residents;

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Public Housing Agency of the City of Saint Paul as follows:

1. The Executive Director or his designee is authorized to execute the RAD Conversion Commitment as presented;
2. Staff is authorized to execute and submit all required documents relating to this Conversion Commitment, including any amendments deemed necessary by PHA or HUD staff; and
3. Pursuant to HUD notice dated January 11, 1990, the PHA certifies that no employee is serving in a variety of positions that will exceed 100 percent of his or her work time.

**Rental Assistance Demonstration (RAD)  
Conversion Commitment (Public  
Housing; First Component)**

**U.S. Department of Housing and  
Urban Development  
Office of Multifamily Housing**

<b>Complete each box, even if information is duplicative</b>			
<b>Proposed Name and Address of Covered Project:</b>  Mount Airy Various St Paul, MN 55130	<b>Proposed Project Owner:</b>  Public Housing Agency of the City of Saint Paul  651-298-5664 jon.gutzmann@stpha.org Project Owner is controlled by: <input checked="" type="checkbox"/> Control by a Public Body <input type="checkbox"/> Control by a Non-profit Body	<b>Proposed Project Owner Notice Address:</b>  555 N Wabasha Street, Suite 400 St Paul, MN 55102	
<b>Existing Ownership Entity, Name and Address of Converting Project:</b>  Public Housing Agency of the City of St Paul MOUNT AIRY VARIOUS St. Paul, MN 55130	<b>PHA:</b>  Public Housing Agency of the City of St Paul  Contact phone/email: 651-298-5664/Jon.Gutzmann@stpha.org PHA is an MTW agency: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>PHA Notice Address:</b>  555 N. Wabasha Street, Suite 400 St Paul, MN 55102	
<b>Dwelling Units in Covered Project (specify total # of dwelling units, and # of RAD, non-RAD income restricted, market, and manager units):</b> Total Units: 610 RAD Units: 610 LIHTC Units: 0 Market Units: 0 Other Affd Units: 0			
<b>PIH Information Center (PIC) removal application number (a/k/a Demolition-Disposition Application Number (DDA#)):</b> DDA0009004			
<b>Converting Project PIC Number(s)</b> <i>(for all items to the right in this row, list data by each AMP # in the cells below):</i>	<b># of units converting to RAD to be removed from each AMP:</b>	<b># of non-converting units to be removed from each AMP (e.g., due to a de minimis reduction):</b>	<b>Total # of units to be removed from each AMP (sum of two middle columns):</b>
MN001000005	610	3	613
<input checked="" type="checkbox"/> Project-Based Rental Assistance (PBRA) <input type="checkbox"/> Project-Based Vouchers (PBV). If PBV, list HAP Contract Administrator (PHA or another housing authority): _____		<b>Number of HAP Contracts and Term length of each HAP Contract:</b>  1 contract(s) 20 years	
<b>Reserve Fund for Replacements</b>  Amount of Total Monthly Deposit to Replacement Reserve upon effective date of the HAP contract <u>\$27,958.33</u>			

**Key features of Covered Project:**

General:

- Ground lease
- Transfer of Assistance
- Scattered-site project
- Major non-dwelling assets (e.g., free-standing buildings, community or commercial facilities or significant unimproved acreage) (explain below).
  - Existing included in the PIC removal application listed on page 1
  - To be added to the Covered Project
- PHA's sole project or, together with substantially concurrent conversions, the PHA's last public housing project to convert

Inter-Related Projects:

- Multi-phase conversion
- Converting Project is adjacent to public housing units within the same AMP that are not converting (not a full conversion of a contiguous project)
- Rent Bundling
  - This is a donor property
  - This is a recipient property (Identify below the associated properties in the rent bundling arrangement and when the other projects have/are expected to close)

Construction:

- Demolition of current public housing units
- New Construction. If new construction, is HAP contract to be entered into:
  - at Closing, or
  - upon construction completion

Relocation:

- Tenants will be Relocated for >12 months
- Tenants will be Relocated for ≤12 months
- No relocation anticipated

Financing:

- FHA-Insured Financing anticipated  
If so, date of Firm Commitment: \_\_\_\_\_
- Low-Income Housing Tax Credits anticipated  
Date of any allocating agency closing deadline: \_\_\_\_\_
- Conventional financing anticipated
- No new FHA-Insured, LIHTC or conventional financing
- Existing debt, such as EPC, CFFP, OFFP or existing mixed-finance debt (list below the type of debt, whether it will remain outstanding post-conversion and, if not, whether it will be paid off prior to or at closing)
- Public housing funds in Sources and Uses

Unit Configuration:

- Reduction in units. If checked, 3 (#) units reduced based on the following authority:
  - De minimis associated with this transaction (# of 3 units)
  - De minimis associated with another transaction (# of 0 units) (explain below)
  - Other (explain below)
- Change in unit configuration (explain below)

If additional information is necessary to clarify the features above and/or if there are other important features of the Transaction not described above, such additional information may be listed here:

The EDHC mortgage through Minnesota Housing is non-amortizing and does not require payments during the life of the loan. At the end date of 12/07/2045, the PHA is planning to have sufficient funds to re-pay the principal balance. The AHP loan agreement through FHLB is non-amortizing and does not require payments during the life of the loan agreement. After the retention period, end date of 9/28/2033, provided the property is maintained as affordable housing, the loan amount will be forgiven.

**RAD Rehab Assistance Payments:**

Not Applicable

**Choice Mobility:**

- Project Owner will comply with RAD Choice Mobility practices.
- Project Owner is exempt from implementing the RAD Choice Mobility practices with respect to the RAD units in the Covered Project.

**Repairs:**

- a. Estimated number of months for completion for all Work (number of months the property is eligible for Rehab Assistance Payments): 9 months
- b. Final completion deadline for all Work (after which Project Owner is in default): 07/31/2020

This commitment ('Commitment') to participate in the Rental Assistance Demonstration ('RAD') and convert the assistance of the Converting Project named in the above table is entered into by and among Public Housing Agency of the City of St Paul, a public housing authority organized and existing under the laws of Minnesota ('PHA'); Public Housing Agency of the City of Saint Paul, a Public Entity organized and existing under the laws of Minnesota ('Project Owner'); and the United States Department of Housing and Urban Development, acting by and through the Secretary, his or her successors, assigns or designates ('HUD'), as of the date executed by HUD below. If the PHA is to be the owner of the Covered Project, the PHA shall also be identified as the Project Owner.

#### **TERMS AND CONDITIONS:**

1. **Applicable HUD Regulations and Requirements.** By converting assistance and entering into the Closing Documents contemplated in this Commitment, the PHA and Project Owner agree, each as and to the extent applicable, to operate the Covered Project in accordance with all applicable law, including without limitation the Consolidated and Further Continuing Appropriations Act of 2012 (Pub. L. 112-55, signed November 18, 2011, as amended) ("RAD Statute"); all applicable program requirements and guidance, including without limitation Notice PIH-2012-32, as amended and revised from time to time (the "RAD Notice") or any successor or additional statutes, regulations or guidance; and the terms and conditions set forth below (collectively, the "Program Requirements"). Any conflicts between this Commitment and any other HUD requirements shall be conclusively resolved by HUD. Any capitalized terms used herein but not defined have the meanings given them in the RAD Notice.
  
2. **Acceptance of Commitment/Expiration.**
  - a. This Commitment shall terminate thirty (30) days from the date executed by HUD unless the PHA and Project Owner execute and return an unaltered copy of this Commitment to HUD, at the address that appears on the last page of this Commitment.
  
  - b. This Commitment shall not be effective or enforceable against HUD until all conditions stated herein have been satisfied in HUD's determination.
  
  - c. Unless all conditions stated herein have been satisfied as determined by HUD and the transactions contemplated by this Commitment (collectively, the "Transaction") are closed within 90 days from the date executed by HUD, this Commitment shall, unless extended by HUD in writing, expire and be of no further force or effect. Upon expiration, all rights and obligations of the respective parties shall cease.
  
3. **Closing Requirements and HUD Approvals.** As used in this Commitment, "Closing" means execution of all binding legal instruments connected to the transaction contemplated by this Commitment and, if applicable, recordation of such instruments. All requirements set forth in this Commitment must be completed to HUD's satisfaction before the Closing can occur. A Closing checklist ("Closing Checklist") is attached hereto as Exhibit E and incorporated herein. The Closing Checklist lists those items HUD has determined necessary to be submitted to and approved by HUD in order for the Closing of this Transaction to occur. Should HUD determine that any other documents or items (in addition to those listed on the Closing Checklist) are necessary to meet the terms of this Commitment or Program Requirements, the PHA and Project Owner agree to provide such documents or other items in such form and substance as acceptable to HUD or to terminate this Commitment and not proceed to Closing. Unless otherwise agreed by HUD, in the case where the Project Owner differs from the PHA, all post-closing requirements and obligations contained herein will apply to the Project Owner after the Closing. Any determination, approval or decision of HUD pursuant to this Commitment shall be in HUD's sole and absolute discretion. Unless otherwise set forth in writing by HUD prior to Closing, HUD's execution and release of the Closing Documents shall constitute any approvals or decisions required herein and not previously given in writing.
  
4. **Public Housing Requirements.** The PHA and Project Owner acknowledge that the Converting Project remains subject to the United States Housing Act of 1937, its Consolidated Annual

Contributions Contract and any amendments thereto, and all other pertinent Federal statutory, executive orders, regulations and other guidance, as those requirements may be amended from time to time (collectively the "Applicable HUD Requirements"), and shall not be subject to the HAP Contract, until the effective date of the HAP Contract. Unless HUD gives written instructions otherwise, for so long as the Converting Project remains public housing, the PHA and Project Owner shall take all steps necessary to ensure that:

- a. Fire and other property insurance as required under Applicable HUD Requirements are and shall be maintained in full force and effect;
- b. All ordinary and necessary operating expenses pursuant to Applicable HUD Requirements of the Converting Project are and shall be paid; and
- c. The Converting Project remains in compliance with Applicable HUD Requirements, including without limitation all requirements related to the physical condition of the Converting Project and any remedial agreements between HUD and the PHA and remedial judicial or administrative orders, except as expressly modified by this Commitment and/or the Closing Documents.

Upon the Closing, the PHA shall certify in writing that the foregoing requirements have been met through the date of the Closing.

5. **HUD Review of Project Ownership.** The PHA and Project Owner agree that HUD approval of the ownership and control of the Covered Project is a condition of closing. The PHA shall not transfer any ownership interest in the Converting Project prior to the Closing.
6. **Closing Documents.** The PHA and Project Owner shall execute or cause to be produced, as appropriate, such agreements, instruments, certificates and other documents as HUD may require to complete the Transaction (collectively, the "Closing Documents"), using forms prescribed by or acceptable to HUD and completed, executed, recorded and/or filed in the number of copies and in such manner as directed by HUD. Without limiting the foregoing, the Closing Documents may include:
  - a. If applicable, one or more releases or partial releases of the applicable Declaration(s) of Trust or comparable document;
  - b. a RAD Use Agreement (document HUD-52625);
  - c. a Housing Assistance Payments Contract (for PBRA, documents HUD-52620 and HUD-52618; for PBV, HUD-52530A Parts I and II and HUD-52621), including any required exhibits;
  - d. Certifications and assurances; and
  - e. Any additional documents required by HUD in order to determine whether criteria for Closing have been met.
7. **Use Agreement Priority.** A title report must be provided for the Converting Project and Covered Project. In addition, an owner's pro forma title policy may be requested for the Covered Project involving the addition of financing to be secured by the Covered Project. Unless otherwise approved by HUD, the RAD Use Agreement shall be superior to any and all liens and/or encumbrances against the Covered Project, including, without limitation, the lien evidenced by any and all mortgages, deeds of trust and other financing documents and regulatory documents related to the Covered Project (including any LIHTC use agreement). The Project Owner shall obtain consents or subordination agreements, and have such documents executed, as HUD may determine necessary to establish such priority.
8. **Expenses and Transaction Costs.** Except as otherwise set forth in this Commitment, regardless of whether the Transaction is consummated, HUD shall not be responsible for any expenses or transaction costs incurred by or at the direction of the PHA or Project Owner in connection with the Transaction (including without limitation, fees for consultants, attorneys, environmental contractors, tax advisors and accountants; city, county and/or state taxes and/or fees; recording fees, prepayment penalties and/or premiums; costs for title insurance and title examination; surveys and appraisals).
9. **Tax, Financial, and Legal Consequences.** HUD has not provided, nor shall it provide, any opinions, representations, warranties, or covenants to any party regarding any federal, state and/or local tax consequences, financial consequences, or legal consequences relative to the

Transaction. The PHA and Project Owner acknowledge that funding of the contemplated Housing Assistance Payment Contract (HAP Contract) is subject to appropriations.

10. **Certifications, Representations and Warranties by the PHA and Project Owner.** Any statement, certification, representation or warranty made by the PHA or Project Owner in or pursuant to this Commitment is true and correct when given, and shall remain true and correct at all times through and including the Closing. In the event any such statement, certification, representation or warranty is no longer complete or correct, and without limiting HUD's rights and remedies, the PHA or Project Owner, respectively, shall notify HUD in writing immediately. Without limiting the foregoing, the PHA and Project Owner, respectively, hereby represent and certify to HUD and warrant to maintain the veracity through Closing of the following statements:
- a. All notices required by Program Requirements relating to the transaction have been timely provided to such persons and in a manner complying with applicable Program Requirements.
  - b. The PHA and the Converting Project continue to meet all program eligibility requirements as stipulated in the RAD Notice.
  - c. With the exception of any transfers under the PHA's Admissions and Continued Occupancy Policy or as otherwise approved by HUD, the PHA has not relocated any residents of the Converting Project in connection with the Transaction prior to the date this Commitment is executed by all parties.
  - d. Except as specifically disclosed to and accepted by HUD in writing, neither the PHA nor the Project Owner (including, but not limited to Board Members, principals and executives of the PHA or Project Owner) has any knowledge that it (or any Board Members, principals and executives of the PHA or Project Owner in their official capacity as members, principals or executives of the PHA or Project Owner, as applicable) is the current subject of, nor has received any pending notice of, any debarment, suspension or other administrative proceeding, audit or investigation by HUD, including without limitation by the Inspector General, the Departmental Enforcement Center, or the Office of Fair Housing and Equal Opportunity, or any other Federal or state government agency, whether or not sanctions have been imposed against such party.
  - e. No disclosed debarment, suspension or other administrative proceeding, audit or investigation would impact the PHA's or the Project Owner's ability to carry out its obligations as contemplated under this Commitment.
- Upon the request of HUD, the PHA shall provide HUD with evidence satisfactory to HUD relating to each of the foregoing certifications. Execution of the Closing Documents by the PHA and the Project Owner, respectively, constitute re-certification to HUD of the foregoing statements.
11. **Successors and Assigns.** This Commitment and its attachments are binding upon the PHA, the Project Owner and the successors and assigns of each. Unless otherwise provided herein, this Commitment may not be assigned, in whole or in part, except upon the prior written consent of HUD.
12. **Corrections.** Notwithstanding anything to the contrary contained in this Commitment, the PHA and Project Owner agree to execute, before or after the Closing, such documents, amendments or modifications as HUD deems necessary or appropriate to effectuate the intent of this Commitment or to complete or consummate the Transaction, including but not limited to instruments necessary to correct this Commitment or any of the Closing Documents.
13. **Changes to This Commitment.** HUD has approved a Financing Plan for this transaction. The PHA and Project Owner shall notify HUD of any changes to the terms set forth in the Financing Plan, or any other business terms submitted to HUD. If HUD determines such changes to be material, HUD may require an amendment to this Commitment or other reviews or approvals as HUD determines necessary to account for the changed terms. The final business terms shall be determined as of the Closing and inserted into the applicable Closing Documents. The PHA's and Project Owner's execution of the Closing Documents shall constitute acceptance of the final business terms reflected therein.

14. **Sources of Funds.**

- a. HUD must review and approve all debt (secured and unsecured) against the Covered Project prior to Closing.
- b. **Development Budget.** HUD approval of this Transaction is based on the estimated Sources and Uses attached as Exhibit B. Any changes to this Sources and Uses shall be disclosed to HUD and if HUD determines that such changes are material, HUD may require additional review and approvals and/or amendment to this Commitment. PHA and/or Project Owner shall provide HUD with the final certified Sources and Uses upon Closing.
- c. **PHA Funds for Development Budget.** Where the Transaction includes public housing funds to be contributed by the PHA for uses other than funding the HAP Contract, these funds must be shown on the Sources and Uses. The PHA certifies that all such funds are available and reserved for the Transaction, are irrevocable, and that the PHA has obtained all consents necessary in order for the PHA to commit such funds to the Transaction.
  - i. Prior to Closing, public housing Capital Funds shown in the Sources and Uses must be moved within the HUD Line of Credit Control System (LOCCS) to the "RAD Investment" Budget Line Item (BLI 1504). These funds must be drawn down out of LOCCS at closing and, until they are disbursed for a use shown in the Sources and Uses, made subject to a General Depository Agreement (GDA, form HUD-51999).
  - ii. Until disbursed for a use shown in the Sources and Uses, Public housing Operating Reserves shown in the Sources and Uses must be held in an account or sub-account subject to a GDA.
  - iii. To the extent such funds must be subject to a GDA as described above, the PHA may use a pre-existing GDA if the PHA is making use of separate or segregated accounting. (For example, a PHA may have a pre-existing account for Operating Fund Reserves subject to a GDA and if the converted funds to be used as shown in the Sources and Uses may be adequately separated or segregated for accounting purposes in a sub-account or otherwise remaining subject to the pre-existing GDA, the requirements of this section are fulfilled.) If shown in the
  - iv. Sources and Uses, such funds may be used to satisfy obligations of the Covered Project, including without limitation, funding reserves (for example, to make an initial deposit for a replacement reserve (IDRR)) or payment of construction or other project costs in accordance with this RCC and other project documents. Methods by which the PHA may choose to disburse such funds in accordance with this section include:
    - In a lump sum as a loan to the Project Owner, subject to a loan agreement or other documentation;
    - Incrementally over time as a loan to the Project Owner, subject to a loan agreement or other documentation;
    - In a lump sum to the Project Owner as a grant or otherwise without the expectation of repayment; and/or
    - Incrementally over time to the Project Owner as a grant or otherwise without the expectation of repayment.
- d. **No Additional PHA funds.** Except for the amounts identified in the Sources and Uses and amounts identified in the HAP Contract to fund the Covered Project in the calendar year of conversion, no public housing funds may be used as an additional source of funds for the Covered Project. By way of illustration and not limitation, after Closing, no public housing funding (including any funds deemed "project funds" or "program income" under public housing regulations) may be used to pay for any costs for any work (Work or other work) done in connection with the Covered Project.

- e. Upon the conversion of assistance, the Converting Project, including any real or personal property thereof, shall no longer be used for public housing purposes, as originally authorized by the U.S. Housing Act of 1937. This Commitment provides instruction for such conversion and the treatment of the Converting Project. Any proceeds of disposition of the Converting Project (or of any real property or improvements that as of the date of this Commitment are considered public housing) in connection with the conversion of assistance contemplated by this Commitment shall be used for affordable housing purposes as defined in the RAD Notice. Any proceeds of any loans of converted public housing funds made in connection with the conversion of assistance contemplated by this Commitment shall be used for affordable housing purposes. Any uses of converted public housing funds listed in the Sources and Uses attached hereto as Exhibit B shall be considered end uses for purposes of 2 CFR Part 200.
15. **Moving to Work Considerations.** Participation in RAD by a Moving To Work (MTW) agency does not reflect a determination that the agency will remain an MTW agency, only a determination that the Covered Project will continue to be a RAD project under the terms of the RAD program.
16. **RAD HAP Contract Funding in Initial Year.** From the effective date of the HAP Contract through the remainder of the calendar year, the Covered Project will be funded only from available public housing amounts obligated prior to the effective date of the HAP Contract and from any additional public housing amounts that HUD obligates in full or in part, subject to the availability of sufficient appropriations, for the remainder of the calendar year in which the HAP Contract becomes effective. **Project Owner acknowledges that this amount for the first year may be less than the contract rent for subsequent years.** During such time, the PHA will draw down funds from LOCCS as instructed by HUD and transfer amounts to the Project Owner as payments pursuant to the HAP Contract in its capacity as or on behalf of the Contract Administrator, as applicable.
17. **RAD Rehab Assistance Payments.** It is anticipated that the Covered Project will be eligible for RAD Rehab Assistance Payments pursuant to its HAP Contract to the extent set forth on the second page of this Commitment.
18. **Section 8 Contract Rents.** Exhibit C sets out the monthly Section 8 contract rents that will be specified in the HAP Contract.
19. **Planned Construction and Rehabilitation.** Exhibit D sets forth the planned construction, repairs and/or rehabilitation for the Covered Project, including any repairs that need to be completed before closing, to be funded in accordance with the Sources and Uses (the "Work").

