

I wanted to summarize what is pending for our transactions after our call this morning. As I see it, we have four issues needing follow up.

1. The RAD team is working to separate the 4 awarded CHAPs into 14 separate CHAPs so that we can upload the material submitted by each project to the RAD Resource Desk. For the moment we have 4 CHAPs in the Resource desk but 1 CHAP, for AMP 6, has been allocated to Tabora Gardens when only 22 units should have been allocated to it, another has been allocated to Hana Gardens, although that actually belongs in the same AMP as Tabora Gardens. A correction will be needed to amend that project's placement in AMP 6 under its own CHAP. Pat will notify us when we have all 14 CHAPs carved out in the Resource Desk so we can resume uploading project data.
2. There was some discussion on the early relocation we requested in an email sent to Pat on June 15, 2016. Pat mentioned that the waiver process would be cumbersome and time consuming and that Greg Byrne mentioned that we could do the relocation through the Local PIH office. This advice seems to contradict the PIH Notice 2012-32 that states that relocation cannot start prior to closing unless approved by HUD. It is assumed that the reference to HUD is HUD-HQ. Also, does local HUD approving early relocation authorize the payment of relocation benefits to the residents of Las Deltas. It would seem that we would be violating Fair Housing statutes by doing this. In addition, Local HUD staff are not quite clear on what is meant by Greg in his assertion that Local staff can handle the early relocation issue. What does that look like and how is it triggered? The Admin Plan and ACOP have been amended to authorize the issuance of HCV Vouchers to most of the families and a number have request to go to other public housing units. It was agreed that Gerard and Pat would discuss the matter with Greg Byrne and get back to us with a viable option. That said, it stands to reason that if waivers are needed, then we don't really need to get Field Office involvement on our request. Moreover, early relocation will not only get the families living in deplorable conditions out of the units, but it will permit us to effectively begin to take on the selling/disposition of the scattered sites.
3. The issue of the Rehab Assistance Payment was raised. While the first 90 units we close on are targeted to the replacement of the 90 units included in the first 2 CHAPs representing 90 vacant units at Las Deltas, the 3rd and 4th CHAPs include the 89 remaining occupied units in the total of 124 units awarded. Those units will be eligible for the Rehab Assistance Fee. Are we interpreting the notice correctly on this matter? If so, the notice references the payment being made to the owner of the project, but that would not be appropriate in our particular transactions since we are incurring the relocation costs while the construction is completed and once HAP is executed new residents will be assisted through the remaining public housing operating, and eventually, HCV funds. In our transactions, the Housing Authority is the owner of the originating units only. After construction the non-profit owns the replacement site and HACCC no longer has ownership interest in the project. A discussion was going to take place with Will Lavy to see what we are entitled to regarding the Rehab Assistance Payment and how and to whom do we submit an application to for those funds.
4. The last item for discussion has to do with the disposition of the Las Deltas Public Housing units. As you know, we are replacing the 214 units at Las Deltas at 14 PBV properties throughout the County. They are all on different time schedules for construction/rehab but to leave the units vacated at Las

Deltas boarded up and blighted will only spark greater concern with local politicians and neighborhood groups. Our efforts to do early relocation directly tie into our desire to dispose of the units as they close for the various deals so we don't have to flood the market with units for sale and burden all interests, including HACCC, given the cost to market and close sales. Until now, we have been under the understanding that RAD included a disposition process that would facilitate our efforts to release the Declarations of Trust on the property as needed and sell the old public housing units at Las Deltas, as long as we used the proceeds from any sale to benefit other public housing developments in our portfolio. We're now suddenly hearing that we must pursue a Section 18 disposition to do this. The PIH Notice actually states that if we pursue Section 18, we could have our RAD award rescinded. So this new development doesn't make sense. Also, had we been able to do Section 18 disposition from the start, we would not have needed to go through this complicated RAD process. We don't believe we should be doing a Section 18 disposition to sell off the units, especially in light of the fact that both Rod and Pat have worked on deals that did not call for Section 18 as part of the disposition. Further discussion was going to be had internally with Pat, Greg and Gerard (Not sure if Will Lavy is part of this too). Once we are all on the same page, we need to bring the OGC folks into the conversation to confirm our determined path so that when we get to the disposition stage, amnesia doesn't kick in.