

Public Housing Authorities (PHAs) will often incur costs associated with repositioning (e.g., resident relocation, unit rehabilitation, new construction, replacement reserve funding, etc.). This document provides a description of the common types of funding sources used to pay for these repositioning costs, whether through the Rental Assistance Demonstration (RAD) program, Section 18, or Streamlined Voluntary Conversion (SVC). This list is only intended to highlight common financing sources, it does not recommend a specific source or include all potential sources a PHA may utilize. PHAs should be cognizant each program has regulations or requirements that apply and may affect the ability to combine sources of funding.

	Funding Source	Description	Where to go to find out more
PHA Funds	Non-Restricted Funds	A PHA may contribute any funds that are not “federal program funds”, for any repositioning action.	PHA Accountant
	PHA Program Income	For example, if a PHA has received Section 9(k) proceeds from a laundry room lease or telecommunications agreement, it could use those funds to support a RAD transaction	Local PIH Field Office
	Section 18 Proceeds	Proceeds from the sale of public housing property must be used to support public housing or Section 8 activities and, therefore, can support either a RAD transaction or any PBV project.	Special Applications Center (SAC)
	PHA Public Housing Funds	PHAs can use any public housing program funds to support a RAD transaction, including operating reserves, Capital Funds, disposition proceeds, Replacement Housing Factor (RHF) or Demolition Disposition Transition Funding (DDTF).	Local PIH Field Office
Other Federal Sources	HOME	HOME funds can be used to support a RAD transaction or any PBV transaction (but cannot be used to fund an existing public housing project).	Contact your Local Government
	CDBG	CDBG funds can be used to support a RAD transaction or any PBV transaction (but cannot be used to fund an existing public housing project).	Contact your Local Government
	Housing Trust Fund	RAD and local PBV projects are all eligible activities under the Federal Housing Trust Fund.	Contact your Local and State Governments.
	Disaster Funding	PHAs may have flexibility or additional funding as a result of a Federally Declared Disaster.	https://www.fema.gov/
	Choice Neighborhoods	The PHA may be eligible for a Choice Neighborhoods Planning or Implementation Grant. These grants are awarded once a year by HUD based on Congressional Appropriation.	https://www.hud.gov/cn
	FHA Mortgage Proceeds	All FHA loan products are eligible sources of funding.	https://www.hud.gov/program_offices/housing/mfh

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Tax Credit Equity	Transactions using 4% low-income housing tax credits	4% credits (non-volume cap tax credits) are generally a source of funding for projects requiring moderate-to-major rehabilitation. There is no competition for these credits, which are allocated in conjunction with Private Activity Bonds (tax-exempt bonds). Requirements are set out in a Qualified Allocation Plan (QAP).	Contact your State Housing Finance Agency
	Transactions using 9% low-income housing tax credits	9% credits (volume cap tax credits) are generally a source of funding for projects involving substantial rehabilitation or new construction. They are generally awarded in a competitive process, though some States provide a preference or set-aside for public housing projects. Requirements are set out in a QAP.	Contact your State Housing Finance Agency
	New Market Tax Credits (NMTCs)	Funding is targeted to low-income communities (census tracts with poverty below 20%). Although NMTCs cannot be directly combined with Low-Income Housing Tax Credits, the NMTCs generally support economic development where jobs are created (not for affordable housing developments) and usually associated retail or commercial development. The CDFI Fund holds annual competitions and makes allocations to Community Development Entities (CDEs), which then make the credits available to projects that meet their programmatic priorities (e.g., type of project; geographic location; qualified non-metropolitan counties; etc.).	https://www.cdfifund.gov/NMTC
	Federal Historic Tax Credits	The Historic Tax Credit provides a 20% Federal tax credit to property owners who undertake substantial rehabilitation of an historic building, while maintaining the building's historic character.	Contact your State Housing Finance Agency
	State historic and Low-Income Housing Tax Credits	Many States have their own Low-Income Housing Tax Credit or Historic Tax Credit program, which is managed separately from the Federal programs.	Contact your State Housing Finance Agency
Other Private and Public Sources	Private Lenders	A PHA may use private mortgage proceeds to support a rehab/redevelopment related to a repositioning. Please note that the RAD program has restrictions on certain loan products, e.g., , such as no adjustable rate mortgages or balloon loans with payoff dates of less than 17 years.	Contact local lenders
	Federal Home Loan Bank Affordable Housing Program	Each of the eleven Federal Home Loan Bank regions has funds available under the Affordable Housing Program (AHP), which can provide grants and soft loans together with competitive loan products originated by member banks.	http://www.fhlbanks.com/affordable-housing.html
	Housing Assistance Council	A national nonprofit that provides loans and other resources to support housing in rural areas.	http://www.ruralhome.org/

	Funding Source	Description	Where to go to find out more
Other Private and Public Sources (Continued)	Housing Trust Fund	HUD distributes formula-based grants to each State's designated entity, which must use at least 80 percent of the funding for rental housing benefiting extremely low-income families. The States then establish their own allocation plan for awarding the funds.	Contact your State Housing Finance Agency
	Seller Take-Back Financing	<p>Mostly in connection with tax credit transactions, PHAs sell the buildings to the project partnership and then offer “seller take-back financing” for substantially the same amount. This seller take-back financing is a way to increase the tax credit basis and, thus, can raise investor equity. This seller take-back financing is often provided as a “soft secondary note”, meaning that payment is required only subject to the availability of cash flow to make the payments.</p> <p><u>Involving RAD:</u> Payments received from seller-financing are non-restricted non-Federal funds.</p> <p><u>Non-RAD:</u> Payments received from seller-financing restricted to eligible uses of Section 18 proceeds.</p>	Consult your tax credit consultant or financial advisor
	Deferred Developer Fees	Mostly in connection with tax credit transactions, PHAs may contribute (or need to contribute) a portion of their allowable developer fee as a funding source in the transaction, mostly by “deferring” their fee to close a funding gap. State Qualified Allocation Plans typically limit the percentage of fee that can be deferred.	Contact your State Housing Finance Agency
	Tax Increment Financing Districts (TIF)	Local taxing authorities can create tax increment financing districts that generate funds for infrastructure and public improvements that support housing authority redevelopment efforts. This is also known as <i>revenue anticipation financing</i> , since bonds are typically issued to support the public improvements that will stimulate development of taxable properties, with the projected increase in property tax revenue used to retire the debt.	Contact your local government or redevelopment agency
	Other State/Local Funds	PHAs may have access to other State or Local funds, e.g., a local “surtax” program on all real estate transactions that supports affordable housing (conveyance tax), General Obligation Bonds, Transit Consortium Housing Funds, or Affordable Housing Loan programs.	Contact your local jurisdictions (city and county) and State Housing Finance Agency
	Philanthropic Funds	A philanthropy or charity may contribute to a project if the project serves that philanthropy’s core mission. Very few philanthropies provide funding for capital development projects, although Kresge is one that does.	Search for philanthropies that support some of the project’s supportive services, such as childcare, disability services, health and wellness, etc.