The Project Owner hereby represents, warrants and certifies to HUD and will update such representation, warranty and certification at Closing, in a form and substance acceptable to HUD, that the sources of funds are sufficient to pay for the Work and that all Work will be completed timely and in accordance with applicable RAD Program Requirements, including without limitation:

- a. The Work will be completed in accordance with:
- i. The more stringent of: (1) any applicable national building code, such as Uniform Building Code, Council of American Building Officials Code, or Building Officials Conference of America Code; or (2) applicable state and local laws, codes, ordinances, and regulations;
  - ii. Other applicable Federal requirements including any Federal fire-safety requirements and HUD minimum property standards (e.g., 24 CFR part 200, subpart S for FHA-insured properties);
  - iii. The relevant requirements of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-484 6), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-485 6), and implementing regulations at 24 CFR part 35, as applicable;

- iv. Notice PIH 2014-17 / H 2014-09, issued July 14, 2014 (and any amendments, revisions or successor documents), "Relocation Requirements under the Rental Assistance Demonstration (RAD) Program, Public Housing in the First Component," which relocation requirements include, as applicable, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and its implementing regulations at 49 CFR Part 24 with regard to any relocation of residents;
  - v. Section 504 of the Rehabilitation Act of 1973 and its implementing regulations at 24 CFR part 8, including but not limited to accessibility standards, with regard to any "substantial alterations" or other "alterations," each as defined in such regulations, as applicable;
  - vi. The design and construction requirements of the Fair Housing Amendments Act of 1988 and its implementing regulations at 24 CFR Part 100.25, as applicable;
  - vii. Section 3 of the Housing Act of 1968 and its implementing regulations at 24 CFR Part 135 and all of the related regulations, rules and requirements as applicable; and
  - viii. Davis-Bacon prevailing wage requirements, section 12 of the United States Housing Act of 1937, and Contract Work Hours and Safety Standards Act, and all of the related regulations, rules and requirements for any repairs that qualify as "construction" or "rehabilitation" as defined in such regulations, rules and requirements.
- b. Any Work not completed by the final completion date listed on page 2 of this Commitment and set forth in the HAP Contract, including any reduction in the scope of Work listed on Exhibit D, unless an extension of such date or such reduction in scope is approved in writing by HUD, constitutes a default of this Commitment and of any HAP Contract entered into with respect to the Covered Project. Upon such default, HUD may terminate this Commitment and/or HUD may take action to terminate the HAP Contract relating to the Covered Project, as provided in the HAP Contract.
  - c. The Project Owner shall not be entitled to withdraw or take any Distributions from the Covered Project until after completion of the Work and certification of the actual cost of the Work.
  - d. To the extent the Work includes new construction or substantial rehabilitation, the PHA and/or Project Owner shall engage a qualified general contractor who shall obtain either (i) a payment and performance bond from a properly licensed surety, which bond and surety shall be acceptable to HUD, or (ii) a letter of credit, acceptable to HUD.

20. **Reserve for Replacements.** The Project Owner shall establish upon Closing a Reserve for Replacements, with an IDRR as set forth in Exhibit B, the Sources and Uses. Monthly deposits into the Reserve for Replacements will be made in the amount set forth on the first page of this Commitment as set forth in the HAP Contract and adjusted annually in accordance with the HAP Contract and Program Requirements.

21. **Counsel.** Closing is conditioned upon review and approval of the Transaction by HUD, including without limitation a legal review and approval of diligence and closing documents. The PHA and Project Owner, if different than the PHA, agree to select competent counsel in connection with this Transaction in a manner that satisfies the applicable rules of professional conduct. Counsel to the PHA and/or Project Owner, as appropriate, must provide a legal opinion with respect to the following matters and any other matters reasonably requested by HUD:

- a. The PHA and Project Owner are each duly organized, validly existing and in good standing under the laws of the applicable jurisdiction(s);
- b. The PHA and Project Owner each have the requisite power and authority, and have secured all consents required, to consummate the Transaction;
- c. Each of the Closing Documents executed by or on behalf of the PHA and/or Project Owner in connection with the Transaction is a legally binding obligation of such party, duly executed and delivered on behalf of such party and enforceable in accordance with its terms;
- d. There is no litigation or other claim pending or threatened against the PHA, Project Owner or the Covered Project other than as disclosed to and consented to by HUD;

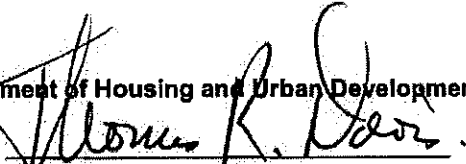
- e. Based upon a pro forma title policy acceptable to HUD and assuming the recordation of documents in the order contemplated by such pro forma title policy, provided counsel has no reason to believe the documents will be recorded in an order other than as listed in such pro forma title policy, the RAD Use Agreement is superior to the lien and/or encumbrance evidenced by any and all mortgages, deeds of trust and other financing documents and regulatory documents of record relating to the Covered Project; and
  - f. All Closing Documents conform with the legal requirements set forth in this RCC and any and all changes to HUD forms or sample language have been disclosed to HUD.
22. **Last public housing unit.** If, upon completion of this RAD conversion and other RAD conversions for which this PHA has an RCC and/or CHAP, the PHA will no longer have residential units in its public housing portfolio, the PHA agrees to comply with additional instructions provided by HUD regarding the close-out of its residential public housing portfolio prior to or after Closing. The PHA acknowledges that failure to comply with HUD instructions may result in withholding Section 8 or other cash payments after Closing pending cure of such violation to HUD's satisfaction.
23. **Non-dwelling assets.** Any non-dwelling assets proposed for removal from PIC in connection with the Transaction must be listed in the PIC removal application (a/k/a Demolition-Disposition Application) identified on the first page of this Commitment and must be approved by HUD.
24. **Special Conditions.** This Commitment is subject to the Special Conditions set forth on Exhibit A.
25. **Exhibits.** The following exhibits are a part of this Commitment and incorporated herein by this reference:
- a. Special Conditions
  - b. Sources and Uses of Funds
  - c. Monthly HAP Contract Rents
  - d. Scope of Work
  - e. Closing Checklist
26. **Entire Agreement; Survival.** The information listed on the chart on the first pages of this Commitment is a part of this Commitment. All prior and contemporaneous oral and written communications are merged herein and superseded hereby, and this Commitment and all exhibits attached constitute the entire agreement between the PHA, Project Owner and HUD with respect to the Transaction. This Commitment, and the responsibilities relating to each respective party, shall survive Closing of the Transaction.
27. **Post-Closing Responsibilities.** The PHA and Project Owner agree to follow the directions of the HUD Closing Coordinator with respect to post-Closing obligations. Without limiting the foregoing, the PHA and Project Owner, as appropriate, will provide evidence of recording of the applicable Closing Documents and copies of any applicable executed HAP contract, recorded Use Agreement, and DOT Release within three (3) business days thereof and will provide copies of the remaining Closing Documents as directed within sixty (60) days of Closing. In addition, the PHA must follow instructions provided by HUD to remove the Converting Project, or portions thereof, from PIC to effect conversion.
28. **Severability.** Should any provision of this Commitment be held by a court of law to be unenforceable, such determination shall in no way compromise the enforceability of the other provisions.
29. **Counterparts.** This Commitment may be executed in counterparts. Electronic copies of signatures (such as those in portable document format (pdf)) shall be evidence of and treated as original signatures.
30. **Consistency with Federal Law.** Nothing contained in this Commitment shall impose on HUD any duty, obligation, or requirement, the performance of which would be inconsistent with federal statutes, rules, or regulations in effect at the time of such performance.

(signature page follows)

Signature Page to RAD Conversion Commitment

Department of Housing and Urban Development

By:



Name: Thomas R. Davis

Title: Director, Office of Recapitalization

Date:

7-26-79

**PHA:** Public Housing Agency of the City of St Paul

Public Housing Agency of the City of St Paul  
Jon M Gutzmann, Executive Director  
555 N Wabasha Street, Suite 400  
St Paul, Minnesota 55102

**Project Owner:**

Public Housing Agency of the City of Saint Paul

Public Housing Agency of the City of St Paul  
Jon M Gutzmann, Executive Director  
555 N Wabasha Street, Suite 400  
St Paul, Minnesota 55102

Date:

\_\_\_\_\_

**EXHIBIT A**  
**Special Conditions**

- An acceptable Lead Based Paint (LBP) Operations & Maintenance (O&M) Plan must be submitted to HUD prior to closing.

**Necessary HUD Approvals**

- The PHA will be required to provide an updated PCA Narrative acceptable to HUD prior to closing.

**Additional Provisions to the RCC**

- Ongoing work must be reconciled with the budget and ownership prior to closing, and priority of the Use Agreement relative to any potential mechanics liens must be acceptable to HUD prior to closing based on review of state law.

**Sources and Uses Report**

**RCC Exhibit B**

PHA Name Public Housing Agency of the City of St Paul  
 PIC Number MN001000005  
 Transaction Log Last Modified: 07/12/2019

Property Name MOUNT AIRY

<b>Sources</b>	
Hard Debt	\$0.00
Soft Debt	\$0.00
Grants	\$10,408,828.00
Public Housing Operating Reserves	\$2,695,828.00
Public Housing Capital Funds (inc DDTF)	\$7,713,000.00
Equity	\$0.00

<b>Uses</b>	
Acquisition Costs	\$0.00
Acquisition Land and Buildings	
Payoff Existing Loans and Payables	
Other Acquisition Costs	
Hard Costs	\$54,000.00
Demolition	
Construction/Rehabilitation	\$54,000.00
General Requirements/Overhead/Profit	
Construction/Rehabilitation Contingency	
Builder's Risk Insurance	
Relocation Costs	
Soft Costs	\$0.00
Architectural Design Fee (Plans & Specs)	
Construction Management/Budget Planning Fee	
Engineering Fee	
Feasibility Studies	
Environmental Reports	
Appraisal/Market Study	
Accounting	
Survey	
eCNA Tool	
Title Insurance/Exam Fee, Closing Escrow	
Organizational Costs	
Recordation Fee	
Borrower's Legal Counsel	
Lender's Legal Counsel	
Consultants	
Other Professional Fees	
Other Loan Fees	
FHA Fees (MIP, Application, Inspection)	
Tax Credit Financing Fees	
Prepayment Penalty/Premium	
Payables	
Construction Interest (Not Deferred)	
Construction Loan Fees	
Bond Issuance Cost and Fees	
Permits	
Investor's Legal Counsel	
Bond Legal Counsel	
Permanent Financing Fees	
Furniture, Fixtures & Equipment	
Marketing & Lease Up	
Reserves	\$10,354,828.00
Initial Deposit to Replacement Reserve	\$7,659,000.00
Initial Operating Deficit Escrow	
Operating Reserve	\$2,695,828.00
Tax and Insurance Escrow	
Lease-Up Reserve	
Other Reserves:	
Developer Fees	

**TOTAL SOURCES: \$10,408,828.00**

**TOTAL USES: \$10,408,828.00**

**EXHIBIT C**  
**Monthly HAP Contract Rents**

<u>Number of Contract Units</u>	<u>Number of Bedrooms</u>	<u>Contract Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>
21	0	\$523.00	\$0.00	\$523.00
234	1	\$635.00	\$0.00	\$635.00
113	2	\$799.00	\$141.00	\$940.00
172	3	\$1,132.00	\$161.00	\$1,293.00
50	4	\$1,326.00	\$203.00	\$1,529.00
20	5	\$1,524.00	\$248.00	\$1,772.00
0	6	\$0.00	\$0.00	\$0.00

**EXHIBIT D**  
**Scope of Work**

*(List all work to be done in connection with the Transaction that needs to be completed before Closing)*

Not Applicable

*(List all work to be done in connection with the Transaction following Closing)*

<b>Work Item</b>	<b>Description of Improvement Work</b>	<b>Budget</b>
	Mt Airy Parking Lot Repairs	\$25,000.00
	Hi-Rise Boiler Equip	\$7,000.00
	Capitalized Project Management Costs	\$22,000.00
		<b>Total \$54,000.00</b>

**EXHIBIT E**  
**Closing Checklist**  
**See Attached**



## RESIDENT INFORMATION NOTICE RAD CONVERSION COMMITMENT

### General Description of HUD's Rental Assistance Demonstration (RAD)

The Rental Assistance Demonstration (RAD) is a voluntary program of the U.S. Department of Housing and Urban Development (HUD), and is accomplished as a financial and legal transaction. This program is designed to help housing authorities preserve and improve affordable housing by allowing them to convert the Federal subsidy for their public housing properties to project-based Section 8 assistance. Such a change could give the PHA more stable funding over the next 20 years (and beyond), allowing the PHA to operate and maintain the affordable housing properties that public housing provides now. **The PHA will maintain ownership and operation of all PHA properties that convert to RAD.**

### St Paul Public Housing Agency's RAD Conversion

On July 26, 2019, HUD approved the PHA's eight Financing Plans and conversion of 3,855 housing units to RAD (all PHA hi-rises and family developments) by issuing RAD Conversion Commitments (RCCs) to the PHA. The Board of Commissioners accepted the RCCs on August 14, 2019. The PHA is now in the process of closing on the RAD conversion, with an expected closing date of October 3, 2019.

After RAD closing, all households in PHA hi-rises and family developments will receive a new Project Based Rental Assistance (PBRA) Model Lease and House Rules, which will replace their existing Low-Income Public Housing Lease upon the PHA's anticipated Housing Assistance Payment (HAP) Effective Date of December 1, 2019. The PBRA Model Lease and House Rules must be reviewed and signed by all members of each household, and returned to PHA Management by November 27, 2019.

All hi-rise and family development residents are encouraged to attend any of the upcoming resident information meetings that will cover the PBRA Model Lease and House Rules. A schedule for the resident information meetings will be posted on the PHA's website at [stpha.org](http://stpha.org). A copy of the schedule will also be sent to each household via US mail, along with the household's Model Lease and House Rules.

PHA staff will continue to keep PHA residents, the community, and the Board of Commissioners informed on the RAD conversion process.



## **RAD INFORMATION NOTICE RAD CONVERSION COMMITMENT, Continued**

### **Resident Relocation Rights (Relocation Not Anticipated)**

At this time, the PHA does not anticipate any need for relocation of residents due to a RAD conversion. Nevertheless, HUD requires the PHA to notify all residents of their relocation rights under RAD. Your rights are as follows:

- You have a right to remain in any unit converted to RAD or, if any relocation is required, a right to return to an assisted unit in the Covered Project (which may be at a new site in the case of a transfer of assistance).
- You cannot be required to move permanently without consenting to the move.
- If any relocation is involved in the RAD transaction, you are entitled to relocation protections under the requirements of the RAD program and, in some circumstances, the requirements of the Uniform Relocation Act (URA). Those protections may include advance written notice of any move, advisory services, payment(s) and other assistance as applicable to the situation.

### **Residents Will Not Be Subject to Rescreening**

If your property is converted to RAD, you will not be subject to any rescreening for eligibility as a result of the conversion.

### **The PHA will follow all Fair Housing and Civil Rights Requirements**

The RAD transaction will be completed consistent with Fair Housing and Civil Rights requirements. Reasonable accommodation requests during the conversion process can be submitted through your location's Management office.

### **Upcoming Resident Information Meetings on PBRA Model Lease and House Rules**

PHA staff encourages all households to attend at least one of the upcoming resident information meetings to learn more about the PBRA Model Lease and House Rules. All households will receive their PBRA Model Lease and House Rules, along with a schedule of the resident information meetings, following closing of the PHA's RAD conversion (expected date of closing is October 3, 2019). Questions, comments, and concerns about the Model Lease and House Rules will be addressed by PHA staff at these meetings. Households will be able to sign their PBRA Model Lease and House Rules before, during, or after the resident information meetings, but all PBRA Leases and House Rules must be signed and returned to PHA Management by November 27, 2019.

# PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

**REPORT TO COMMISSIONERS**

**FROM JON M. GUTZMANN  
EXECUTIVE DIRECTOR**

**REGARDING** Rental Assistance Demonstration;  
RAD Conversion Commitment (RCC) for  
Asset Management Project No. 6 (AMP 6)  
Exchange and Wabasha Hi-Rises

**DATE** August 14, 2019

Staff requests Board approval of Resolution No. 19-8/14-07 authorizing execution of the RAD Conversion Commitment (RCC) for the conversion of Exchange and Wabasha Hi-Rises (HUD Project No. MN001000006; AMP 6) to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program.

The PHA applied for acceptance to the RAD program in August 2017 and HUD awarded the Commitment to enter into a Housing Assistance Payment (CHAP) for this project in August 2018. Staff submitted the Financing Plan in April 2019. HUD issued the RCC on July 26, 2019 thereby accepting the Financing Plan and starting a 90 day clock for the PHA to close on (complete) the conversion transaction. An interim milestone in this 90 day period is a 30 day deadline for the PHA to execute and return the RCC to HUD by uploading it to the RAD Resource Desk. The fully executed RCC is due by August 25, 2019. If the RCC is not returned by this date it will expire.

This is one of the eight RAD Conversion Commitments that constitute a near "portfolio-wide" conversion to PBRA under RAD, including the PHA's four family housing developments and sixteen hi-rises, a total of 3,855 public housing units.

The RAD Conversion Commitment (RCC) is a contract executed by HUD and the PHA that describes the specific terms and conditions of the RAD conversion for Exchange and Wabasha Hi-Rises (AMP 6). The RCC is a template document which cannot be modified and is not subject

to negotiation. The 30-page document consists of a two-page summary of the specific converting project, 7 pages of “Terms and Conditions”, a signature page (page 11) and exhibits; plus the 14-page Closing Checklist (Exhibit E) that is identical for all eight projects. In addition to the specific terms and conditions there are five exhibits attached that provide additional transaction information and requirements for completing the close process successfully.

### **RCC Project Summary**

The first two pages of the RCC contain information unique to the conversion for AMP 6 Exchange and Wabasha Hi-Rises including:

- The number of converting units: 263 total units;
- The number and length of the HAP contract(s) for the project: One contract, twenty years;
- The total amount of the monthly deposit to the replacement reserve: \$12,054.17 (\$550 per unit per year);
- Key features of the Covered Project: This project has no new financing (“debt-free” conversion). In addition, the Officer-In-Residence units are noted as a De Minimis reduction. The Board approved requesting a waiver to classify these three units as “unassisted” at the May 22, 2019 meeting.
- Choice Mobility Provision: The PHA will comply with RAD Choice Mobility practices; and
- The final completion deadline for all work noted in Exhibit D Scope of Work (explained below) is established as July 31, 2020. The PHA will be required to provide completion certification data for the work described on or before that date.

### **RCC Terms and Conditions**

The RCC Terms and Conditions define the process by which the commitment between the PHA and HUD to participate in the Rental Assistance Demonstration and conversion to project-based assistance will be executed. Critical components of the conversion such as the applicable rules, regulations, and requirements are noted, as well as financial considerations, and HUD and PHA obligations.

### RCC Exhibits

The RCC has five exhibits attached which are also considered part of the Commitment (as noted in Paragraph #25):

#### Exhibit A: Special Conditions, Necessary Approvals, or Additional Provisions to the RCC.

This exhibit is intended to address items that were noted during HUD's review of the Financing Plan that did not prevent approval of the Plan, written documentation requiring HUD approval before closing, or additional provisions not included in the RCC template. These items must be cleared or adequately addressed to HUD's satisfaction before closing.

The items noted in RCC Exhibit A for this project (Exchange and Wabasha Hi-Rises, AMP 6) are:

- An acceptable Lead Based Paint (LBP) Operations & Maintenance (O&M) Plan must be submitted to HUD prior to closing.
- The PHA will be required to provide an updated PCA Narrative acceptable to HUD prior to closing.
- Ongoing work must be reconciled with the budget and ownership prior to closing, and priority of the Use Agreement relative to any potential mechanics liens must be acceptable to HUD prior to closing based on review of state law.

HUD staff said the O&M Plan prepared by our CNA contractor and submitted by staff as part of the Financing Plan is incomplete because it does not specifically state that the Plan is compliant with HUD's lead based paint regulations. PHA staff are working with our CNA contractor to have the required language inserted into the O&M Plan. Revised Plans will be uploaded to the RAD Resource Desk once they are received.

The "PCA Narrative" is the Capital Needs Assessment (CNA) Narrative. Staff are working with our CNA contractor to revise their CNA Narrative to address HUD's concerns about the document we submitted previously.

Staff will reconcile and provide final budget numbers for the ongoing work noted in Exhibit D prior to closing. PHA legal staff are working to ensure the PHA's treatment of potential mechanics liens is consistent with the RAD Use Agreement and Minnesota State Law.

Exhibit B: Sources and Uses of Funds. This is a comprehensive presentation of all sources and uses of funds needed to complete the RAD conversion. Since the PHA's RAD transaction does not require debt, and no new development or substantial rehabilitation is proposed, the Sources and Uses is fairly basic. It summarizes what funds will be used for the Initial Deposit to Replacement Reserve (IDRR) and on-going capital improvements already in process, and establishes the operating reserve account.

Exhibit C: Monthly HAP Contract Rents. This information is taken from Exhibit A of the most current Commitment to Enter into a Housing Assistance Payment (CHAP). Staff have verified this information is correct.

Exhibit D: Scope of Work. This a list of all construction/rehabilitation work that will be completed in conjunction with the RAD transaction. The Scope of Work for this project is "owner-elected" construction work not included in the Capital Needs Assessment. The PHA intends to utilize 2018 Capital Funds to complete this work, so it must be itemized in Exhibit D in order to facilitate transfer of funds into the RAD projects. Amounts noted in the Scope of Work correlate with the amounts included in RCC Exhibit B, Sources and Uses (Hard Costs – Construction/Rehabilitation). As noted in the RCC Summary, this work must be completed by July 31, 2020.

Exhibit E: Closing Checklist. HUD's "Rental Assistance Demonstration Closing Overview & Checklist for Project Based Rental Assistance (PBRA) Conversions" is attached as the final exhibit. Staff have relied on this checklist to prepare the draft closing packet the Board will see in a related agenda item.

### **RCC Amendments**

As noted in the Closing Checklist (line item #4), amendments to the RCC are allowed for material changes to the RCC or any of the exhibits, including the Sources and Uses. Staff expect to submit an RCC Amendment prior to closing to ensure all "owner-elected" work for this project is included in Exhibit D Scope of Work. Staff will work with our Closing Coordinator to determine the appropriate way to submit the request.

### **Resident Notification**

As required by HUD's RAD Notice\*, after receiving the RCC the PHA must notify each affected household that conversion of the project has been approved and inform the residents of any impact the conversion may have on them. Since the PHA's conversion does not require relocation or other changes to the resident's current housing status, the primary message to residents will be regarding the Model Lease and the activities surrounding lease signing. A letter describing these activities and information regarding additional informational meetings will be sent to each household via U.S. Mail. A draft of that notice is attached.

Issuance and execution of the RCC begins the final phase of the RAD conversion transaction.

Here are the major milestones remaining:

- **The PHA submits a draft closing package** to HUD for review. The draft package must contain all documents listed in the RCC and on any closing checklist provided by HUD.
- **Final conversion** occurs on the date of closing.
- **HUD must receive fully executed versions of the closing documents** within 30 days after closing.

With the Board's approval, the RAD Conversion Commitment (RCC) for this project will be signed by the PHA's Executive Director and submitted to HUD by the August 25, 2019 deadline.

JMG/AJH/FAH

Attachments:

1. Resolution No. 19-8/14-07
2. RAD Conversion Commitment for Project #6 Exchange and Wabasha Hi-Rises including Exhibits A – E
3. Draft Notification to Residents of Projects Converting to PBRA under RAD

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\* Notice PIH-2012-32, Rev-3; Rental Assistance Demonstration – Final Implementation, Revision 3.

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL  
RESOLUTION NO. 19-8/14-07**

**RENTAL ASSISTANCE DEMONSTRATION (RAD) CONVERSION TO  
PROJECT-BASED RENTAL ASSISTANCE (PBRA);  
EXECUTION OF RAD CONVERSION COMMITMENT  
ASSET MANAGEMENT PROJECT NO. 6 (AMP 6)  
EXCHANGE AND WABASHA HI-RISES**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) has applied to the U.S. Department of Housing & Urban Development (HUD) to convert 3,855 dwelling units of Low Income Public Housing (LIPH; Section 9) to Project-Based Rental Assistance (PBRA; Section 8), through HUD's Rental Assistance Demonstration (RAD) program, as initially approved by the PHA's Board of Commissioners on August 23, 2017; and

WHEREAS, on August 20, 2018 the PHA received HUD's approval letters for all eight RAD conversion applications; and the letters also serve as the "Commitment to Enter into a Housing Assistance Payment" (CHAP) awards for those Asset Management Projects (AMPs 1-8); and

WHEREAS, in April 2019 staff submitted the PHA's eight RAD Financing Plan packages by uploading over 300 documents to HUD's online "RAD Resource Desk"; and

WHEREAS, PHA staff worked with a "Financing Transaction Manager" assigned by HUD to fulfill all necessary requirements for approval of the PHA Financing Plan demonstrating transaction viability; and

WHEREAS, on July 26, 2019 HUD staff issued a RAD Conversion Commitment approving the PHA Financing Plan; and

WHEREAS, PHA staff are now working with a "RAD Closing Coordinator" assigned by HUD who will work with other HUD staff and PHA staff on the next steps in the RAD conversion process, resulting in closing of the RAD transaction; and

WHEREAS, the Board of Commissioners finds that the RAD Conversion Commitment is necessary and appropriate to execute, in furtherance of the PHA's applications to convert the public housing units in the PHA's hi-rises and family housing developments to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program, to best serve the needs of PHA residents;

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Public Housing Agency of the City of Saint Paul as follows:

1. The Executive Director or his designee is authorized to execute the RAD Conversion Commitment as presented;
2. Staff is authorized to execute and submit all required documents relating to this Conversion Commitment, including any amendments deemed necessary by PHA or HUD staff; and
3. Pursuant to HUD notice dated January 11, 1990, the PHA certifies that no employee is serving in a variety of positions that will exceed 100 percent of his or her work time.

**Rental Assistance Demonstration (RAD)  
Conversion Commitment (Public  
Housing; First Component)**

**U.S. Department of Housing and  
Urban Development  
Office of Multifamily Housing**

<b>Complete each box, even if information is duplicative</b>			
<b>Proposed Name and Address of Covered Project:</b>  EXCHANGE HI-RISE VARIOUS St. Paul, MN 55102	<b>Proposed Project Owner:</b>  Public Housing Agency of the City of Saint Paul  651-298-5664 jon.gutzmann@stpha.org Project Owner is controlled by: <input checked="" type="checkbox"/> Control by a Public Body <input type="checkbox"/> Control by a Non-profit Body	<b>Proposed Project Owner Notice Address:</b>  555 N Wabasha Street, Suite 400 St Paul, MN 55102	
<b>Existing Ownership Entity, Name and Address of Converting Project:</b>  Public Housing Agency of the City of St Paul EXCHANGE HI-RISE VARIOUS St. Paul, MN 55102	<b>PHA:</b>  Public Housing Agency of the City of St Paul  Contact phone/email: 651-298-5664/Jon.Gutzmann@stpha.org PHA is an MTW agency: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>PHA Notice Address:</b>  555 N. Wabasha Street, Suite 400 St Paul, MN 55102	
<b>Dwelling Units in Covered Project (specify total # of dwelling units, and # of RAD, non-RAD income restricted, market, and manager units):</b> Total Units: 263 RAD Units: 263 LIHTC Units: 0 Market Units: 0 Other Affd Units: 0			
<b>PIH Information Center (PIC) removal application number (a/k/a Demolition-Disposition Application Number (DDA#)):</b> DDA0008969			
<b>Converting Project PIC Number(s)</b> <i>(for all items to the right in this row, list data by each AMP # in the cells below):</i>	<b># of units converting to RAD to be removed from each AMP:</b>	<b># of non-converting units to be removed from each AMP (e.g., due to a de minimis reduction):</b>	<b>Total # of units to be removed from each AMP (sum of two middle columns):</b>
MN001000006	263	2	265
<input checked="" type="checkbox"/> Project-Based Rental Assistance (PBRA) <input type="checkbox"/> Project-Based Vouchers (PBV). If PBV, list HAP Contract Administrator (PHA or another housing authority): _____	<b>Number of HAP Contracts and Term length of each HAP Contract:</b> 1 contract(s) 20 years		
<b>Reserve Fund for Replacements</b>  Amount of Total Monthly Deposit to Replacement Reserve upon effective date of the HAP contract <u>\$12,054.17</u>			

**Key features of Covered Project:**

General:

- Ground lease
- Transfer of Assistance
- Scattered-site project
- Major non-dwelling assets (e.g., free-standing buildings, community or commercial facilities or significant unimproved acreage) (explain below).
  - Existing included in the PIC removal application listed on page 1
  - To be added to the Covered Project
- PHA's sole project or, together with substantially concurrent conversions, the PHA's last public housing project to convert

Inter-Related Projects:

- Multi-phase conversion
- Converting Project is adjacent to public housing units within the same AMP that are not converting (not a full conversion of a contiguous project)
- Rent Bundling
  - This is a donor property
  - This is a recipient property (Identify below the associated properties in the rent bundling arrangement and when the other projects have/are expected to close)

Construction:

- Demolition of current public housing units
- New Construction. If new construction, is HAP contract to be entered into:
  - at Closing, or
  - upon construction completion

Relocation:

- Tenants will be Relocated for >12 months
- Tenants will be Relocated for ≤12 months
- No relocation anticipated

Financing:

- FHA-Insured Financing anticipated  
If so, date of Firm Commitment: \_\_\_\_\_
- Low-Income Housing Tax Credits anticipated  
Date of any allocating agency closing deadline: \_\_\_\_\_
- Conventional financing anticipated
- No new FHA-Insured, LIHTC or conventional financing
- Existing debt, such as EPC, CFFP, OFFP or existing mixed-finance debt (list below the type of debt, whether it will remain outstanding post-conversion and, if not, whether it will be paid off prior to or at closing)
- Public housing funds in Sources and Uses

Unit Configuration:

- Reduction in units. If checked, 2 (#) units reduced based on the following authority:
  - De minimis associated with this transaction (# of 2 units)
  - De minimis associated with another transaction (# of 0 units) (explain below)
  - Other (explain below)
- Change in unit configuration (explain below)

If additional information is necessary to clarify the features above and/or if there are other important features of the Transaction not described above, such additional information may be listed here:

**RAD Rehab Assistance Payments:**

Not Applicable

**Choice Mobility:**

- Project Owner will comply with RAD Choice Mobility practices.
- Project Owner is exempt from implementing the RAD Choice Mobility practices with respect to the RAD units in the Covered Project.

**Repairs:**

- a. Estimated number of months for completion for all Work (number of months the property is eligible for Rehab Assistance Payments): 9 months
- b. Final completion deadline for all Work (after which Project Owner is in default): 07/31/2020

This commitment ("Commitment") to participate in the Rental Assistance Demonstration ("RAD") and convert the assistance of the Converting Project named in the above table is entered into by and among Public Housing Agency of the City of St Paul, a public housing authority organized and existing under the laws of Minnesota ("PHA"); Public Housing Agency of the City of Saint Paul, a Public Entity organized and existing under the laws of Minnesota ("Project Owner"); and the United States Department of Housing and Urban Development, acting by and through the Secretary, his or her successors, assigns or designates ("HUD"), as of the date executed by HUD below. If the PHA is to be the owner of the Covered Project, the PHA shall also be identified as the Project Owner.

#### TERMS AND CONDITIONS:

1. **Applicable HUD Regulations and Requirements.** By converting assistance and entering into the Closing Documents contemplated in this Commitment, the PHA and Project Owner agree, each as and to the extent applicable, to operate the Covered Project in accordance with all applicable law, including without limitation the Consolidated and Further Continuing Appropriations Act of 2012 (Pub. L. 112-55, signed November 18, 2011, as amended) ("RAD Statute"); all applicable program requirements and guidance, including without limitation Notice PIH-2012-32, as amended and revised from time to time (the "RAD Notice") or any successor or additional statutes, regulations or guidance; and the terms and conditions set forth below (collectively, the "Program Requirements"). Any conflicts between this Commitment and any other HUD requirements shall be conclusively resolved by HUD. Any capitalized terms used herein but not defined have the meanings given them in the RAD Notice.
2. **Acceptance of Commitment/Expiration.**
  - a. This Commitment shall terminate thirty (30) days from the date executed by HUD unless the PHA and Project Owner execute and return an unaltered copy of this Commitment to HUD, at the address that appears on the last page of this Commitment.
  - b. This Commitment shall not be effective or enforceable against HUD until all conditions stated herein have been satisfied in HUD's determination.
  - c. Unless all conditions stated herein have been satisfied as determined by HUD and the transactions contemplated by this Commitment (collectively, the "Transaction") are closed within 90 days from the date executed by HUD, this Commitment shall, unless extended by HUD in writing, expire and be of no further force or effect. Upon expiration, all rights and obligations of the respective parties shall cease.
3. **Closing Requirements and HUD Approvals.** As used in this Commitment, "Closing" means execution of all binding legal instruments connected to the transaction contemplated by this Commitment and, if applicable, recordation of such instruments. All requirements set forth in this Commitment must be completed to HUD's satisfaction before the Closing can occur. A Closing checklist ("Closing Checklist") is attached hereto as Exhibit E and incorporated herein. The Closing Checklist lists those items HUD has determined necessary to be submitted to and approved by HUD in order for the Closing of this Transaction to occur. Should HUD determine that any other documents or items (in addition to those listed on the Closing Checklist) are necessary to meet the terms of this Commitment or Program Requirements, the PHA and Project Owner agree to provide such documents or other items in such form and substance as acceptable to HUD or to terminate this Commitment and not proceed to Closing. Unless otherwise agreed by HUD, in the case where the Project Owner differs from the PHA, all post-closing requirements and obligations contained herein will apply to the Project Owner after the Closing. Any determination, approval or decision of HUD pursuant to this Commitment shall be in HUD's sole and absolute discretion. Unless otherwise set forth in writing by HUD prior to Closing, HUD's execution and release of the Closing Documents shall constitute any approvals or decisions required herein and not previously given in writing.
4. **Public Housing Requirements.** The PHA and Project Owner acknowledge that the Converting Project remains subject to the United States Housing Act of 1937, its Consolidated Annual

Contributions Contract and any amendments thereto, and all other pertinent Federal statutory, executive orders, regulations and other guidance, as those requirements may be amended from time to time (collectively the "Applicable HUD Requirements"), and shall not be subject to the HAP Contract, until the effective date of the HAP Contract. Unless HUD gives written instructions otherwise, for so long as the Converting Project remains public housing, the PHA and Project Owner shall take all steps necessary to ensure that:

- a. Fire and other property insurance as required under Applicable HUD Requirements are and shall be maintained in full force and effect;
- b. All ordinary and necessary operating expenses pursuant to Applicable HUD Requirements of the Converting Project are and shall be paid; and
- c. The Converting Project remains in compliance with Applicable HUD Requirements, including without limitation all requirements related to the physical condition of the Converting Project and any remedial agreements between HUD and the PHA and remedial judicial or administrative orders, except as expressly modified by this Commitment and/or the Closing Documents.

Upon the Closing, the PHA shall certify in writing that the foregoing requirements have been met through the date of the Closing.

5. **HUD Review of Project Ownership.** The PHA and Project Owner agree that HUD approval of the ownership and control of the Covered Project is a condition of closing. The PHA shall not transfer any ownership interest in the Converting Project prior to the Closing.
6. **Closing Documents.** The PHA and Project Owner shall execute or cause to be produced, as appropriate, such agreements, instruments, certificates and other documents as HUD may require to complete the Transaction (collectively, the "Closing Documents"), using forms prescribed by or acceptable to HUD and completed, executed, recorded and/or filed in the number of copies and in such manner as directed by HUD. Without limiting the foregoing, the Closing Documents may include:
  - a. If applicable, one or more releases or partial releases of the applicable Declaration(s) of Trust or comparable document;
  - b. a RAD Use Agreement (document HUD-52625);
  - c. a Housing Assistance Payments Contract (for PBRA, documents HUD-52620 and HUD-52618; for PBV, HUD-52530A Parts I and II and HUD-52621), including any required exhibits;
  - d. Certifications and assurances; and
  - e. Any additional documents required by HUD in order to determine whether criteria for Closing have been met.
7. **Use Agreement Priority.** A title report must be provided for the Converting Project and Covered Project. In addition, an owner's pro forma title policy may be requested for the Covered Project involving the addition of financing to be secured by the Covered Project. Unless otherwise approved by HUD, the RAD Use Agreement shall be superior to any and all liens and/or encumbrances against the Covered Project, including, without limitation, the lien evidenced by any and all mortgages, deeds of trust and other financing documents and regulatory documents related to the Covered Project (including any LIHTC use agreement). The Project Owner shall obtain consents or subordination agreements, and have such documents executed, as HUD may determine necessary to establish such priority.
8. **Expenses and Transaction Costs.** Except as otherwise set forth in this Commitment, regardless of whether the Transaction is consummated, HUD shall not be responsible for any expenses or transaction costs incurred by or at the direction of the PHA or Project Owner in connection with the Transaction (including without limitation, fees for consultants, attorneys, environmental contractors, tax advisors and accountants; city, county and/or state taxes and/or fees; recording fees, prepayment penalties and/or premiums; costs for title insurance and title examination; surveys and appraisals).
9. **Tax, Financial, and Legal Consequences.** HUD has not provided, nor shall it provide, any opinions, representations, warranties, or covenants to any party regarding any federal, state and/or local tax consequences, financial consequences, or legal consequences relative to the

Transaction. The PHA and Project Owner acknowledge that funding of the contemplated Housing Assistance Payment Contract (HAP Contract) is subject to appropriations.

10. **Certifications, Representations and Warranties by the PHA and Project Owner.** Any statement, certification, representation or warranty made by the PHA or Project Owner in or pursuant to this Commitment is true and correct when given, and shall remain true and correct at all times through and including the Closing. In the event any such statement, certification, representation or warranty is no longer complete or correct, and without limiting HUD's rights and remedies, the PHA or Project Owner, respectively, shall notify HUD in writing immediately. Without limiting the foregoing, the PHA and Project Owner, respectively, hereby represent and certify to HUD and warrant to maintain the veracity through Closing of the following statements:
- a. All notices required by Program Requirements relating to the transaction have been timely provided to such persons and in a manner complying with applicable Program Requirements.
  - b. The PHA and the Converting Project continue to meet all program eligibility requirements as stipulated in the RAD Notice.
  - c. With the exception of any transfers under the PHA's Admissions and Continued Occupancy Policy or as otherwise approved by HUD, the PHA has not relocated any residents of the Converting Project in connection with the Transaction prior to the date this Commitment is executed by all parties.
  - d. Except as specifically disclosed to and accepted by HUD in writing, neither the PHA nor the Project Owner (including, but not limited to Board Members, principals and executives of the PHA or Project Owner) has any knowledge that it (or any Board Members, principals and executives of the PHA or Project Owner in their official capacity as members, principals or executives of the PHA or Project Owner, as applicable) is the current subject of, nor has received any pending notice of, any debarment, suspension or other administrative proceeding, audit or investigation by HUD, including without limitation by the Inspector General, the Departmental Enforcement Center, or the Office of Fair Housing and Equal Opportunity, or any other Federal or state government agency, whether or not sanctions have been imposed against such party.
  - e. No disclosed debarment, suspension or other administrative proceeding, audit or investigation would impact the PHA's or the Project Owner's ability to carry out its obligations as contemplated under this Commitment.
- Upon the request of HUD, the PHA shall provide HUD with evidence satisfactory to HUD relating to each of the foregoing certifications. Execution of the Closing Documents by the PHA and the Project Owner, respectively, constitute re-certification to HUD of the foregoing statements.
11. **Successors and Assigns.** This Commitment and its attachments are binding upon the PHA, the Project Owner and the successors and assigns of each. Unless otherwise provided herein, this Commitment may not be assigned, in whole or in part, except upon the prior written consent of HUD.
12. **Corrections.** Notwithstanding anything to the contrary contained in this Commitment, the PHA and Project Owner agree to execute, before or after the Closing, such documents, amendments or modifications as HUD deems necessary or appropriate to effectuate the intent of this Commitment or to complete or consummate the Transaction, including but not limited to instruments necessary to correct this Commitment or any of the Closing Documents.
13. **Changes to This Commitment.** HUD has approved a Financing Plan for this transaction. The PHA and Project Owner shall notify HUD of any changes to the terms set forth in the Financing Plan, or any other business terms submitted to HUD. If HUD determines such changes to be material, HUD may require an amendment to this Commitment or other reviews or approvals as HUD determines necessary to account for the changed terms. The final business terms shall be determined as of the Closing and inserted into the applicable Closing Documents. The PHA's and Project Owner's execution of the Closing Documents shall constitute acceptance of the final business terms reflected therein.

14. **Sources of Funds.**

- a. HUD must review and approve all debt (secured and unsecured) against the Covered Project prior to Closing.
- b. **Development Budget.** HUD approval of this Transaction is based on the estimated Sources and Uses attached as Exhibit B. Any changes to this Sources and Uses shall be disclosed to HUD and if HUD determines that such changes are material, HUD may require additional review and approvals and/or amendment to this Commitment. PHA and/or Project Owner shall provide HUD with the final certified Sources and Uses upon Closing.
- c. **PHA Funds for Development Budget.** Where the Transaction includes public housing funds to be contributed by the PHA for uses other than funding the HAP Contract, these funds must be shown on the Sources and Uses. The PHA certifies that all such funds are available and reserved for the Transaction, are irrevocable, and that the PHA has obtained all consents necessary in order for the PHA to commit such funds to the Transaction.
  - i. Prior to Closing, public housing Capital Funds shown in the Sources and Uses must be moved within the HUD Line of Credit Control System (LOCCS) to the "RAD Investment" Budget Line Item (BLI 1504). These funds must be drawn down out of LOCCS at closing and, until they are disbursed for a use shown in the Sources and Uses, made subject to a General Depository Agreement (GDA, form HUD-51999).
  - ii. Until disbursed for a use shown in the Sources and Uses, Public housing Operating Reserves shown in the Sources and Uses must be held in an account or sub-account subject to a GDA.
  - iii. To the extent such funds must be subject to a GDA as described above, the PHA may use a pre-existing GDA if the PHA is making use of separate or segregated accounting. (For example, a PHA may have a pre-existing account for Operating Fund Reserves subject to a GDA and if the converted funds to be used as shown in the Sources and Uses may be adequately separated or segregated for accounting purposes in a sub-account or otherwise remaining subject to the pre-existing GDA, the requirements of this section are fulfilled.) If shown in the
  - iv. Sources and Uses, such funds may be used to satisfy obligations of the Covered Project, including without limitation, funding reserves (for example, to make an initial deposit for a replacement reserve (IDRR)) or payment of construction or other project costs in accordance with this RCC and other project documents. Methods by which the PHA may choose to disburse such funds in accordance with this section include:
    - In a lump sum as a loan to the Project Owner, subject to a loan agreement or other documentation;
    - Incrementally over time as a loan to the Project Owner, subject to a loan agreement or other documentation;
    - In a lump sum to the Project Owner as a grant or otherwise without the expectation of repayment; and/or
    - Incrementally over time to the Project Owner as a grant or otherwise without the expectation of repayment.
- d. **No Additional PHA funds.** Except for the amounts identified in the Sources and Uses and amounts identified in the HAP Contract to fund the Covered Project in the calendar year of conversion, no public housing funds may be used as an additional source of funds for the Covered Project. By way of illustration and not limitation, after Closing, no public housing funding (including any funds deemed "project funds" or "program income" under public housing regulations) may be used to pay for any costs for any work (Work or other work) done in connection with the Covered Project.

- e. Upon the conversion of assistance, the Converting Project, including any real or personal property thereof, shall no longer be used for public housing purposes, as originally authorized by the U.S. Housing Act of 1937. This Commitment provides instruction for such conversion and the treatment of the Converting Project. Any proceeds of disposition of the Converting Project (or of any real property or improvements that as of the date of this Commitment are considered public housing) in connection with the conversion of assistance contemplated by this Commitment shall be used for affordable housing purposes as defined in the RAD Notice. Any proceeds of any loans of converted public housing funds made in connection with the conversion of assistance contemplated by this Commitment shall be used for affordable housing purposes. Any uses of converted public housing funds listed in the Sources and Uses attached hereto as Exhibit B shall be considered end uses for purposes of 2 CFR Part 200.
15. **Moving to Work Considerations.** Participation in RAD by a Moving To Work (MTW) agency does not reflect a determination that the agency will remain an MTW agency, only a determination that the Covered Project will continue to be a RAD project under the terms of the RAD program.
16. **RAD HAP Contract Funding in Initial Year.** From the effective date of the HAP Contract through the remainder of the calendar year, the Covered Project will be funded only from available public housing amounts obligated prior to the effective date of the HAP Contract and from any additional public housing amounts that HUD obligates in full or in part, subject to the availability of sufficient appropriations, for the remainder of the calendar year in which the HAP Contract becomes effective. **Project Owner acknowledges that this amount for the first year may be less than the contract rent for subsequent years.** During such time, the PHA will draw down funds from LOCCS as instructed by HUD and transfer amounts to the Project Owner as payments pursuant to the HAP Contract in its capacity as or on behalf of the Contract Administrator, as applicable.
17. **RAD Rehab Assistance Payments.** It is anticipated that the Covered Project will be eligible for RAD Rehab Assistance Payments pursuant to its HAP Contract to the extent set forth on the second page of this Commitment.
18. **Section 8 Contract Rents.** Exhibit C sets out the monthly Section 8 contract rents that will be specified in the HAP Contract.
19. **Planned Construction and Rehabilitation.** Exhibit D sets forth the planned construction, repairs and/or rehabilitation for the Covered Project, including any repairs that need to be completed before closing, to be funded in accordance with the Sources and Uses (the "Work").

The Project Owner hereby represents, warrants and certifies to HUD and will update such representation, warranty and certification at Closing, in a form and substance acceptable to HUD, that the sources of funds are sufficient to pay for the Work and that all Work will be completed timely and in accordance with applicable RAD Program Requirements, including without limitation:

- a. The Work will be completed in accordance with:
- i. The more stringent of: (1) any applicable national building code, such as Uniform Building Code, Council of American Building Officials Code, or Building Officials Conference of America Code; or (2) applicable state and local laws, codes, ordinances, and regulations;
  - ii. Other applicable Federal requirements including any Federal fire-safety requirements and HUD minimum property standards (e.g., 24 CFR part 200, subpart S for FHA-insured properties);
  - iii. The relevant requirements of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-484 6), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-485 6), and implementing regulations at 24 CFR part 35, as applicable;

- iv. Notice PIH 2014-17 / H 2014-09, issued July 14, 2014 (and any amendments, revisions or successor documents), "Relocation Requirements under the Rental Assistance Demonstration (RAD) Program, Public Housing in the First Component," which relocation requirements include, as applicable, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and its implementing regulations at 49 CFR Part 24 with regard to any relocation of residents;
  - v. Section 504 of the Rehabilitation Act of 1973 and its implementing regulations at 24 CFR part 8, including but not limited to accessibility standards, with regard to any "substantial alterations" or other "alterations," each as defined in such regulations, as applicable;
  - vi. The design and construction requirements of the Fair Housing Amendments Act of 1988 and its implementing regulations at 24 CFR Part 100.25, as applicable;
  - vii. Section 3 of the Housing Act of 1968 and its implementing regulations at 24 CFR Part 135 and all of the related regulations, rules and requirements as applicable; and
  - viii. Davis-Bacon prevailing wage requirements, section 12 of the United States Housing Act of 1937, and Contract Work Hours and Safety Standards Act, and all of the related regulations, rules and requirements for any repairs that qualify as "construction" or "rehabilitation" as defined in such regulations, rules and requirements.
- b. Any Work not completed by the final completion date listed on page 2 of this Commitment and set forth in the HAP Contract, including any reduction in the scope of Work listed on Exhibit D, unless an extension of such date or such reduction in scope is approved in writing by HUD, constitutes a default of this Commitment and of any HAP Contract entered into with respect to the Covered Project. Upon such default, HUD may terminate this Commitment and/or HUD may take action to terminate the HAP Contract relating to the Covered Project, as provided in the HAP Contract.
  - c. The Project Owner shall not be entitled to withdraw or take any Distributions from the Covered Project until after completion of the Work and certification of the actual cost of the Work.
  - d. To the extent the Work includes new construction or substantial rehabilitation, the PHA and/or Project Owner shall engage a qualified general contractor who shall obtain either (i) a payment and performance bond from a properly licensed surety, which bond and surety shall be acceptable to HUD, or (ii) a letter of credit, acceptable to HUD.
20. **Reserve for Replacements.** The Project Owner shall establish upon Closing a Reserve for Replacements, with an IDRR as set forth in Exhibit B, the Sources and Uses. Monthly deposits into the Reserve for Replacements will be made in the amount set forth on the first page of this Commitment as set forth in the HAP Contract and adjusted annually in accordance with the HAP Contract and Program Requirements.
21. **Counsel.** Closing is conditioned upon review and approval of the Transaction by HUD, including without limitation a legal review and approval of diligence and closing documents. The PHA and Project Owner, if different than the PHA, agree to select competent counsel in connection with this Transaction in a manner that satisfies the applicable rules of professional conduct. Counsel to the PHA and/or Project Owner, as appropriate, must provide a legal opinion with respect to the following matters and any other matters reasonably requested by HUD:
- a. The PHA and Project Owner are each duly organized, validly existing and in good standing under the laws of the applicable jurisdiction(s);
  - b. The PHA and Project Owner each have the requisite power and authority, and have secured all consents required, to consummate the Transaction;
  - c. Each of the Closing Documents executed by or on behalf of the PHA and/or Project Owner in connection with the Transaction is a legally binding obligation of such party, duly executed and delivered on behalf of such party and enforceable in accordance with its terms;
  - d. There is no litigation or other claim pending or threatened against the PHA, Project Owner or the Covered Project other than as disclosed to and consented to by HUD;

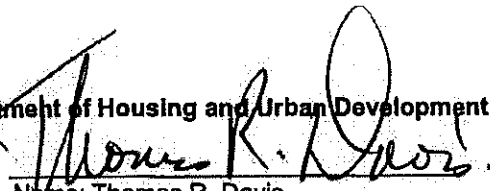
- e. Based upon a pro forma title policy acceptable to HUD and assuming the recordation of documents in the order contemplated by such pro forma title policy, provided counsel has no reason to believe the documents will be recorded in an order other than as listed in such pro forma title policy, the RAD Use Agreement is superior to the lien and/or encumbrance evidenced by any and all mortgages, deeds of trust and other financing documents and regulatory documents of record relating to the Covered Project; and
  - f. All Closing Documents conform with the legal requirements set forth in this RCC and any and all changes to HUD forms or sample language have been disclosed to HUD.
22. **Last public housing unit.** If, upon completion of this RAD conversion and other RAD conversions for which this PHA has an RCC and/or CHAP, the PHA will no longer have residential units in its public housing portfolio, the PHA agrees to comply with additional instructions provided by HUD regarding the close-out of its residential public housing portfolio prior to or after Closing. The PHA acknowledges that failure to comply with HUD instructions may result in withholding Section 8 or other cash payments after Closing pending cure of such violation to HUD's satisfaction.
23. **Non-dwelling assets.** Any non-dwelling assets proposed for removal from PIC in connection with the Transaction must be listed in the PIC removal application (a/k/a Demolition-Disposition Application) identified on the first page of this Commitment and must be approved by HUD.
24. **Special Conditions.** This Commitment is subject to the Special Conditions set forth on Exhibit A.
25. **Exhibits.** The following exhibits are a part of this Commitment and incorporated herein by this reference:
- a. Special Conditions
  - b. Sources and Uses of Funds
  - c. Monthly HAP Contract Rents
  - d. Scope of Work
  - e. Closing Checklist
26. **Entire Agreement; Survival.** The Information listed on the chart on the first pages of this Commitment is a part of this Commitment. All prior and contemporaneous oral and written communications are merged herein and superseded hereby, and this Commitment and all exhibits attached constitute the entire agreement between the PHA, Project Owner and HUD with respect to the Transaction. This Commitment, and the responsibilities relating to each respective party, shall survive Closing of the Transaction.
27. **Post-Closing Responsibilities.** The PHA and Project Owner agree to follow the directions of the HUD Closing Coordinator with respect to post-Closing obligations. Without limiting the foregoing, the PHA and Project Owner, as appropriate, will provide evidence of recording of the applicable Closing Documents and copies of any applicable executed HAP contract, recorded Use Agreement, and DOT Release within three (3) business days thereof and will provide copies of the remaining Closing Documents as directed within sixty (60) days of Closing. In addition, the PHA must follow instructions provided by HUD to remove the Converting Project, or portions thereof, from PIC to effect conversion.
28. **Severability.** Should any provision of this Commitment be held by a court of law to be unenforceable, such determination shall in no way compromise the enforceability of the other provisions.
29. **Counterparts.** This Commitment may be executed in counterparts. Electronic copies of signatures (such as those in portable document format (pdf)) shall be evidence of and treated as original signatures.
30. **Consistency with Federal Law.** Nothing contained in this Commitment shall impose on HUD any duty, obligation, or requirement, the performance of which would be inconsistent with federal statutes, rules, or regulations in effect at the time of such performance.

(signature page follows)

Signature Page to RAD Conversion Commitment

Department of Housing and Urban Development

By:



Name: Thomas R. Davis

Title: Director, Office of Recapitalization

Date:

7-26-19

**PHA:** Public Housing Agency of the City of St Paul

Public Housing Agency of the City of St Paul  
Jon M Gutzmann, Executive Director  
555 N Wabasha Street, Suite 400  
St Paul, Minnesota 55102

**Project Owner:**

Public Housing Agency of the City of Saint Paul

Public Housing Agency of the City of St Paul  
Jon M Gutzmann, Executive Director  
555 N Wabasha Street, Suite 400  
St Paul, Minnesota 55102

Date: \_\_\_\_\_

**EXHIBIT A**  
**Special Conditions**

- An acceptable Lead Based Paint (LBP) Operations & Maintenance (O&M) Plan must be submitted to HUD prior to closing.

**Necessary HUD Approvals**

- The PHA will be required to provide an updated PCA Narrative acceptable to HUD prior to closing.

**Additional Provisions to the RCC**

- Ongoing work must be reconciled with the budget and ownership prior to closing, and priority of the Use Agreement relative to any potential mechanics liens must be acceptable to HUD prior to closing based on review of state law.

**Sources and Uses Report**

**RCC Exhibit B**

PHA Name Public Housing Agency of the City of St Paul

PIC Number MN001000006

Transaction Log Last Modified: 07/13/2019

Property Name EXCHANGE HI-RISE

<b>Sources</b>	
Hard Debt	\$0.00
Soft Debt	\$0.00
Grants	\$1,112,750.00
Public Housing Operating Reserves	\$757,750.00
Public Housing Capital Funds (inc DDTF)	\$355,000.00
Equity	\$0.00

<b>Uses</b>	
Acquisition Costs	\$0.00
Acquisition Land and Buildings	
Payoff Existing Loans and Payables	
Other Aquisition Costs	
Hard Costs	\$18,000.00
Demolition	
Construction/Rehabilitation	\$18,000.00
General Requirements/Overhead/Profit	
Construction/Rehabilitation Contingency	
Builder's Risk Insurance	
Relocation Costs	
Soft Costs	\$0.00
Architectural Design Fee (Plans & Specs)	
Construction Management/Budget Planning Fee	
Engineering Fee	
Feasibility Studies	
Environmental Reports	
Appraisal/Market Study	
Accounting	
Survey	
eCNA Tool	
Title Insurance/Exam Fee, Closing Escrow	
Organizational Costs	
Recordation Fee	
Borrower's Legal Counsel	
Lender's Legal Counsel	
Consultants	
Other Professional Fees	
Other Loan Fees	
FHA Fees (MIP, Application, Inspection)	
Tax Credit Financing Fees	
Prepayment Penalty/Premium	
Payables	
Construction Interest (Not Deferred)	
Construction Loan Fees	
Bond Issuance Cost and Fees	
Permits	
Investor's Legal Counsel	
Bond Legal Counsel	
Permanent Financing Fees	
Furniture, Fixtures & Equipment	
Marketing & Lease Up	
Reserves	\$1,094,750.00
Initial Deposit to Replacement Reserve	\$337,000.00
Initial Operating Deficit Escrow	
Operating Reserve	\$757,750.00
Tax and Insurance Escrow	
Lease-Up Reserve	
Other Reserves:	
Developer Fees	

<b>TOTAL SOURCES:</b>	<b>\$1,112,750.00</b>	<b>TOTAL USES:</b>	<b>\$1,112,750.00</b>
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**EXHIBIT C**  
**Monthly HAP Contract Rents**

<u>Number of Contract Units</u>	<u>Number of Bedrooms</u>	<u>Contract Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>
30	0	\$633.00	\$0.00	\$633.00
233	1	\$768.00	\$0.00	\$768.00
0	2	\$0.00	\$0.00	\$0.00
0	3	\$0.00	\$0.00	\$0.00
0	4	\$0.00	\$0.00	\$0.00
0	5	\$0.00	\$0.00	\$0.00
0	6	\$0.00	\$0.00	\$0.00

**EXHIBIT D**  
**Scope of Work**

*(List all work to be done in connection with the Transaction that needs to be completed before Closing)*

Not Applicable

*(List all work to be done in connection with the Transaction following Closing)*

<b>Work Item</b>	<b>Description of Improvement Work</b>	<b>Budget</b>
	Exchange Roof Eng Fees	\$5,000.00
	Hi-Rise Boiler Equip	\$8,000.00
	Capitalized Project Management Costs	\$7,000.00
		<b>Total \$18,000.00</b>

**EXHIBIT E**  
**Closing Checklist**  
**See Attached**



## RESIDENT INFORMATION NOTICE RAD CONVERSION COMMITMENT

### General Description of HUD's Rental Assistance Demonstration (RAD)

The Rental Assistance Demonstration (RAD) is a voluntary program of the U.S. Department of Housing and Urban Development (HUD), and is accomplished as a financial and legal transaction. This program is designed to help housing authorities preserve and improve affordable housing by allowing them to convert the Federal subsidy for their public housing properties to project-based Section 8 assistance. Such a change could give the PHA more stable funding over the next 20 years (and beyond), allowing the PHA to operate and maintain the affordable housing properties that public housing provides now. **The PHA will maintain ownership and operation of all PHA properties that convert to RAD.**

### St Paul Public Housing Agency's RAD Conversion

On July 26, 2019, HUD approved the PHA's eight Financing Plans and conversion of 3,855 housing units to RAD (all PHA hi-rises and family developments) by issuing RAD Conversion Commitments (RCCs) to the PHA. The Board of Commissioners accepted the RCCs on August 14, 2019. The PHA is now in the process of closing on the RAD conversion, with an expected closing date of October 3, 2019.

After RAD closing, all households in PHA hi-rises and family developments will receive a new Project Based Rental Assistance (PBRA) Model Lease and House Rules, which will replace their existing Low-Income Public Housing Lease upon the PHA's anticipated Housing Assistance Payment (HAP) Effective Date of December 1, 2019. The PBRA Model Lease and House Rules must be reviewed and signed by all members of each household, and returned to PHA Management by November 27, 2019.

All hi-rise and family development residents are encouraged to attend any of the upcoming resident information meetings that will cover the PBRA Model Lease and House Rules. A schedule for the resident information meetings will be posted on the PHA's website at [stpha.org](http://stpha.org). A copy of the schedule will also be sent to each household via US mail, along with the household's Model Lease and House Rules.

PHA staff will continue to keep PHA residents, the community, and the Board of Commissioners informed on the RAD conversion process.



## **RAD INFORMATION NOTICE**

### **RAD CONVERSION COMMITMENT, Continued**

#### **Resident Relocation Rights (Relocation Not Anticipated)**

At this time, the PHA does not anticipate any need for relocation of residents due to a RAD conversion. Nevertheless, HUD requires the PHA to notify all residents of their relocation rights under RAD. Your rights are as follows:

- You have a right to remain in any unit converted to RAD or, if any relocation is required, a right to return to an assisted unit in the Covered Project (which may be at a new site in the case of a transfer of assistance).
- You cannot be required to move permanently without consenting to the move.
- If any relocation is involved in the RAD transaction, you are entitled to relocation protections under the requirements of the RAD program and, in some circumstances, the requirements of the Uniform Relocation Act (URA). Those protections may include advance written notice of any move, advisory services, payment(s) and other assistance as applicable to the situation.

#### **Residents Will Not Be Subject to Rescreening**

If your property is converted to RAD, you will not be subject to any rescreening for eligibility as a result of the conversion.

#### **The PHA will follow all Fair Housing and Civil Rights Requirements**

The RAD transaction will be completed consistent with Fair Housing and Civil Rights requirements. Reasonable accommodation requests during the conversion process can be submitted through your location's Management office.

#### **Upcoming Resident Information Meetings on PBRA Model Lease and House Rules**

PHA staff encourages all households to attend at least one of the upcoming resident information meetings to learn more about the PBRA Model Lease and House Rules. All households will receive their PBRA Model Lease and House Rules, along with a schedule of the resident information meetings, following closing of the PHA's RAD conversion (expected date of closing is October 3, 2019). Questions, comments, and concerns about the Model Lease and House Rules will be addressed by PHA staff at these meetings. Households will be able to sign their PBRA Model Lease and House Rules before, during, or after the resident information meetings, but all PBRA Leases and House Rules must be signed and returned to PHA Management by November 27, 2019.

## PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

**REPORT TO COMMISSIONERS**

**FROM JON M. GUTZMANN  
EXECUTIVE DIRECTOR**

**REGARDING** Rental Assistance Demonstration;  
RAD Conversion Commitment (RCC) for  
Asset Management Project No. 7 (AMP 7)  
Ravoux, Central and Neill Hi-Rises

**DATE** August 14, 2019

Staff requests Board approval of Resolution No. 19-8/14-08 authorizing execution of the RAD Conversion Commitment (RCC) for the conversion of Ravoux, Central and Neill Hi-Rises (HUD Project No. MN001000007; AMP 7) to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program.

The PHA applied for acceptance to the RAD program in August 2017 and HUD awarded the Commitment to enter into a Housing Assistance Payment (CHAP) for this project in August 2018. Staff submitted the Financing Plan in April 2019. HUD issued the RCC on July 26, 2019 thereby accepting the Financing Plan and starting a 90 day clock for the PHA to close on (complete) the conversion transaction. An interim milestone in this 90 day period is a 30 day deadline for the PHA to execute and return the RCC to HUD by uploading it to the RAD Resource Desk. The fully executed RCC is due by August 25, 2019. If the RCC is not returned by this date it will expire.

This is one of the eight RAD Conversion Commitments that constitute a near "portfolio-wide" conversion to PBRA under RAD, including the PHA's four family housing developments and sixteen hi-rises, a total of 3,855 public housing units.

The RAD Conversion Commitment (RCC) is a contract executed by HUD and the PHA that describes the specific terms and conditions of the RAD conversion for Ravoux, Central and Neill Hi-Rises (AMP 7). The RCC is a template document which cannot be modified and is not subject

to negotiation. The 30-page document consists of a two-page summary of the specific converting project, 7 pages of “Terms and Conditions”, a signature page (page 11) and exhibits; plus the 14-page Closing Checklist (Exhibit E) that is identical for all eight projects. In addition to the specific terms and conditions there are five exhibits attached that provide additional transaction information and requirements for completing the close process successfully.

### **RCC Project Summary**

The first two pages of the RCC contain information unique to the conversion for AMP 7 Ravoux, Central and Neill Hi-Rises including:

- The number of converting units: 465 total units  
(The converting units do not include the 42 duplex units in AMP 7 that HUD approved moving to AMP 9 with the rest of the scattered site units, effective April 1, 2020.)
- The number and length of the HAP contract(s) for the project: One contract, twenty years;
- The total amount of the monthly deposit to the replacement reserve: \$13,562.50 (\$350 per unit per year);
- Key features of the Covered Project: This project has no new financing (“debt-free” conversion). In addition, the Officer-In-Residence units are noted as a De Minimis reduction. The Board approved requesting a waiver to classify these three units as “unassisted” at the May 22, 2019 meeting.
- Choice Mobility Provision: The PHA will comply with RAD Choice Mobility practices; and
- The final completion deadline for all work noted in Exhibit D Scope of Work (explained below) is established as July 31, 2020. The PHA will be required to provide completion certification data for the work described on or before that date.

### **RCC Terms and Conditions**

The RCC Terms and Conditions define the process by which the commitment between the PHA and HUD to participate in the Rental Assistance Demonstration and conversion to project-based assistance will be executed. Critical components of the conversion such as the applicable rules, regulations, and requirements are noted, as well as financial considerations, and HUD and PHA obligations.

### RCC Exhibits

The RCC has five exhibits attached which are also considered part of the Commitment (as noted in Paragraph #25):

#### Exhibit A: Special Conditions, Necessary Approvals, or Additional Provisions to the RCC.

This exhibit is intended to address items that were noted during HUD’s review of the Financing Plan that did not prevent approval of the Plan, written documentation requiring HUD approval before closing, or additional provisions not included in the RCC template. These items must be cleared or adequately addressed to HUD’s satisfaction before closing.

The items noted in RCC Exhibit A for this project (Ravoux, Central and Neill Hi-Rises, AMP 7) are:

- An acceptable Lead Based Paint (LBP) Operations & Maintenance (O&M) Plan must be submitted to HUD prior to closing.
- The PHA will be required to provide an updated PCA Narrative acceptable to HUD prior to closing.
- Ongoing work must be reconciled with the budget and ownership prior to closing, and priority of the Use Agreement relative to any potential mechanics liens must be acceptable to HUD prior to closing based on review of state law.

HUD staff said the O&M Plan prepared by our CNA contractor and submitted by staff as part of the Financing Plan is incomplete because it does not specifically state that the Plan is compliant with HUD’s lead based paint regulations. PHA staff are working with our CNA contractor to have the required language inserted into the O&M Plan. Revised Plans will be uploaded to the RAD Resource Desk once they are received.

The “PCA Narrative” is the Capital Needs Assessment (CNA) Narrative. Staff are working with our CNA contractor to revise their CNA Narrative to address HUD’s concerns about the document we submitted previously.

Staff will reconcile and provide final budget numbers for the ongoing work noted in Exhibit D prior to closing. PHA legal staff are working to ensure the PHA’s treatment of potential mechanics liens is consistent with the RAD Use Agreement and Minnesota State Law.

Exhibit B: Sources and Uses of Funds. This is a comprehensive presentation of all sources and uses of funds needed to complete the RAD conversion. Since the PHA's RAD transaction does not require debt, and no new development or substantial rehabilitation is proposed, the Sources and Uses is fairly basic. It summarizes what funds will be used for the Initial Deposit to Replacement Reserve (IDRR) and on-going capital improvements already in process, and establishes the operating reserve account.

Exhibit C: Monthly HAP Contract Rents. This information is taken from Exhibit A of the most current Commitment to Enter into a Housing Assistance Payment (CHAP). Staff have verified this information is correct.

Exhibit D: Scope of Work. This a list of all construction/rehabilitation work that will be completed in conjunction with the RAD transaction. The Scope of Work for this project is "owner-elected" construction work not included in the Capital Needs Assessment. The PHA intends to utilize 2018 Capital Funds to complete this work, so it must be itemized in Exhibit D in order to facilitate transfer of funds into the RAD projects. Amounts noted in the Scope of Work correlate with the amounts included in RCC Exhibit B, Sources and Uses (Hard Costs – Construction/Rehabilitation). As noted in the RCC Summary, this work must be completed by July 31, 2020.

Exhibit E: Closing Checklist. HUD's "Rental Assistance Demonstration Closing Overview & Checklist for Project Based Rental Assistance (PBRA) Conversions" is attached as the final exhibit. Staff have relied on this checklist to prepare the draft closing packet the Board will see in a related agenda item.

### **RCC Amendments**

As noted in the Closing Checklist (line item #4), amendments to the RCC are allowed for material changes to the RCC or any of the exhibits, including the Sources and Uses. Staff expect to submit an RCC Amendment prior to closing to ensure all "owner-elected" work for this project is included in Exhibit D Scope of Work. Staff will work with our Closing Coordinator to determine the appropriate way to submit the request.

### Resident Notification

As required by HUD's RAD Notice\*, after receiving the RCC the PHA must notify each affected household that conversion of the project has been approved and inform the residents of any impact the conversion may have on them. Since the PHA's conversion does not require relocation or other changes to the resident's current housing status, the primary message to residents will be regarding the Model Lease and the activities surrounding lease signing. A letter describing these activities and information regarding additional informational meetings will be sent to each household via U.S. Mail. A draft of that notice is attached.

Issuance and execution of the RCC begins the final phase of the RAD conversion transaction.

Here are the major milestones remaining:

- **The PHA submits a draft closing package** to HUD for review. The draft package must contain all documents listed in the RCC and on any closing checklist provided by HUD.
- **Final conversion** occurs on the date of closing.
- **HUD must receive fully executed versions of the closing documents** within 30 days after closing.

With the Board's approval, the RAD Conversion Commitment (RCC) for this project will be signed by the PHA's Executive Director and submitted to HUD by the August 25, 2019 deadline.

JMG/AJH/FAH

#### Attachments:

1. Resolution No. 19-8/14-08
2. RAD Conversion Commitment for Project #7 Ravoux, Central and Neill Hi-Rises including Exhibits A – E
3. Draft Notification to Residents of Projects Converting to PBRA under RAD

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\* Notice PIH-2012-32, Rev-3; Rental Assistance Demonstration – Final Implementation, Revision 3.

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL  
RESOLUTION NO. 19-8/14-08**

**RENTAL ASSISTANCE DEMONSTRATION (RAD) CONVERSION TO  
PROJECT-BASED RENTAL ASSISTANCE (PBRA);  
EXECUTION OF RAD CONVERSION COMMITMENT  
ASSET MANAGEMENT PROJECT NO. 7 (AMP 7)  
RAVOUX, CENTRAL AND NEILL HI-RISES**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) has applied to the U.S. Department of Housing & Urban Development (HUD) to convert 3,855 dwelling units of Low Income Public Housing (LIPH; Section 9) to Project-Based Rental Assistance (PBRA; Section 8), through HUD's Rental Assistance Demonstration (RAD) program, as initially approved by the PHA's Board of Commissioners on August 23, 2017; and

WHEREAS, on August 20, 2018 the PHA received HUD's approval letters for all eight RAD conversion applications; and the letters also serve as the "Commitment to Enter into a Housing Assistance Payment" (CHAP) awards for those Asset Management Projects (AMPs 1-8); and

WHEREAS, in April 2019 staff submitted the PHA's eight RAD Financing Plan packages by uploading over 300 documents to HUD's online "RAD Resource Desk"; and

WHEREAS, PHA staff worked with a "Financing Transaction Manager" assigned by HUD to fulfill all necessary requirements for approval of the PHA Financing Plan demonstrating transaction viability; and

WHEREAS, on July 26, 2019 HUD staff issued a RAD Conversion Commitment approving the PHA Financing Plan; and

WHEREAS, PHA staff are now working with a "RAD Closing Coordinator" assigned by HUD who will work with other HUD staff and PHA staff on the next steps in the RAD conversion process, resulting in closing of the RAD transaction; and

WHEREAS, the Board of Commissioners finds that the RAD Conversion Commitment is necessary and appropriate to execute, in furtherance of the PHA's applications to convert the public housing units in the PHA's hi-rises and family housing developments to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program, to best serve the needs of PHA residents;

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Public Housing Agency of the City of Saint Paul as follows:

1. The Executive Director or his designee is authorized to execute the RAD Conversion Commitment as presented;
2. Staff is authorized to execute and submit all required documents relating to this Conversion Commitment, including any amendments deemed necessary by PHA or HUD staff; and
3. Pursuant to HUD notice dated January 11, 1990, the PHA certifies that no employee is serving in a variety of positions that will exceed 100 percent of his or her work time.

**Rental Assistance Demonstration (RAD)  
Conversion Commitment (Public  
Housing; First Component)**

**U.S. Department of Housing and  
Urban Development  
Office of Multifamily Housing**

<b>Complete each box, even if information is duplicative</b>			
<b>Proposed Name and Address of Covered Project:</b>  RAVOUX HI-RISE VARIOUS St Paul, MN 55103	<b>Proposed Project Owner:</b>  Public Housing Agency of the City of Saint Paul  651-298-5664 jon.gutzmann@stpha.org Project Owner is controlled by: <input checked="" type="checkbox"/> Control by a Public Body <input type="checkbox"/> Control by a Non-profit Body	<b>Proposed Project Owner Notice Address:</b>  555 N Wabasha Street, Suite 400 St Paul, MN 55102	
<b>Existing Ownership Entity, Name and Address of Converting Project:</b>  Public Housing Agency of the City of St Paul RAVOUX HI-RISE Various St. Paul, MN 55103	<b>PHA:</b>  Public Housing Agency of the City of St Paul  Contact phone/email: 651-298-5664/Jon.Gutzmann@stpha.org PHA is an MTW agency: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>PHA Notice Address:</b>  555 N. Wabasha Street, Suite 400 St Paul, MN 55102	
<b>Dwelling Units in Covered Project (specify total # of dwelling units, and # of RAD, non-RAD income restricted, market, and manager units):</b> Total Units: 465 RAD Units: 465 LIHTC Units: 0 Market Units: 0 Other Affd Units: 0			
<b>PIH Information Center (PIC) removal application number (a/k/a Demolition-Disposition Application Number (DDA#)):</b> DDA0008985			
<b>Converting Project PIC Number(s)</b> <i>(for all items to the right in this row, list data by each AMP # in the cells below):</i>	<b># of units converting to RAD to be removed from each AMP:</b>	<b># of non-converting units to be removed from each AMP (e.g., due to a de minimis reduction):</b>	<b>Total # of units to be removed from each AMP (sum of two middle columns):</b>
MN001000007	465	3	468
<input checked="" type="checkbox"/> Project-Based Rental Assistance (PBRA) <input type="checkbox"/> Project-Based Vouchers (PBV). If PBV, list HAP Contract Administrator (PHA or another housing authority): _____		<b>Number of HAP Contracts and Term length of each HAP Contract:</b>  1 contract(s) 20 years	
<b>Reserve Fund for Replacements</b>  Amount of Total Monthly Deposit to Replacement Reserve upon effective date of the HAP contract <u>\$13,562.50</u>			

**Key features of Covered Project:****General:**

- Ground lease
- Transfer of Assistance
- Scattered-site project
- Major non-dwelling assets (e.g., free-standing buildings, community or commercial facilities or significant unimproved acreage) (explain below).
- Existing included in the PIC removal application listed on page 1
- To be added to the Covered Project
- PHA's sole project or, together with substantially concurrent conversions, the PHA's last public housing project to convert

**Inter-Related Projects:**

- Multi-phase conversion
- Converting Project is adjacent to public housing units within the same AMP that are not converting (not a full conversion of a contiguous project)
- Rent Bundling
- This is a donor property
- This is a recipient property
- (Identify below the associated properties in the rent bundling arrangement and when the other projects have/are expected to close)

**Construction:**

- Demolition of current public housing units
- New Construction. If new construction, is HAP contract to be entered into:
- at Closing, or
- upon construction completion

**Relocation:**

- Tenants will be Relocated for >12 months
- Tenants will be Relocated for ≤12 months
- No relocation anticipated

**Financing:**

- FHA-Insured Financing anticipated
- If so, date of Firm Commitment: \_\_\_\_\_
- Low-Income Housing Tax Credits anticipated
- Date of any allocating agency closing deadline: \_\_\_\_\_
- Conventional financing anticipated
- No new FHA-Insured, LIHTC or conventional financing
- Existing debt, such as EPC, CFFP, OFFP or existing mixed-finance debt (list below the type of debt, whether it will remain outstanding post-conversion and, if not, whether it will be paid off prior to or at closing)
- Public housing funds in Sources and Uses

**Unit Configuration:**

- Reduction in units. If checked, 3 (#) units reduced based on the following authority:
- De minimis associated with this transaction (# of 3 units)
- De minimis associated with another transaction (# of 0 units) (explain below)
- Other (explain below)
- Change in unit configuration (explain below)

If additional information is necessary to clarify the features above and/or if there are other important features of the Transaction not described above, such additional information may be listed here:

**RAD Rehab Assistance Payments:**

Not Applicable

**Choice Mobility:**

- Project Owner will comply with RAD Choice Mobility practices.
- Project Owner is exempt from implementing the RAD Choice Mobility practices with respect to the RAD units in the Covered Project.

**Repairs:**

- a. Estimated number of months for completion for all Work (number of months the property is eligible for Rehab Assistance Payments): 9 months
- b. Final completion deadline for all Work (after which Project Owner is in default): 07/31/2020

This commitment ('Commitment') to participate in the Rental Assistance Demonstration ('RAD') and convert the assistance of the Converting Project named in the above table is entered into by and among Public Housing Agency of the City of St Paul, a public housing authority organized and existing under the laws of Minnesota ('PHA'); Public Housing Agency of the City of Saint Paul, a Public Entity organized and existing under the laws of Minnesota ('Project Owner'); and the United States Department of Housing and Urban Development, acting by and through the Secretary, his or her successors, assigns or designates ('HUD'), as of the date executed by HUD below. If the PHA is to be the owner of the Covered Project, the PHA shall also be identified as the Project Owner.

#### **TERMS AND CONDITIONS:**

1. **Applicable HUD Regulations and Requirements.** By converting assistance and entering into the Closing Documents contemplated in this Commitment, the PHA and Project Owner agree, each as and to the extent applicable, to operate the Covered Project in accordance with all applicable law, including without limitation the Consolidated and Further Continuing Appropriations Act of 2012 (Pub. L. 112-55, signed November 18, 2011, as amended) ("RAD Statute"); all applicable program requirements and guidance, including without limitation Notice PIH-2012-32, as amended and revised from time to time (the "RAD Notice") or any successor or additional statutes, regulations or guidance; and the terms and conditions set forth below (collectively, the "Program Requirements"). Any conflicts between this Commitment and any other HUD requirements shall be conclusively resolved by HUD. Any capitalized terms used herein but not defined have the meanings given them in the RAD Notice.
  
2. **Acceptance of Commitment/Expiration.**
  - a. This Commitment shall terminate thirty (30) days from the date executed by HUD unless the PHA and Project Owner execute and return an unaltered copy of this Commitment to HUD, at the address that appears on the last page of this Commitment.
  
  - b. This Commitment shall not be effective or enforceable against HUD until all conditions stated herein have been satisfied in HUD's determination.
  
  - c. Unless all conditions stated herein have been satisfied as determined by HUD and the transactions contemplated by this Commitment (collectively, the "Transaction") are closed within 90 days from the date executed by HUD, this Commitment shall, unless extended by HUD in writing, expire and be of no further force or effect. Upon expiration, all rights and obligations of the respective parties shall cease.
  
3. **Closing Requirements and HUD Approvals.** As used in this Commitment, "Closing" means execution of all binding legal instruments connected to the transaction contemplated by this Commitment and, if applicable, recordation of such instruments. All requirements set forth in this Commitment must be completed to HUD's satisfaction before the Closing can occur. A Closing checklist ("Closing Checklist") is attached hereto as Exhibit E and incorporated herein. The Closing Checklist lists those items HUD has determined necessary to be submitted to and approved by HUD in order for the Closing of this Transaction to occur. Should HUD determine that any other documents or items (in addition to those listed on the Closing Checklist) are necessary to meet the terms of this Commitment or Program Requirements, the PHA and Project Owner agree to provide such documents or other items in such form and substance as acceptable to HUD or to terminate this Commitment and not proceed to Closing. Unless otherwise agreed by HUD, in the case where the Project Owner differs from the PHA, all post-closing requirements and obligations contained herein will apply to the Project Owner after the Closing. Any determination, approval or decision of HUD pursuant to this Commitment shall be in HUD's sole and absolute discretion. Unless otherwise set forth in writing by HUD prior to Closing, HUD's execution and release of the Closing Documents shall constitute any approvals or decisions required herein and not previously given in writing.
  
4. **Public Housing Requirements.** The PHA and Project Owner acknowledge that the Converting Project remains subject to the United States Housing Act of 1937, its Consolidated Annual

Contributions Contract and any amendments thereto, and all other pertinent Federal statutory, executive orders, regulations and other guidance, as those requirements may be amended from time to time (collectively the "Applicable HUD Requirements"), and shall not be subject to the HAP Contract, until the effective date of the HAP Contract. Unless HUD gives written instructions otherwise, for so long as the Converting Project remains public housing, the PHA and Project Owner shall take all steps necessary to ensure that:

- a. Fire and other property insurance as required under Applicable HUD Requirements are and shall be maintained in full force and effect;
- b. All ordinary and necessary operating expenses pursuant to Applicable HUD Requirements of the Converting Project are and shall be paid; and
- c. The Converting Project remains in compliance with Applicable HUD Requirements, including without limitation all requirements related to the physical condition of the Converting Project and any remedial agreements between HUD and the PHA and remedial judicial or administrative orders, except as expressly modified by this Commitment and/or the Closing Documents.

Upon the Closing, the PHA shall certify in writing that the foregoing requirements have been met through the date of the Closing.

5. **HUD Review of Project Ownership.** The PHA and Project Owner agree that HUD approval of the ownership and control of the Covered Project is a condition of closing. The PHA shall not transfer any ownership interest in the Converting Project prior to the Closing.
6. **Closing Documents.** The PHA and Project Owner shall execute or cause to be produced, as appropriate, such agreements, instruments, certificates and other documents as HUD may require to complete the Transaction (collectively, the "Closing Documents"), using forms prescribed by or acceptable to HUD and completed, executed, recorded and/or filed in the number of copies and in such manner as directed by HUD. Without limiting the foregoing, the Closing Documents may include:
  - a. If applicable, one or more releases or partial releases of the applicable Declaration(s) of Trust or comparable document;
  - b. a RAD Use Agreement (document HUD-52625);
  - c. a Housing Assistance Payments Contract (for PBRA, documents HUD-52620 and HUD-52618; for PBV, HUD-52530A Parts I and II and HUD-52621), including any required exhibits;
  - d. Certifications and assurances; and
  - e. Any additional documents required by HUD in order to determine whether criteria for Closing have been met.
7. **Use Agreement Priority.** A title report must be provided for the Converting Project and Covered Project. In addition, an owner's pro forma title policy may be requested for the Covered Project involving the addition of financing to be secured by the Covered Project. Unless otherwise approved by HUD, the RAD Use Agreement shall be superior to any and all liens and/or encumbrances against the Covered Project, including, without limitation, the lien evidenced by any and all mortgages, deeds of trust and other financing documents and regulatory documents related to the Covered Project (including any LIHTC use agreement). The Project Owner shall obtain consents or subordination agreements, and have such documents executed, as HUD may determine necessary to establish such priority.
8. **Expenses and Transaction Costs.** Except as otherwise set forth in this Commitment, regardless of whether the Transaction is consummated, HUD shall not be responsible for any expenses or transaction costs incurred by or at the direction of the PHA or Project Owner in connection with the Transaction (including without limitation, fees for consultants, attorneys, environmental contractors, tax advisors and accountants; city, county and/or state taxes and/or fees; recording fees, prepayment penalties and/or premiums; costs for title insurance and title examination; surveys and appraisals).
9. **Tax, Financial, and Legal Consequences.** HUD has not provided, nor shall it provide, any opinions, representations, warranties, or covenants to any party regarding any federal, state and/or local tax consequences, financial consequences, or legal consequences relative to the

Transaction. The PHA and Project Owner acknowledge that funding of the contemplated Housing Assistance Payment Contract (HAP Contract) is subject to appropriations.

10. **Certifications, Representations and Warranties by the PHA and Project Owner.** Any statement, certification, representation or warranty made by the PHA or Project Owner in or pursuant to this Commitment is true and correct when given, and shall remain true and correct at all times through and including the Closing. In the event any such statement, certification, representation or warranty is no longer complete or correct, and without limiting HUD's rights and remedies, the PHA or Project Owner, respectively, shall notify HUD in writing immediately. Without limiting the foregoing, the PHA and Project Owner, respectively, hereby represent and certify to HUD and warrant to maintain the veracity through Closing of the following statements:
- a. All notices required by Program Requirements relating to the transaction have been timely provided to such persons and in a manner complying with applicable Program Requirements.
  - b. The PHA and the Converting Project continue to meet all program eligibility requirements as stipulated in the RAD Notice.
  - c. With the exception of any transfers under the PHA's Admissions and Continued Occupancy Policy or as otherwise approved by HUD, the PHA has not relocated any residents of the Converting Project in connection with the Transaction prior to the date this Commitment is executed by all parties.
  - d. Except as specifically disclosed to and accepted by HUD in writing, neither the PHA nor the Project Owner (including, but not limited to Board Members, principals and executives of the PHA or Project Owner) has any knowledge that it (or any Board Members, principals and executives of the PHA or Project Owner in their official capacity as members, principals or executives of the PHA or Project Owner, as applicable) is the current subject of, nor has received any pending notice of, any debarment, suspension or other administrative proceeding, audit or investigation by HUD, including without limitation by the Inspector General, the Departmental Enforcement Center, or the Office of Fair Housing and Equal Opportunity, or any other Federal or state government agency, whether or not sanctions have been imposed against such party.
  - e. No disclosed debarment, suspension or other administrative proceeding, audit or investigation would impact the PHA's or the Project Owner's ability to carry out its obligations as contemplated under this Commitment.
- Upon the request of HUD, the PHA shall provide HUD with evidence satisfactory to HUD relating to each of the foregoing certifications. Execution of the Closing Documents by the PHA and the Project Owner, respectively, constitute re-certification to HUD of the foregoing statements.
11. **Successors and Assigns.** This Commitment and its attachments are binding upon the PHA, the Project Owner and the successors and assigns of each. Unless otherwise provided herein, this Commitment may not be assigned, in whole or in part, except upon the prior written consent of HUD.
12. **Corrections.** Notwithstanding anything to the contrary contained in this Commitment, the PHA and Project Owner agree to execute, before or after the Closing, such documents, amendments or modifications as HUD deems necessary or appropriate to effectuate the intent of this Commitment or to complete or consummate the Transaction, including but not limited to instruments necessary to correct this Commitment or any of the Closing Documents.
13. **Changes to This Commitment.** HUD has approved a Financing Plan for this transaction. The PHA and Project Owner shall notify HUD of any changes to the terms set forth in the Financing Plan, or any other business terms submitted to HUD. If HUD determines such changes to be material, HUD may require an amendment to this Commitment or other reviews or approvals as HUD determines necessary to account for the changed terms. The final business terms shall be determined as of the Closing and inserted into the applicable Closing Documents. The PHA's and Project Owner's execution of the Closing Documents shall constitute acceptance of the final business terms reflected therein.

14. **Sources of Funds.**

- a. HUD must review and approve all debt (secured and unsecured) against the Covered Project prior to Closing.
- b. **Development Budget.** HUD approval of this Transaction is based on the estimated Sources and Uses attached as Exhibit B. Any changes to this Sources and Uses shall be disclosed to HUD and if HUD determines that such changes are material, HUD may require additional review and approvals and/or amendment to this Commitment. PHA and/or Project Owner shall provide HUD with the final certified Sources and Uses upon Closing.
- c. **PHA Funds for Development Budget.** Where the Transaction includes public housing funds to be contributed by the PHA for uses other than funding the HAP Contract, these funds must be shown on the Sources and Uses. The PHA certifies that all such funds are available and reserved for the Transaction, are irrevocable, and that the PHA has obtained all consents necessary in order for the PHA to commit such funds to the Transaction.
  - i. Prior to Closing, public housing Capital Funds shown in the Sources and Uses must be moved within the HUD Line of Credit Control System (LOCCS) to the "RAD Investment" Budget Line Item (BLI 1504). These funds must be drawn down out of LOCCS at closing and, until they are disbursed for a use shown in the Sources and Uses, made subject to a General Depository Agreement (GDA, form HUD-51999).
  - ii. Until disbursed for a use shown in the Sources and Uses, Public housing Operating Reserves shown in the Sources and Uses must be held in an account or sub-account subject to a GDA.
  - iii. To the extent such funds must be subject to a GDA as described above, the PHA may use a pre-existing GDA if the PHA is making use of separate or segregated accounting. (For example, a PHA may have a pre-existing account for Operating Fund Reserves subject to a GDA and if the converted funds to be used as shown in the Sources and Uses may be adequately separated or segregated for accounting purposes in a sub-account or otherwise remaining subject to the pre-existing GDA, the requirements of this section are fulfilled.) If shown in the
  - iv. Sources and Uses, such funds may be used to satisfy obligations of the Covered Project, including without limitation, funding reserves (for example, to make an initial deposit for a replacement reserve (IDRR)) or payment of construction or other project costs in accordance with this RCC and other project documents. Methods by which the PHA may choose to disburse such funds in accordance with this section include:
    - In a lump sum as a loan to the Project Owner, subject to a loan agreement or other documentation;
    - Incrementally over time as a loan to the Project Owner, subject to a loan agreement or other documentation;
    - In a lump sum to the Project Owner as a grant or otherwise without the expectation of repayment; and/or
    - Incrementally over time to the Project Owner as a grant or otherwise without the expectation of repayment.
- d. **No Additional PHA funds.** Except for the amounts identified in the Sources and Uses and amounts identified in the HAP Contract to fund the Covered Project in the calendar year of conversion, no public housing funds may be used as an additional source of funds for the Covered Project. By way of illustration and not limitation, after Closing, no public housing funding (including any funds deemed "project funds" or "program income" under public housing regulations) may be used to pay for any costs for any work (Work or other work) done in connection with the Covered Project.

- e. Upon the conversion of assistance, the Converting Project, including any real or personal property thereof, shall no longer be used for public housing purposes, as originally authorized by the U.S. Housing Act of 1937. This Commitment provides instruction for such conversion and the treatment of the Converting Project. Any proceeds of disposition of the Converting Project (or of any real property or improvements that as of the date of this Commitment are considered public housing) in connection with the conversion of assistance contemplated by this Commitment shall be used for affordable housing purposes as defined in the RAD Notice. Any proceeds of any loans of converted public housing funds made in connection with the conversion of assistance contemplated by this Commitment shall be used for affordable housing purposes. Any uses of converted public housing funds listed in the Sources and Uses attached hereto as Exhibit B shall be considered end uses for purposes of 2 CFR Part 200.
15. **Moving to Work Considerations.** Participation in RAD by a Moving To Work (MTW) agency does not reflect a determination that the agency will remain an MTW agency, only a determination that the Covered Project will continue to be a RAD project under the terms of the RAD program.
16. **RAD HAP Contract Funding in Initial Year.** From the effective date of the HAP Contract through the remainder of the calendar year, the Covered Project will be funded only from available public housing amounts obligated prior to the effective date of the HAP Contract and from any additional public housing amounts that HUD obligates in full or in part, subject to the availability of sufficient appropriations, for the remainder of the calendar year in which the HAP Contract becomes effective. **Project Owner acknowledges that this amount for the first year may be less than the contract rent for subsequent years.** During such time, the PHA will draw down funds from LOCCS as instructed by HUD and transfer amounts to the Project Owner as payments pursuant to the HAP Contract in its capacity as or on behalf of the Contract Administrator, as applicable.
17. **RAD Rehab Assistance Payments.** It is anticipated that the Covered Project will be eligible for RAD Rehab Assistance Payments pursuant to its HAP Contract to the extent set forth on the second page of this Commitment.
18. **Section 8 Contract Rents.** Exhibit C sets out the monthly Section 8 contract rents that will be specified in the HAP Contract.
19. **Planned Construction and Rehabilitation.** Exhibit D sets forth the planned construction, repairs and/or rehabilitation for the Covered Project, including any repairs that need to be completed before closing, to be funded in accordance with the Sources and Uses (the "Work").

The Project Owner hereby represents, warrants and certifies to HUD and will update such representation, warranty and certification at Closing, in a form and substance acceptable to HUD, that the sources of funds are sufficient to pay for the Work and that all Work will be completed timely and in accordance with applicable RAD Program Requirements, including without limitation:

- a. The Work will be completed in accordance with:
- i. The more stringent of: (1) any applicable national building code, such as Uniform Building Code, Council of American Building Officials Code, or Building Officials Conference of America Code; or (2) applicable state and local laws, codes, ordinances, and regulations;
  - ii. Other applicable Federal requirements including any Federal fire-safety requirements and HUD minimum property standards (e.g., 24 CFR part 200, subpart S for FHA-insured properties);
  - iii. The relevant requirements of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-484 6), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-485 6), and implementing regulations at 24 CFR part 35, as applicable;

- iv. Notice PIH 2014-17 / H 2014-09, issued July 14, 2014 (and any amendments, revisions or successor documents), "Relocation Requirements under the Rental Assistance Demonstration (RAD) Program, Public Housing in the First Component," which relocation requirements include, as applicable, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and its implementing regulations at 49 CFR Part 24 with regard to any relocation of residents;
  - v. Section 504 of the Rehabilitation Act of 1973 and its implementing regulations at 24 CFR part 8, including but not limited to accessibility standards, with regard to any "substantial alterations" or other "alterations," each as defined in such regulations, as applicable;
  - vi. The design and construction requirements of the Fair Housing Amendments Act of 1988 and its implementing regulations at 24 CFR Part 100.25, as applicable;
  - vii. Section 3 of the Housing Act of 1968 and its implementing regulations at 24 CFR Part 135 and all of the related regulations, rules and requirements as applicable; and
  - viii. Davis-Bacon prevailing wage requirements, section 12 of the United States Housing Act of 1937, and Contract Work Hours and Safety Standards Act, and all of the related regulations, rules and requirements for any repairs that qualify as "construction" or "rehabilitation" as defined in such regulations, rules and requirements.
- b. Any Work not completed by the final completion date listed on page 2 of this Commitment and set forth in the HAP Contract, including any reduction in the scope of Work listed on Exhibit D, unless an extension of such date or such reduction in scope is approved in writing by HUD, constitutes a default of this Commitment and of any HAP Contract entered into with respect to the Covered Project. Upon such default, HUD may terminate this Commitment and/or HUD may take action to terminate the HAP Contract relating to the Covered Project, as provided in the HAP Contract.
  - c. The Project Owner shall not be entitled to withdraw or take any Distributions from the Covered Project until after completion of the Work and certification of the actual cost of the Work.
  - d. To the extent the Work includes new construction or substantial rehabilitation, the PHA and/or Project Owner shall engage a qualified general contractor who shall obtain either (i) a payment and performance bond from a properly licensed surety, which bond and surety shall be acceptable to HUD, or (ii) a letter of credit, acceptable to HUD.
20. **Reserve for Replacements.** The Project Owner shall establish upon Closing a Reserve for Replacements, with an IDRR as set forth in Exhibit B, the Sources and Uses. Monthly deposits into the Reserve for Replacements will be made in the amount set forth on the first page of this Commitment as set forth in the HAP Contract and adjusted annually in accordance with the HAP Contract and Program Requirements.
21. **Counsel.** Closing is conditioned upon review and approval of the Transaction by HUD, including without limitation a legal review and approval of diligence and closing documents. The PHA and Project Owner, if different than the PHA, agree to select competent counsel in connection with this Transaction in a manner that satisfies the applicable rules of professional conduct. Counsel to the PHA and/or Project Owner, as appropriate, must provide a legal opinion with respect to the following matters and any other matters reasonably requested by HUD:
- a. The PHA and Project Owner are each duly organized, validly existing and in good standing under the laws of the applicable jurisdiction(s);
  - b. The PHA and Project Owner each have the requisite power and authority, and have secured all consents required, to consummate the Transaction;
  - c. Each of the Closing Documents executed by or on behalf of the PHA and/or Project Owner in connection with the Transaction is a legally binding obligation of such party, duly executed and delivered on behalf of such party and enforceable in accordance with its terms;
  - d. There is no litigation or other claim pending or threatened against the PHA, Project Owner or the Covered Project other than as disclosed to and consented to by HUD;

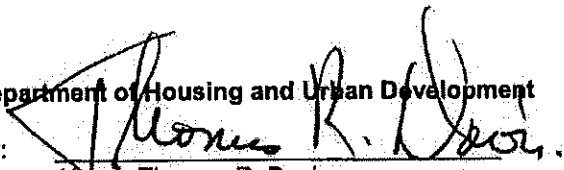
- e. Based upon a pro forma title policy acceptable to HUD and assuming the recordation of documents in the order contemplated by such pro forma title policy, provided counsel has no reason to believe the documents will be recorded in an order other than as listed in such pro forma title policy, the RAD Use Agreement is superior to the lien and/or encumbrance evidenced by any and all mortgages, deeds of trust and other financing documents and regulatory documents of record relating to the Covered Project; and
  - f. All Closing Documents conform with the legal requirements set forth in this RCC and any and all changes to HUD forms or sample language have been disclosed to HUD.
22. **Last public housing unit.** If, upon completion of this RAD conversion and other RAD conversions for which this PHA has an RCC and/or CHAP, the PHA will no longer have residential units in its public housing portfolio, the PHA agrees to comply with additional instructions provided by HUD regarding the close-out of its residential public housing portfolio prior to or after Closing. The PHA acknowledges that failure to comply with HUD instructions may result in withholding Section 8 or other cash payments after Closing pending cure of such violation to HUD's satisfaction.
23. **Non-dwelling assets.** Any non-dwelling assets proposed for removal from PIC in connection with the Transaction must be listed in the PIC removal application (a/k/a Demolition-Disposition Application) identified on the first page of this Commitment and must be approved by HUD.
24. **Special Conditions.** This Commitment is subject to the Special Conditions set forth on Exhibit A.
25. **Exhibits.** The following exhibits are a part of this Commitment and incorporated herein by this reference:
- a. Special Conditions
  - b. Sources and Uses of Funds
  - c. Monthly HAP Contract Rents
  - d. Scope of Work
  - e. Closing Checklist
26. **Entire Agreement; Survival.** The information listed on the chart on the first pages of this Commitment is a part of this Commitment. All prior and contemporaneous oral and written communications are merged herein and superseded hereby, and this Commitment and all exhibits attached constitute the entire agreement between the PHA, Project Owner and HUD with respect to the Transaction. This Commitment, and the responsibilities relating to each respective party, shall survive Closing of the Transaction.
27. **Post-Closing Responsibilities.** The PHA and Project Owner agree to follow the directions of the HUD Closing Coordinator with respect to post-Closing obligations. Without limiting the foregoing, the PHA and Project Owner, as appropriate, will provide evidence of recording of the applicable Closing Documents and copies of any applicable executed HAP contract, recorded Use Agreement, and DOT Release within three (3) business days thereof and will provide copies of the remaining Closing Documents as directed within sixty (60) days of Closing. In addition, the PHA must follow instructions provided by HUD to remove the Converting Project, or portions thereof, from PIC to effect conversion.
28. **Severability.** Should any provision of this Commitment be held by a court of law to be unenforceable, such determination shall in no way compromise the enforceability of the other provisions.
29. **Counterparts.** This Commitment may be executed in counterparts. Electronic copies of signatures (such as those in portable document format (pdf)) shall be evidence of and treated as original signatures.
30. **Consistency with Federal Law.** Nothing contained in this Commitment shall impose on HUD any duty, obligation, or requirement, the performance of which would be inconsistent with federal statutes, rules, or regulations in effect at the time of such performance.

(signature page follows)

Signature Page to RAD Conversion Commitment

Department of Housing and Urban Development

By:

  
Name: Thomas R. Davis

Title: Director, Office of Recapitalization

Date:

7-26-19

**PHA:** Public Housing Agency of the City of St Paul

Public Housing Agency of the City of St Paul  
Jon M Gutzmann, Executive Director  
555 N Wabasha Street, Suite 400  
St Paul, Minnesota 55102

**Project Owner:**

Public Housing Agency of the City of Saint Paul

Public Housing Agency of the City of St Paul  
Jon M Gutzmann, Executive Director  
555 N Wabasha Street, Suite 400  
St Paul, Minnesota 55102

Date: \_\_\_\_\_

EXHIBIT A  
Special Conditions

- An acceptable Lead Based Paint (LBP) Operations & Maintenance (O&M) Plan must be submitted to HUD prior to closing.

Necessary HUD Approvals

- The PHA will be required to provide an updated PCA Narrative acceptable to HUD prior to closing.

Additional Provisions to the RCC

- Ongoing work must be reconciled with the budget and ownership prior to closing, and priority of the Use Agreement relative to any potential mechanics liens must be acceptable to HUD prior to closing based on review of state law.

# Sources and Uses Report

RCC Exhibit B

PHA Name Public Housing Agency of the City of St Paul  
 PIC Number MN001000007  
 Transaction Log Last Modified: 07/12/2019

Property Name RAVOUX HI-RISE

<b>Sources</b>	
Hard Debt	\$0.00
Soft Debt	\$0.00
Grants	\$1,618,553.00
Public Housing Operating Reserves	\$1,439,553.00
Public Housing Capital Funds (inc DDTF)	\$179,000.00
Equity	\$0.00

<b>Uses</b>	
Acquisition Costs	\$0.00
Acquisition Land and Buildings	
Payoff Existing Loans and Payables	
Other Aquisition Costs	
Hard Costs	\$64,000.00
Demolition	
Construction/Rehabilitation	\$64,000.00
General Requirements/Overhead/Profit	
Construction/Rehabilitation Contingency	
Builder's Risk Insurance	
Relocation Costs	
Soft Costs	\$0.00
Architectural Design Fee (Plans & Specs)	
Construction Management/Budget Planning Fee	
Engineering Fee	
Feasibility Studies	
Environmental Reports	
Appraisal/Market Study	
Accounting	
Survey	
eCNA Tool	
Title Insurance/Exam Fee, Closing Escrow	
Organizational Costs	
Recordation Fee	
Borrower's Legal Counsel	
Lender's Legal Counsel	
Consultants	
Other Professional Fees	
Other Loan Fees	
FHA Fees (MIP, Application, Inspection)	
Tax Credit Financing Fees	
Prepayment Penalty/Premium	
Payables	
Construction Interest (Not Deferred)	
Construction Loan Fees	
Bond Issuance Cost and Fees	
Permits	
Investor's Legal Counsel	
Bond Legal Counsel	
Permanent Financing Fees	
Furniture, Fixtures & Equipment	
Marketing & Lease Up	
Reserves	\$1,554,653.00
Initial Deposit to Replacement Reserve	\$115,000.00
Initial Operating Deficit Escrow	
Operating Reserve	\$1,439,553.00
Tax and Insurance Escrow	
Lease-Up Reserve	
Other Reserves:	
Developer Fees	

<b>TOTAL SOURCES:</b>	<b>\$1,618,553.00</b>	<b>TOTAL USES:</b>	<b>\$1,618,553.00</b>
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**EXHIBIT C**  
**Monthly HAP Contract Rents**

<u>Number of Contract Units</u>	<u>Number of Bedrooms</u>	<u>Contract Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>
73	0	\$591.00	\$0.00	\$591.00
392	1	\$717.00	\$0.00	\$717.00
0	2	\$0.00	\$0.00	\$0.00
0	3	\$0.00	\$0.00	\$0.00
0	4	\$0.00	\$0.00	\$0.00
0	5	\$0.00	\$0.00	\$0.00
0	6	\$0.00	\$0.00	\$0.00

**EXHIBIT D**  
**Scope of Work**

*(List all work to be done in connection with the Transaction that needs to be completed before Closing)*

Not Applicable

*(List all work to be done in connection with the Transaction following Closing)*

<b>Work Item</b>	<b>Description of Improvement Work</b>	<b>Budget</b>
	Hi-Rise Boiler Equip	\$12,000.00
	Central Dom Water Presssure Pumps	\$15,000.00
	Central Duplexes Moist. Control	\$2,000.00
	Central Roof Eng Fees	\$5,000.00
	Capitalized Project Management Costs	\$30,000.00
		<b>Total \$64,000.00</b>

**EXHIBIT E**  
**Closing Checklist**  
**See Attached**



## RESIDENT INFORMATION NOTICE RAD CONVERSION COMMITMENT

### General Description of HUD's Rental Assistance Demonstration (RAD)

The Rental Assistance Demonstration (RAD) is a voluntary program of the U.S. Department of Housing and Urban Development (HUD), and is accomplished as a financial and legal transaction. This program is designed to help housing authorities preserve and improve affordable housing by allowing them to convert the Federal subsidy for their public housing properties to project-based Section 8 assistance. Such a change could give the PHA more stable funding over the next 20 years (and beyond), allowing the PHA to operate and maintain the affordable housing properties that public housing provides now. **The PHA will maintain ownership and operation of all PHA properties that convert to RAD.**

### St Paul Public Housing Agency's RAD Conversion

On July 26, 2019, HUD approved the PHA's eight Financing Plans and conversion of 3,855 housing units to RAD (all PHA hi-rises and family developments) by issuing RAD Conversion Commitments (RCCs) to the PHA. The Board of Commissioners accepted the RCCs on August 14, 2019. The PHA is now in the process of closing on the RAD conversion, with an expected closing date of October 3, 2019.

After RAD closing, all households in PHA hi-rises and family developments will receive a new Project Based Rental Assistance (PBRA) Model Lease and House Rules, which will replace their existing Low-Income Public Housing Lease upon the PHA's anticipated Housing Assistance Payment (HAP) Effective Date of December 1, 2019. The PBRA Model Lease and House Rules must be reviewed and signed by all members of each household, and returned to PHA Management by November 27, 2019.

All hi-rise and family development residents are encouraged to attend any of the upcoming resident information meetings that will cover the PBRA Model Lease and House Rules. A schedule for the resident information meetings will be posted on the PHA's website at [stpha.org](http://stpha.org). A copy of the schedule will also be sent to each household via US mail, along with the household's Model Lease and House Rules.

PHA staff will continue to keep PHA residents, the community, and the Board of Commissioners informed on the RAD conversion process.



## **RAD INFORMATION NOTICE RAD CONVERSION COMMITMENT, Continued**

### **Resident Relocation Rights (Relocation Not Anticipated)**

At this time, the PHA does not anticipate any need for relocation of residents due to a RAD conversion. Nevertheless, HUD requires the PHA to notify all residents of their relocation rights under RAD. Your rights are as follows:

- You have a right to remain in any unit converted to RAD or, if any relocation is required, a right to return to an assisted unit in the Covered Project (which may be at a new site in the case of a transfer of assistance).
- You cannot be required to move permanently without consenting to the move.
- If any relocation is involved in the RAD transaction, you are entitled to relocation protections under the requirements of the RAD program and, in some circumstances, the requirements of the Uniform Relocation Act (URA). Those protections may include advance written notice of any move, advisory services, payment(s) and other assistance as applicable to the situation.

### **Residents Will Not Be Subject to Rescreening**

If your property is converted to RAD, you will not be subject to any rescreening for eligibility as a result of the conversion.

### **The PHA will follow all Fair Housing and Civil Rights Requirements**

The RAD transaction will be completed consistent with Fair Housing and Civil Rights requirements. Reasonable accommodation requests during the conversion process can be submitted through your location's Management office.

### **Upcoming Resident Information Meetings on PBRA Model Lease and House Rules**

PHA staff encourages all households to attend at least one of the upcoming resident information meetings to learn more about the PBRA Model Lease and House Rules. All households will receive their PBRA Model Lease and House Rules, along with a schedule of the resident information meetings, following closing of the PHA's RAD conversion (expected date of closing is October 3, 2019). Questions, comments, and concerns about the Model Lease and House Rules will be addressed by PHA staff at these meetings. Households will be able to sign their PBRA Model Lease and House Rules before, during, or after the resident information meetings, but all PBRA Leases and House Rules must be signed and returned to PHA Management by November 27, 2019.

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL****REPORT TO COMMISSIONERS****FROM JON M. GUTZMANN  
EXECUTIVE DIRECTOR****REGARDING** Rental Assistance Demonstration;  
RAD Conversion Commitment (RCC) for  
Asset Management Project No. 8 (AMP 8)  
Dunedin Terrace, and Dunedin, Cleveland and  
Montreal Hi-Rises**DATE** August 14, 2019

Staff requests Board approval of Resolution No. 19-8/14-09 authorizing execution of the RAD Conversion Commitment (RCC) for the conversion of Dunedin Terrace, and Dunedin, Cleveland and Montreal Hi-Rises (HUD Project No. MN001000008; AMP 8) to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program.

The PHA applied for acceptance to the RAD program in August 2017 and HUD awarded the Commitment to enter into a Housing Assistance Payment (CHAP) for this project in August 2018. Staff submitted the Financing Plan in April 2019. HUD issued the RCC on July 26, 2019 thereby accepting the Financing Plan and starting a 90 day clock for the PHA to close on (complete) the conversion transaction. An interim milestone in this 90 day period is a 30 day deadline for the PHA to execute and return the RCC to HUD by uploading it to the RAD Resource Desk. The fully executed RCC is due by August 25, 2019. If the RCC is not returned by this date it will expire.

This is one of the eight RAD Conversion Commitments that constitute a near "portfolio-wide" conversion to PBRA under RAD, including the PHA's four family housing developments and sixteen hi-rises, a total of 3,855 public housing units.

The RAD Conversion Commitment (RCC) is a contract executed by HUD and the PHA that describes the specific terms and conditions of the RAD conversion for Dunedin Terrace, and

Dunedin, Cleveland and Montreal Hi-Rises (AMP 8). The RCC is a template document which cannot be modified and is not subject to negotiation. The 30-page document consists of a two-page summary of the specific converting project, 7 pages of “Terms and Conditions”, a signature page (page 11) and exhibits; plus the 14-page Closing Checklist (Exhibit E) that is identical for all eight projects. In addition to the specific terms and conditions there are five exhibits attached that provide additional transaction information and requirements for completing the close process successfully.

### **RCC Project Summary**

The first two pages of the RCC contain information unique to the conversion for AMP 8 Dunedin Terrace, and Dunedin, Cleveland and Montreal Hi-Rises including:

- The number of converting units: 557 total units  
(The converting units do not include the 16 duplex units in AMP 8 that HUD approved moving to AMP 9 with the rest of the scattered site units, effective April 1, 2020.)
- The number and length of the HAP contract(s) for the project: One contract, twenty years;
- The total amount of the monthly deposit to the replacement reserve: \$23,208.33 (\$500 per unit per year);
- Key features of the Covered Project: This project has no new financing (“debt-free” conversion). In addition, the Officer-In-Residence units are noted as a Dc Minimis reduction. The Board approved requesting a waiver to classify these three units as “unassisted” at the May 22, 2019 meeting.
- Choice Mobility Provision: The PHA will comply with RAD Choice Mobility practices; and
- The final completion deadline for all work noted in Exhibit D Scope of Work (explained below) is established as October 31, 2020. The PHA will be required to provide completion certification data for the work described on or before that date.

### **RCC Terms and Conditions**

The RCC Terms and Conditions define the process by which the commitment between the PHA and HUD to participate in the Rental Assistance Demonstration and conversion to project-based assistance will be executed. Critical components of the conversion such as the applicable rules,

regulations, and requirements are noted, as well as financial considerations, and HUD and PHA obligations.

### **RCC Exhibits**

The RCC has five exhibits attached which are also considered part of the Commitment (as noted in Paragraph #25):

#### Exhibit A: Special Conditions, Necessary Approvals, or Additional Provisions to the RCC.

This exhibit is intended to address items that were noted during HUD's review of the Financing Plan that did not prevent approval of the Plan, written documentation requiring HUD approval before closing, or additional provisions not included in the RCC template. These items must be cleared or adequately addressed to HUD's satisfaction before closing.

The items noted in RCC Exhibit A for this project (Dunedin Terrace, and Dunedin, Cleveland and Montreal Hi-Rises, AMP 8) are:

- An acceptable Lead Based Paint (LBP) Operations & Maintenance (O&M) Plan must be submitted to HUD prior to closing.
- The PHA will be required to provide an updated PCA Narrative acceptable to HUD prior to closing.
- Ongoing work must be reconciled with the budget and ownership prior to closing, and priority of the Use Agreement relative to any potential mechanics liens must be acceptable to HUD prior to closing based on review of state law.

HUD staff said the O&M Plan prepared by our CNA contractor and submitted by staff as part of the Financing Plan is incomplete because it does not specifically state that the Plan is compliant with HUD's lead based paint regulations. PHA staff are working with our CNA contractor to have the required language inserted into the O&M Plan. Revised Plans will be uploaded to the RAD Resource Desk once they are received.

The "PCA Narrative" is the Capital Needs Assessment (CNA) Narrative. Staff are working with our CNA contractor to revise their CNA Narrative to address HUD's concerns about the document we submitted previously.

Staff will reconcile and provide final budget numbers for the ongoing work noted in Exhibit D prior to closing. PHA legal staff are working to ensure the PHA's treatment of potential mechanics liens is consistent with the RAD Use Agreement and Minnesota State Law.

Exhibit B: Sources and Uses of Funds. This is a comprehensive presentation of all sources and uses of funds needed to complete the RAD conversion. Since the PHA's RAD transaction does not require debt, and no new development or substantial rehabilitation is proposed, the Sources and Uses is fairly basic. It summarizes what funds will be used for the Initial Deposit to Replacement Reserve (IDRR) and on-going capital improvements already in process, and establishes the operating reserve account.

Exhibit C: Monthly HAP Contract Rents. This information is taken from Exhibit A of the most current Commitment to Enter into a Housing Assistance Payment (CHAP). Staff have verified this information is correct.

Exhibit D: Scope of Work. This a list of all construction/rehabilitation work that will be completed in conjunction with the RAD transaction. The Scope of Work for this project is "owner-elected" construction work not included in the Capital Needs Assessment. The PHA intends to utilize 2018 Capital Funds to complete this work, so it must be itemized in Exhibit D in order to facilitate transfer of funds into the RAD projects. Amounts noted in the Scope of Work correlate with the amounts included in RCC Exhibit B, Sources and Uses (Hard Costs – Construction/Rehabilitation). As noted in the RCC Summary, this work must be completed by October 31, 2020.

Exhibit E: Closing Checklist. HUD's "Rental Assistance Demonstration Closing Overview & Checklist for Project Based Rental Assistance (PBRA) Conversions" is attached as the final exhibit. Staff have relied on this checklist to prepare the draft closing packet the Board will see in a related agenda item.

### **RCC Amendments**

As noted in the Closing Checklist (line item #4), amendments to the RCC are allowed for material changes to the RCC or any of the exhibits, including the Sources and Uses. Staff expect to submit an RCC Amendment prior to closing to ensure all "owner-elected" work for this project is

included in Exhibit D Scope of Work. Staff will work with our Closing Coordinator to determine the appropriate way to submit the request.

### **Resident Notification**

As required by HUD's RAD Notice\*, after receiving the RCC the PHA must notify each affected household that conversion of the project has been approved and inform the residents of any impact the conversion may have on them. Since the PHA's conversion does not require relocation or other changes to the resident's current housing status, the primary message to residents will be regarding the Model Lease and the activities surrounding lease signing. A letter describing these activities and information regarding additional informational meetings will be sent to each household via U.S. Mail. A draft of that notice is attached.

Issuance and execution of the RCC begins the final phase of the RAD conversion transaction.

Here are the major milestones remaining:

- **The PHA submits a draft closing package** to HUD for review. The draft package must contain all documents listed in the RCC and on any closing checklist provided by HUD.
- **Final conversion** occurs on the date of closing.
- **HUD must receive fully executed versions of the closing documents** within 30 days after closing.

With the Board's approval, the RAD Conversion Commitment (RCC) for this project will be signed by the PHA's Executive Director and submitted to HUD by the August 25, 2019 deadline.

JMG/AJH/FAH

#### Attachments:

1. Resolution No. 19-8/14-09
2. RAD Conversion Commitment for Project #8 Dunedin Terrace, and Dunedin, Cleveland and Montreal Hi-Rises including Exhibits A – E
3. Draft Notification to Residents of Projects Converting to PBRA under RAD

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\* Notice PIH-2012-32, Rev-3; Rental Assistance Demonstration – Final Implementation, Revision 3.

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL  
RESOLUTION NO. 19-8/14-09**

**RENTAL ASSISTANCE DEMONSTRATION (RAD) CONVERSION TO  
PROJECT-BASED RENTAL ASSISTANCE (PBRA);  
EXECUTION OF RAD CONVERSION COMMITMENT  
ASSET MANAGEMENT PROJECT NO. 8 (AMP 8)  
DUNEDIN TERRACE, AND DUNEDIN, CLEVELAND AND MONTREAL HI-RISES**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) has applied to the U.S. Department of Housing & Urban Development (HUD) to convert 3,855 dwelling units of Low Income Public Housing (LIPH; Section 9) to Project-Based Rental Assistance (PBRA; Section 8), through HUD's Rental Assistance Demonstration (RAD) program, as initially approved by the PHA's Board of Commissioners on August 23, 2017; and

WHEREAS, on August 20, 2018 the PHA received HUD's approval letters for all eight RAD conversion applications; and the letters also serve as the "Commitment to Enter into a Housing Assistance Payment" (CHAP) awards for those Asset Management Projects (AMPs 1-8); and

WHEREAS, in April 2019 staff submitted the PHA's eight RAD Financing Plan packages by uploading over 300 documents to HUD's online "RAD Resource Desk"; and

WHEREAS, PHA staff worked with a "Financing Transaction Manager" assigned by HUD to fulfill all necessary requirements for approval of the PHA Financing Plan demonstrating transaction viability; and

WHEREAS, on July 26, 2019 HUD staff issued a RAD Conversion Commitment approving the PHA Financing Plan; and

WHEREAS, PHA staff are now working with a "RAD Closing Coordinator" assigned by HUD who will work with other HUD staff and PHA staff on the next steps in the RAD conversion process, resulting in closing of the RAD transaction; and

WHEREAS, the Board of Commissioners finds that the RAD Conversion Commitment is necessary and appropriate to execute, in furtherance of the PHA's applications to convert the public housing units in the PHA's hi-rises and family housing developments to Project-Based Rental Assistance (PBRA) through HUD's Rental Assistance Demonstration (RAD) program, to best serve the needs of PHA residents;

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Public Housing Agency of the City of Saint Paul as follows:

1. The Executive Director or his designee is authorized to execute the RAD Conversion Commitment as presented;
2. Staff is authorized to execute and submit all required documents relating to this Conversion Commitment, including any amendments deemed necessary by PHA or HUD staff; and
3. Pursuant to HUD notice dated January 11, 1990, the PHA certifies that no employee is serving in a variety of positions that will exceed 100 percent of his or her work time.

**Rental Assistance Demonstration (RAD)  
Conversion Commitment (Public  
Housing; First Component)**

**U.S. Department of Housing and  
Urban Development  
Office of Multifamily Housing**

<b>Complete each box, even if information is duplicative</b>			
<b>Proposed Name and Address of Covered Project:</b>  Dunedin Terrace Various St. Paul, MN 55107	<b>Proposed Project Owner:</b>  Public Housing Agency of the City of Saint Paul  651-298-5664 jon.gutzmann@stpha.org Project Owner is controlled by: <input checked="" type="checkbox"/> Control by a Public Body <input type="checkbox"/> Control by a Non-profit Body	<b>Proposed Project Owner Notice Address:</b>  555 N. Wabasha Street, Suite 400 St Paul, MN 55102	
<b>Existing Ownership Entity, Name and Address of Converting Project:</b>  Public Housing Agency of the City of St Paul DUNEDIN TERRACE Various St. Paul, MN 55107	<b>PHA:</b>  Public Housing Agency of the City of St Paul  Contact phone/email: 651-298-5664/Jon.Gutzmann@stpha.org PHA is an MTW agency: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>PHA Notice Address:</b>  555 N. Wabasha Street, Suite 400 St Paul, MN 55102	
<b>Dwelling Units in Covered Project (specify total # of dwelling units, and # of RAD, non-RAD income restricted, market, and manager units):</b> Total Units: 557 RAD Units: 557 LIHTC Units: 0 Market Units: 0 Other Affd Units: 0			
<b>PIH Information Center (PIC) removal application number (a/k/a Demolition-Disposition Application Number (DDA#)):</b> DDA0009010			
<b>Converting Project PIC Number(s)</b> <i>(for all items to the right in this row, list data by each AMP # in the cells below):</i>	<b># of units converting to RAD to be removed from each AMP:</b>	<b># of non-converting units to be removed from each AMP (e.g., due to a de minimis reduction):</b>	<b>Total # of units to be removed from each AMP (sum of two middle columns):</b>
MN001000008	557	3	560
<input checked="" type="checkbox"/> Project-Based Rental Assistance (PBRA) <input type="checkbox"/> Project-Based Vouchers (PBV). If PBV, list HAP Contract Administrator (PHA or another housing authority): _____		<b>Number of HAP Contracts and Term length of each HAP Contract:</b> 1 contract(s) 20 years	
<b>Reserve Fund for Replacements</b>  Amount of Total Monthly Deposit to Replacement Reserve upon effective date of the HAP contract <u>\$23,208.33</u>			

**Key features of Covered Project:**

**General:**

- Ground lease
- Transfer of Assistance
- Scattered-site project
- Major non-dwelling assets (e.g., free-standing buildings; community or commercial facilities or significant unimproved acreage) (explain below).
  - Existing included in the PIC removal application listed on page 1
  - To be added to the Covered Project
- PHA's sole project or, together with substantially concurrent conversions, the PHA's last public housing project to convert

**Inter-Related Projects:**

- Multi-phase conversion
- Converting Project is adjacent to public housing units within the same AMP that are not converting (not a full conversion of a contiguous project)
- Rent Bundling
  - This is a donor property
  - This is a recipient property
 (Identify below the associated properties in the rent bundling arrangement and when the other projects have/are expected to close)

**Construction:**

- Demolition of current public housing units
- New Construction. If new construction, is HAP contract to be entered into:
  - at Closing, or
  - upon construction completion

**Relocation:**

- Tenants will be Relocated for >12 months
- Tenants will be Relocated for ≤12 months
- No relocation anticipated

**Financing:**

- FHA-Insured Financing anticipated  
If so, date of Firm Commitment: \_\_\_\_\_
- Low-Income Housing Tax Credits anticipated  
Date of any allocating agency closing deadline: \_\_\_\_\_
- Conventional financing anticipated
- No new FHA-Insured, LIHTC or conventional financing
- Existing debt, such as EPC, CFFP, OFFP or existing mixed-finance debt (list below the type of debt, whether it will remain outstanding post-conversion and, if not, whether it will be paid off prior to or at closing)
- Public housing funds in Sources and Uses

**Unit Configuration:**

- Reduction in units. If checked, 3 (#) units reduced based on the following authority:
  - De minimis associated with this transaction (# of 3 units)
  - De minimis associated with another transaction (# of 0 units) (explain below)
  - Other (explain below)
- Change in unit configuration (explain below)

If additional information is necessary to clarify the features above and/or if there are other important features of the Transaction not described above, such additional information may be listed here:

The POHP (Minnesota Publicly Owned Housing Program) Loans are non-amortizing and do not require payments during the life of the loans. After the 20-year retention period for each loan, provided the property is maintained as publicly owned housing, the loan amounts will be forgiven.

**RAD Rehab Assistance Payments:**

Per Unit Monthly RAD Rehab Assistance Payment: \$ 458  
 Maximum # of units eligible for RAD Rehab Assistance Payments: 557 Units

**Choice Mobility:**

- Project Owner will comply with RAD Choice Mobility practices.
- Project Owner is exempt from implementing the RAD Choice Mobility practices with respect to the RAD units in the Covered Project.

**Repairs:**

- a. Estimated number of months for completion for all Work (number of months the property is eligible for Rehab Assistance Payments): 12 months
- b. Final completion deadline for all Work (after which Project Owner is in default): 10/31/2020

This commitment ("Commitment") to participate in the Rental Assistance Demonstration ("RAD") and convert the assistance of the Converting Project named in the above table is entered into by and among Public Housing Agency of the City of St Paul, a public housing authority organized and existing under the laws of Minnesota ("PHA"); Public Housing Agency of the City of Saint Paul, a Public Entity organized and existing under the laws of Minnesota ("Project Owner"); and the United States Department of Housing and Urban Development, acting by and through the Secretary, his or her successors, assigns or designates ("HUD"), as of the date executed by HUD below. If the PHA is to be the owner of the Covered Project, the PHA shall also be identified as the Project Owner.

#### **TERMS AND CONDITIONS:**

1. **Applicable HUD Regulations and Requirements.** By converting assistance and entering into the Closing Documents contemplated in this Commitment, the PHA and Project Owner agree, each as and to the extent applicable, to operate the Covered Project in accordance with all applicable law, including without limitation the Consolidated and Further Continuing Appropriations Act of 2012 (Pub. L. 112-55, signed November 18, 2011, as amended) ("RAD Statute"); all applicable program requirements and guidance, including without limitation Notice PIH-2012-32, as amended and revised from time to time (the "RAD Notice") or any successor or additional statutes, regulations or guidance; and the terms and conditions set forth below (collectively, the "Program Requirements"). Any conflicts between this Commitment and any other HUD requirements shall be conclusively resolved by HUD. Any capitalized terms used herein but not defined have the meanings given them in the RAD Notice.
2. **Acceptance of Commitment/Expiration.**
  - a. This Commitment shall terminate thirty (30) days from the date executed by HUD unless the PHA and Project Owner execute and return an unaltered copy of this Commitment to HUD, at the address that appears on the last page of this Commitment.
  - b. This Commitment shall not be effective or enforceable against HUD until all conditions stated herein have been satisfied in HUD's determination.
  - c. Unless all conditions stated herein have been satisfied as determined by HUD and the transactions contemplated by this Commitment (collectively, the "Transaction") are closed within 90 days from the date executed by HUD, this Commitment shall, unless extended by HUD in writing, expire and be of no further force or effect. Upon expiration, all rights and obligations of the respective parties shall cease.
3. **Closing Requirements and HUD Approvals.** As used in this Commitment, "Closing" means execution of all binding legal instruments connected to the transaction contemplated by this Commitment and, if applicable, recordation of such instruments. All requirements set forth in this Commitment must be completed to HUD's satisfaction before the Closing can occur. A Closing checklist ("Closing Checklist") is attached hereto as Exhibit E and incorporated herein. The Closing Checklist lists those items HUD has determined necessary to be submitted to and approved by HUD in order for the Closing of this Transaction to occur. Should HUD determine that any other documents or items (in addition to those listed on the Closing Checklist) are necessary to meet the terms of this Commitment or Program Requirements, the PHA and Project Owner agree to provide such documents or other items in such form and substance as acceptable to HUD or to terminate this Commitment and not proceed to Closing. Unless otherwise agreed by HUD, in the case where the Project Owner differs from the PHA, all post-closing requirements and obligations contained herein will apply to the Project Owner after the Closing. Any determination, approval or decision of HUD pursuant to this Commitment shall be in HUD's sole and absolute discretion. Unless otherwise set forth in writing by HUD prior to Closing, HUD's execution and release of the Closing Documents shall constitute any approvals or decisions required herein and not previously given in writing.
4. **Public Housing Requirements.** The PHA and Project Owner acknowledge that the Converting Project remains subject to the United States Housing Act of 1937, its Consolidated Annual

Contributions Contract and any amendments thereto, and all other pertinent Federal statutory, executive orders, regulations and other guidance, as those requirements may be amended from time to time (collectively the "Applicable HUD Requirements"), and shall not be subject to the HAP Contract, until the effective date of the HAP Contract. Unless HUD gives written instructions otherwise, for so long as the Converting Project remains public housing, the PHA and Project Owner shall take all steps necessary to ensure that:

- a. Fire and other property insurance as required under Applicable HUD Requirements are and shall be maintained in full force and effect;
- b. All ordinary and necessary operating expenses pursuant to Applicable HUD Requirements of the Converting Project are and shall be paid; and
- c. The Converting Project remains in compliance with Applicable HUD Requirements, including without limitation all requirements related to the physical condition of the Converting Project and any remedial agreements between HUD and the PHA and remedial judicial or administrative orders, except as expressly modified by this Commitment and/or the Closing Documents.

Upon the Closing, the PHA shall certify in writing that the foregoing requirements have been met through the date of the Closing.

5. **HUD Review of Project Ownership.** The PHA and Project Owner agree that HUD approval of the ownership and control of the Covered Project is a condition of closing. The PHA shall not transfer any ownership interest in the Converting Project prior to the Closing.
6. **Closing Documents.** The PHA and Project Owner shall execute or cause to be produced, as appropriate, such agreements, instruments, certificates and other documents as HUD may require to complete the Transaction (collectively, the "Closing Documents"), using forms prescribed by or acceptable to HUD and completed, executed, recorded and/or filed in the number of copies and in such manner as directed by HUD. Without limiting the foregoing, the Closing Documents may include:
  - a. If applicable, one or more releases or partial releases of the applicable Declaration(s) of Trust or comparable document;
  - b. a RAD Use Agreement (document HUD-52625);
  - c. a Housing Assistance Payments Contract (for PBRA, documents HUD-52620 and HUD-52618; for PBV, HUD-52530A Parts I and II and HUD-52621), including any required exhibits;
  - d. Certifications and assurances; and
  - e. Any additional documents required by HUD in order to determine whether criteria for Closing have been met.
7. **Use Agreement Priority.** A title report must be provided for the Converting Project and Covered Project. In addition, an owner's pro forma title policy may be requested for the Covered Project involving the addition of financing to be secured by the Covered Project. Unless otherwise approved by HUD, the RAD Use Agreement shall be superior to any and all liens and/or encumbrances against the Covered Project, including, without limitation, the lien evidenced by any and all mortgages, deeds of trust and other financing documents and regulatory documents related to the Covered Project (including any LIHTC use agreement). The Project Owner shall obtain consents or subordination agreements, and have such documents executed, as HUD may determine necessary to establish such priority.
8. **Expenses and Transaction Costs.** Except as otherwise set forth in this Commitment, regardless of whether the Transaction is consummated, HUD shall not be responsible for any expenses or transaction costs incurred by or at the direction of the PHA or Project Owner in connection with the Transaction (including without limitation, fees for consultants, attorneys, environmental contractors, tax advisors and accountants; city, county and/or state taxes and/or fees; recording fees, prepayment penalties and/or premiums; costs for title insurance and title examination; surveys and appraisals).
9. **Tax, Financial, and Legal Consequences.** HUD has not provided, nor shall it provide, any opinions, representations, warranties, or covenants to any party regarding any federal, state and/or local tax consequences, financial consequences, or legal consequences relative to the

Transaction. The PHA and Project Owner acknowledge that funding of the contemplated Housing Assistance Payment Contract (HAP Contract) is subject to appropriations.

10. **Certifications, Representations and Warranties by the PHA and Project Owner.** Any statement, certification, representation or warranty made by the PHA or Project Owner in or pursuant to this Commitment is true and correct when given, and shall remain true and correct at all times through and including the Closing. In the event any such statement, certification, representation or warranty is no longer complete or correct, and without limiting HUD's rights and remedies, the PHA or Project Owner, respectively, shall notify HUD in writing immediately. Without limiting the foregoing, the PHA and Project Owner, respectively, hereby represent and certify to HUD and warrant to maintain the veracity through Closing of the following statements:
- a. All notices required by Program Requirements relating to the transaction have been timely provided to such persons and in a manner complying with applicable Program Requirements.
  - b. The PHA and the Converting Project continue to meet all program eligibility requirements as stipulated in the RAD Notice.
  - c. With the exception of any transfers under the PHA's Admissions and Continued Occupancy Policy or as otherwise approved by HUD, the PHA has not relocated any residents of the Converting Project in connection with the Transaction prior to the date this Commitment is executed by all parties.
  - d. Except as specifically disclosed to and accepted by HUD in writing, neither the PHA nor the Project Owner (including, but not limited to Board Members, principals and executives of the PHA or Project Owner) has any knowledge that it (or any Board Members, principals and executives of the PHA or Project Owner in their official capacity as members, principals or executives of the PHA or Project Owner, as applicable) is the current subject of, nor has received any pending notice of, any debarment, suspension or other administrative proceeding, audit or investigation by HUD, including without limitation by the Inspector General, the Departmental Enforcement Center, or the Office of Fair Housing and Equal Opportunity, or any other Federal or state government agency, whether or not sanctions have been imposed against such party.
  - e. No disclosed debarment, suspension or other administrative proceeding, audit or investigation would impact the PHA's or the Project Owner's ability to carry out its obligations as contemplated under this Commitment.

Upon the request of HUD, the PHA shall provide HUD with evidence satisfactory to HUD relating to each of the foregoing certifications. Execution of the Closing Documents by the PHA and the Project Owner, respectively, constitute re-certification to HUD of the foregoing statements.

11. **Successors and Assigns.** This Commitment and its attachments are binding upon the PHA, the Project Owner and the successors and assigns of each. Unless otherwise provided herein, this Commitment may not be assigned, in whole or in part, except upon the prior written consent of HUD.
12. **Corrections.** Notwithstanding anything to the contrary contained in this Commitment, the PHA and Project Owner agree to execute, before or after the Closing, such documents, amendments or modifications as HUD deems necessary or appropriate to effectuate the intent of this Commitment or to complete or consummate the Transaction, including but not limited to instruments necessary to correct this Commitment or any of the Closing Documents.
13. **Changes to This Commitment.** HUD has approved a Financing Plan for this transaction. The PHA and Project Owner shall notify HUD of any changes to the terms set forth in the Financing Plan, or any other business terms submitted to HUD. If HUD determines such changes to be material, HUD may require an amendment to this Commitment or other reviews or approvals as HUD determines necessary to account for the changed terms. The final business terms shall be determined as of the Closing and inserted into the applicable Closing Documents. The PHA's and Project Owner's execution of the Closing Documents shall constitute acceptance of the final business terms reflected therein.

#### 14. Sources of Funds.

- a. HUD must review and approve all debt (secured and unsecured) against the Covered Project prior to Closing.
- b. Development Budget. HUD approval of this Transaction is based on the estimated Sources and Uses attached as Exhibit B. Any changes to this Sources and Uses shall be disclosed to HUD and if HUD determines that such changes are material, HUD may require additional review and approvals and/or amendment to this Commitment. PHA and/or Project Owner shall provide HUD with the final certified Sources and Uses upon Closing.
- c. PHA Funds for Development Budget. Where the Transaction includes public housing funds to be contributed by the PHA for uses other than funding the HAP Contract, these funds must be shown on the Sources and Uses. The PHA certifies that all such funds are available and reserved for the Transaction, are irrevocable, and that the PHA has obtained all consents necessary in order for the PHA to commit such funds to the Transaction.
  - i. Prior to Closing, public housing Capital Funds shown in the Sources and Uses must be moved within the HUD Line of Credit Control System (LOCCS) to the "RAD Investment" Budget Line Item (BLI 1504). These funds must be drawn down out of LOCCS at closing and, until they are disbursed for a use shown in the Sources and Uses, made subject to a General Depository Agreement (GDA, form HUD-51999).
  - ii. Until disbursed for a use shown in the Sources and Uses, Public housing Operating Reserves shown in the Sources and Uses must be held in an account or sub-account subject to a GDA.
  - iii. To the extent such funds must be subject to a GDA as described above, the PHA may use a pre-existing GDA if the PHA is making use of separate or segregated accounting. (For example, a PHA may have a pre-existing account for Operating Fund Reserves subject to a GDA and if the converted funds to be used as shown in the Sources and Uses may be adequately separated or segregated for accounting purposes in a sub-account or otherwise remaining subject to the pre-existing GDA, the requirements of this section are fulfilled.)
  - iv. If shown in the Sources and Uses, such funds may be used to satisfy obligations of the Covered Project, including without limitation, funding reserves (for example, to make an initial deposit for a replacement reserve (IDRR)) or payment of construction or other project costs in accordance with this RCC and other project documents. Methods by which the PHA may choose to disburse such funds in accordance with this section include:
    - In a lump sum as a loan to the Project Owner, subject to a loan agreement or other documentation;
    - Incrementally over time as a loan to the Project Owner, subject to a loan agreement or other documentation;
    - In a lump sum to the Project Owner as a grant or otherwise without the expectation of repayment; and/or
    - Incrementally over time to the Project Owner as a grant or otherwise without the expectation of repayment.
- d. No Additional PHA funds. Except for the amounts identified in the Sources and Uses and amounts identified in the HAP Contract to fund the Covered Project in the calendar year of conversion, no public housing funds may be used as an additional source of funds for the Covered Project. By way of illustration and not limitation, after Closing, no public housing funding (including any funds deemed "project funds" or "program income" under public housing regulations) may be used to pay for any costs for any work (Work or other work) done in connection with the Covered Project.

- e. Upon the conversion of assistance, the Converting Project, including any real or personal property thereof, shall no longer be used for public housing purposes, as originally authorized by the U.S. Housing Act of 1937. This Commitment provides instruction for such conversion and the treatment of the Converting Project. Any proceeds of disposition of the Converting Project (or of any real property or improvements that as of the date of this Commitment are considered public housing) in connection with the conversion of assistance contemplated by this Commitment shall be used for affordable housing purposes as defined in the RAD Notice. Any proceeds of any loans of converted public housing funds made in connection with the conversion of assistance contemplated by this Commitment shall be used for affordable housing purposes. Any uses of converted public housing funds listed in the Sources and Uses attached hereto as Exhibit B shall be considered and uses for purposes of 2 CFR Part 200.
15. **Moving to Work Considerations.** Participation in RAD by a Moving To Work (MTW) agency does not reflect a determination that the agency will remain an MTW agency, only a determination that the Covered Project will continue to be a RAD project under the terms of the RAD program.
16. **RAD HAP Contract Funding in Initial Year.** From the effective date of the HAP Contract through the remainder of the calendar year, the Covered Project will be funded only from available public housing amounts obligated prior to the effective date of the HAP Contract and from any additional public housing amounts that HUD obligates in full or in part, subject to the availability of sufficient appropriations, for the remainder of the calendar year in which the HAP Contract becomes effective. **Project Owner acknowledges that this amount for the first year may be less than the contract rent for subsequent years.** During such time, the PHA will draw down funds from LOCCS as instructed by HUD and transfer amounts to the Project Owner as payments pursuant to the HAP Contract in its capacity as or on behalf of the Contract Administrator, as applicable.
17. **RAD Rehab Assistance Payments.** It is anticipated that the Covered Project will be eligible for RAD Rehab Assistance Payments pursuant to its HAP Contract to the extent set forth on the second page of this Commitment.
18. **Section 8 Contract Rents.** Exhibit C sets out the monthly Section 8 contract rents that will be specified in the HAP Contract.
19. **Planned Construction and Rehabilitation.** Exhibit D sets forth the planned construction, repairs and/or rehabilitation for the Covered Project, including any repairs that need to be completed before closing, to be funded in accordance with the Sources and Uses (the "Work").

The Project Owner hereby represents, warrants and certifies to HUD and will update such representation, warranty and certification at Closing, in a form and substance acceptable to HUD, that the sources of funds are sufficient to pay for the Work and that all Work will be completed timely and in accordance with applicable RAD Program Requirements, including without limitation:

- a. The Work will be completed in accordance with:
- i. The more stringent of: (1) any applicable national building code, such as Uniform Building Code, Council of American Building Officials Code, or Building Officials Conference of America Code; or (2) applicable state and local laws, codes, ordinances, and regulations;
  - ii. Other applicable Federal requirements including any Federal fire-safety requirements and HUD minimum property standards (e.g., 24 CFR part 200, subpart S for FHA-insured properties);
  - iii. The relevant requirements of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-484 6), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-485 6), and implementing regulations at 24 CFR part 35, as applicable;

- iv. Notice PIH 2014-17 / H 2014-09, issued July 14, 2014 (and any amendments, revisions or successor documents), "Relocation Requirements under the Rental Assistance Demonstration (RAD) Program, Public Housing in the First Component," which relocation requirements include, as applicable, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and its implementing regulations at 49 CFR Part 24 with regard to any relocation of residents;
  - v. Section 504 of the Rehabilitation Act of 1973 and its implementing regulations at 24 CFR part 8, including but not limited to accessibility standards, with regard to any "substantial alterations" or other "alterations," each as defined in such regulations, as applicable;
  - vi. The design and construction requirements of the Fair Housing Amendments Act of 1988 and its implementing regulations at 24 CFR Part 100.25, as applicable;
  - vii. Section 3 of the Housing Act of 1968 and its implementing regulations at 24 CFR Part 135 and all of the related regulations, rules and requirements as applicable; and
  - viii. Davis-Bacon prevailing wage requirements, section 12 of the United States Housing Act of 1937, and Contract Work Hours and Safety Standards Act, and all of the related regulations, rules and requirements for any repairs that qualify as "construction" or "rehabilitation" as defined in such regulations, rules and requirements.
- b. Any Work not completed by the final completion date listed on page 2 of this Commitment and set forth in the HAP Contract, including any reduction in the scope of Work listed on Exhibit D, unless an extension of such date or such reduction in scope is approved in writing by HUD, constitutes a default of this Commitment and of any HAP Contract entered into with respect to the Covered Project. Upon such default, HUD may terminate this Commitment and/or HUD may take action to terminate the HAP Contract relating to the Covered Project, as provided in the HAP Contract.
- c. The Project Owner shall not be entitled to withdraw or take any Distributions from the Covered Project until after completion of the Work and certification of the actual cost of the Work.
- d. To the extent the Work includes new construction or substantial rehabilitation, the PHA and/or Project Owner shall engage a qualified general contractor who shall obtain either (i) a payment and performance bond from a properly licensed surety, which bond and surety shall be acceptable to HUD, or (ii) a letter of credit, acceptable to HUD.
20. **Reserve for Replacements.** The Project Owner shall establish upon Closing a Reserve for Replacements, with an IDRR as set forth in Exhibit B, the Sources and Uses. Monthly deposits into the Reserve for Replacements will be made in the amount set forth on the first page of this Commitment as set forth in the HAP Contract and adjusted annually in accordance with the HAP Contract and Program Requirements.
21. **Counsel.** Closing is conditioned upon review and approval of the Transaction by HUD, including without limitation a legal review and approval of diligence and closing documents. The PHA and Project Owner, if different than the PHA, agree to select competent counsel in connection with this Transaction in a manner that satisfies the applicable rules of professional conduct. Counsel to the PHA and/or Project Owner, as appropriate, must provide a legal opinion with respect to the following matters and any other matters reasonably requested by HUD:
- a. The PHA and Project Owner are each duly organized, validly existing and in good standing under the laws of the applicable jurisdiction(s);
  - b. The PHA and Project Owner each have the requisite power and authority, and have secured all consents required, to consummate the Transaction;
  - c. Each of the Closing Documents executed by or on behalf of the PHA and/or Project Owner in connection with the Transaction is a legally binding obligation of such party, duly executed and delivered on behalf of such party and enforceable in accordance with its terms;
  - d. There is no litigation or other claim pending or threatened against the PHA, Project Owner or the Covered Project other than as disclosed to and consented to by HUD;

- e. Based upon a pro forma title policy acceptable to HUD and assuming the recordation of documents in the order contemplated by such pro forma title policy, provided counsel has no reason to believe the documents will be recorded in an order other than as listed in such pro forma title policy, the RAD Use Agreement is superior to the lien and/or encumbrance evidenced by any and all mortgages, deeds of trust and other financing documents and regulatory documents of record relating to the Covered Project; and
  - f. All Closing Documents conform with the legal requirements set forth in this RCC and any and all changes to HUD forms or sample language have been disclosed to HUD.
22. **Last public housing unit.** If, upon completion of this RAD conversion and other RAD conversions for which this PHA has an RCC and/or CHAP, the PHA will no longer have residential units in its public housing portfolio, the PHA agrees to comply with additional instructions provided by HUD regarding the close-out of its residential public housing portfolio prior to or after Closing. The PHA acknowledges that failure to comply with HUD instructions may result in withholding Section 8 or other cash payments after Closing pending cure of such violation to HUD's satisfaction.
23. **Non-dwelling assets.** Any non-dwelling assets proposed for removal from PIC in connection with the Transaction must be listed in the PIC removal application (a/k/a Demolition-Disposition Application) identified on the first page of this Commitment and must be approved by HUD.
24. **Special Conditions.** This Commitment is subject to the Special Conditions set forth on Exhibit A.
25. **Exhibits.** The following exhibits are a part of this Commitment and incorporated herein by this reference:
- a. Special Conditions
  - b. Sources and Uses of Funds
  - c. Monthly HAP Contract Rents
  - d. Scope of Work
  - e. Closing Checklist
26. **Entire Agreement: Survival.** The information listed on the chart on the first pages of this Commitment is a part of this Commitment. All prior and contemporaneous oral and written communications are merged herein and superseded hereby, and this Commitment and all exhibits attached constitute the entire agreement between the PHA, Project Owner and HUD with respect to the Transaction. This Commitment, and the responsibilities relating to each respective party, shall survive Closing of the Transaction.
27. **Post-Closing Responsibilities.** The PHA and Project Owner agree to follow the directions of the HUD Closing Coordinator with respect to post-Closing obligations. Without limiting the foregoing, the PHA and Project Owner, as appropriate, will provide evidence of recording of the applicable Closing Documents and copies of any applicable executed HAP contract, recorded Use Agreement, and DOT Release within three (3) business days thereof and will provide copies of the remaining Closing Documents as directed within sixty (60) days of Closing. In addition, the PHA must follow instructions provided by HUD to remove the Converting Project, or portions thereof, from PIC to effect conversion.
28. **Severability.** Should any provision of this Commitment be held by a court of law to be unenforceable, such determination shall in no way compromise the enforceability of the other provisions.
29. **Counterparts.** This Commitment may be executed in counterparts. Electronic copies of signatures (such as those in portable document format (pdf)) shall be evidence of and treated as original signatures.
30. **Consistency with Federal Law.** Nothing contained in this Commitment shall impose on HUD any duty, obligation, or requirement, the performance of which would be inconsistent with federal statutes, rules, or regulations in effect at the time of such performance.

(signature page follows)

*Signature Page to RAD Conversion Commitment*

Department of Housing and Urban Development

By:

  
Name: Thomas R. Davis  
Title: Director, Office of Recapitalization

Date:

7-26-19

**PHA:** Public Housing Agency of the City of St Paul

Public Housing Agency of the City of St Paul  
Jon M Gutzmann, Executive Director  
555 N Wabasha Street, Suite 400  
St Paul, Minnesota 55102

**Project Owner:**

Public Housing Agency of the City of Saint Paul

Public Housing Agency of the City of St Paul  
Jon M Gutzmann, Executive Director  
555 N Wabasha Street, Suite 400  
St Paul, Minnesota 55102

Date: \_\_\_\_\_

**EXHIBIT A**  
**Special Conditions**

- An acceptable Lead Based Paint (LBP) Operations & Maintenance (O&M) Plan must be submitted to HUD prior to closing.

**Necessary HUD Approvals**

- The PHA will be required to provide an updated PCNA Narrative acceptable to HUD prior to closing.

**Additional Provisions to the RCC**

- Ongoing work must be reconciled with the budget and ownership prior to closing, and priority of the Use Agreement relative to any potential mechanics liens must be acceptable to HUD prior to closing based on review of state law.

**Sources and Uses Report**

**RCC Exhibit B**

PHA Name Public Housing Agency of the City of St Paul  
 PIC Number MN001000008  
 Transaction Log Last Modified: 07/12/2019

Property Name DUNEDIN TERRACE

<b>Sources</b>	
Hard Debt	\$0.00
Soft Debt	\$0.00
Grants	\$2,882,044.00
Public Housing Operating Reserves	\$1,540,044.00
Public Housing Capital Funds (inc DDTF)	\$1,342,000.00
Equity	\$0.00

<b>Uses</b>	
Acquisition Costs	\$0.00
Acquisition Land and Buildings	
Payoff Existing Loans and Payables	
Other Acquisition Costs	
Hard Costs	\$1,042,000.00
Demolition	
Construction/Rehabilitation	\$1,042,000.00
General Requirements/Overhead/Profit	
Construction/Rehabilitation Contingency	
Builder's Risk Insurance	
Relocation Costs	
Soft Costs	\$0.00
Architectural Design Fee (Plans & Specs)	
Construction Management/Budget Planning Fee	
Engineering Fee	
Feasibility Studies	
Environmental Reports	
Appraisal/Market Study	
Accounting	
Survey	
eCNA Tool	
Title Insurance/Exam Fee, Closing Escrow	
Organizational Costs	
Recordation Fee	
Borrower's Legal Counsel	
Lender's Legal Counsel	
Consultants	
Other Professional Fees	
Other Loan Fees	
FHA Fees (MIP, Application, Inspection)	
Tax Credit Financing Fees	
Prepayment Penalty/Premium	
Payables	
Construction Interest (Not Deferred)	
Construction Loan Fees	
Bond Issuance Cost and Fees	
Permits	
Investor's Legal Counsel	
Bond Legal Counsel	
Permanent Financing Fees	
Furniture, Fixtures & Equipment	
Marketing & Lease Up	
Reserves	\$1,840,044.00
Initial Deposit to Replacement Reserve	\$300,000.00
Initial Operating Deficit Escrow	
Operating Reserve	\$1,540,044.00
Tax and Insurance Escrow	
Lease-Up Reserve	
Other Reserves:	
Developer Fees	

<b>TOTAL SOURCES:</b>	<b>\$2,882,044.00</b>	<b>TOTAL USES:</b>	<b>\$2,882,044.00</b>
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**EXHIBIT C**  
**Monthly HAP Contract Rents**

<u>Number of Contract Units</u>	<u>Number of Bedrooms</u>	<u>Contract Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>
0	0	\$0.00	\$0.00	\$0.00
469	1	\$695.00	\$0.00	\$695.00
16	2	\$874.00	\$121.00	\$995.00
24	3	\$1,240.00	\$141.00	\$1,381.00
36	4	\$1,452.00	\$155.00	\$1,607.00
12	5	\$1,668.00	\$179.00	\$1,847.00
0	6	\$0.00	\$0.00	\$0.00

**EXHIBIT D**  
**Scope of Work**

*(List all work to be done in connection with the Transaction that needs to be completed before Closing)*

Not Applicable

*(List all work to be done in connection with the Transaction following Closing)*

<b>Work Item</b>	<b>Description of Improvement Work</b>	<b>Budget</b>
	Plumbing (Montreal)	\$605,000.00
	Hi-Rise Boiler Equip	\$12,000.00
	Cleveland Dom Water Pressure Pumps	\$15,000.00
	Dunedin Hot Water Tanks	\$25,000.00
	Dunedin Mod Ph 4	\$355,000.00
	Capitalized Project Management Costs	\$30,000.00
		<b>Total \$1,042,000.00</b>

**EXHIBIT E**  
**Closing Checklist**  
**See Attached**



## RESIDENT INFORMATION NOTICE RAD CONVERSION COMMITMENT

### General Description of HUD's Rental Assistance Demonstration (RAD)

The Rental Assistance Demonstration (RAD) is a voluntary program of the U.S. Department of Housing and Urban Development (HUD), and is accomplished as a financial and legal transaction. This program is designed to help housing authorities preserve and improve affordable housing by allowing them to convert the Federal subsidy for their public housing properties to project-based Section 8 assistance. Such a change could give the PHA more stable funding over the next 20 years (and beyond), allowing the PHA to operate and maintain the affordable housing properties that public housing provides now. **The PHA will maintain ownership and operation of all PHA properties that convert to RAD.**

### St Paul Public Housing Agency's RAD Conversion

On July 26, 2019, HUD approved the PHA's eight Financing Plans and conversion of 3,855 housing units to RAD (all PHA hi-rises and family developments) by issuing RAD Conversion Commitments (RCCs) to the PHA. The Board of Commissioners accepted the RCCs on August 14, 2019. The PHA is now in the process of closing on the RAD conversion, with an expected closing date of October 3, 2019.

After RAD closing, all households in PHA hi-rises and family developments will receive a new Project Based Rental Assistance (PBRA) Model Lease and House Rules, which will replace their existing Low-Income Public Housing Lease upon the PHA's anticipated Housing Assistance Payment (HAP) Effective Date of December 1, 2019. The PBRA Model Lease and House Rules must be reviewed and signed by all members of each household, and returned to PHA Management by November 27, 2019.

All hi-rise and family development residents are encouraged to attend any of the upcoming resident information meetings that will cover the PBRA Model Lease and House Rules. A schedule for the resident information meetings will be posted on the PHA's website at [stpha.org](http://stpha.org). A copy of the schedule will also be sent to each household via US mail, along with the household's Model Lease and House Rules.

PHA staff will continue to keep PHA residents, the community, and the Board of Commissioners informed on the RAD conversion process.



## **RAD INFORMATION NOTICE RAD CONVERSION COMMITMENT, Continued**

### **Resident Relocation Rights (Relocation Not Anticipated)**

At this time, the PHA does not anticipate any need for relocation of residents due to a RAD conversion. Nevertheless, HUD requires the PHA to notify all residents of their relocation rights under RAD. Your rights are as follows:

- You have a right to remain in any unit converted to RAD or, if any relocation is required, a right to return to an assisted unit in the Covered Project (which may be at a new site in the case of a transfer of assistance).
- You cannot be required to move permanently without consenting to the move.
- If any relocation is involved in the RAD transaction, you are entitled to relocation protections under the requirements of the RAD program and, in some circumstances, the requirements of the Uniform Relocation Act (URA). Those protections may include advance written notice of any move, advisory services, payment(s) and other assistance as applicable to the situation.

### **Residents Will Not Be Subject to Rescreening**

If your property is converted to RAD, you will not be subject to any rescreening for eligibility as a result of the conversion.

### **The PHA will follow all Fair Housing and Civil Rights Requirements**

The RAD transaction will be completed consistent with Fair Housing and Civil Rights requirements. Reasonable accommodation requests during the conversion process can be submitted through your location's Management office.

### **Upcoming Resident Information Meetings on PBRA Model Lease and House Rules**

PHA staff encourages all households to attend at least one of the upcoming resident information meetings to learn more about the PBRA Model Lease and House Rules. All households will receive their PBRA Model Lease and House Rules, along with a schedule of the resident information meetings, following closing of the PHA's RAD conversion (expected date of closing is October 3, 2019). Questions, comments, and concerns about the Model Lease and House Rules will be addressed by PHA staff at these meetings. Households will be able to sign their PBRA Model Lease and House Rules before, during, or after the resident information meetings, but all PBRA Leases and House Rules must be signed and returned to PHA Management by November 27, 2019.