

Affordable Senior Housing Preservation & Management

Presenters

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CSI Support & Development Services

- 80-year-old non-profit focused on independent, affordable senior housing
- Headquarter in Michigan
- Regional offices in Massachusetts, Maryland, and So. California
- 6,500 units in our 4 states
- Cooperatively Managed by Resident / Members

Outline

- Section 202 Preservation for Properties between 1959 – 1990
- Rental Assistance Demonstration (RAD) for Section 202 PRAC Properties (1990-Present)
- Service Coordination
- Supportive Services
- Wi-Fi



Section 202 Program: 1959-1974 Era

- 1959 – 1974
 - Affordable housing for moderate-income seniors and individuals with a disability.
 - Extended low interest loans to nonprofit developers.
 - No rent subsidies.
 - Concentrated to urban areas.
- Also called Pre-1974 Direct Loans or “SH” properties (because SH was included in these projects’ HUD project number)
- Some of these properties received partial Section 8 HAP Contracts.



Source:

Perl, Libby. "Section 202 and Other HUD Rental Housing Programs for Low-Income Elderly Residents." Congressional Research Service. 13 Sept. 2010.

Section 202 Program: 1974-1990 Era

■ 1974 – 1990

- Section 8 Rental Assistance became available.
 - Target population changed to very low-income households (50% AMI).
 - Continued as a loan program but with increased interest rates.
 - Expanded geographically to include nonmetropolitan areas.
- The presence of rental subsidy has enabled these properties to refinance when they need to rehabilitate the property. Most of the properties in this 202 era have already been refinanced and are at the point of being re-refinanced.



Source:

Perl, Libby. "Section 202 and Other HUD Rental Housing Programs for Low-Income Elderly Residents." Congressional Research Service. 13 Sept. 2010.

Option 1B: Overview

- Option 1B is called Mark Up To Market (MUTM) and allows owners to do exactly that—set their rents to market determined levels.
 - *Market rents are determined by a Rent Comparability Study (RCS) which compares the property to other similar properties in the area and concludes to a market rent determination.*
- This is a very attractive option for properties in strong markets. We have seen some properties' rents double or triple when being set to market levels.



Option 1B: Annual Rent Adjustments Following Renewal

- No budget based adjustments are permitted under a MUTM contract.
- In years 2-5 rents are adjusted by OCAF.
- At the end of each 5-year cycle, the project must order a new RCS. Rents are marked up or down to market accordingly.

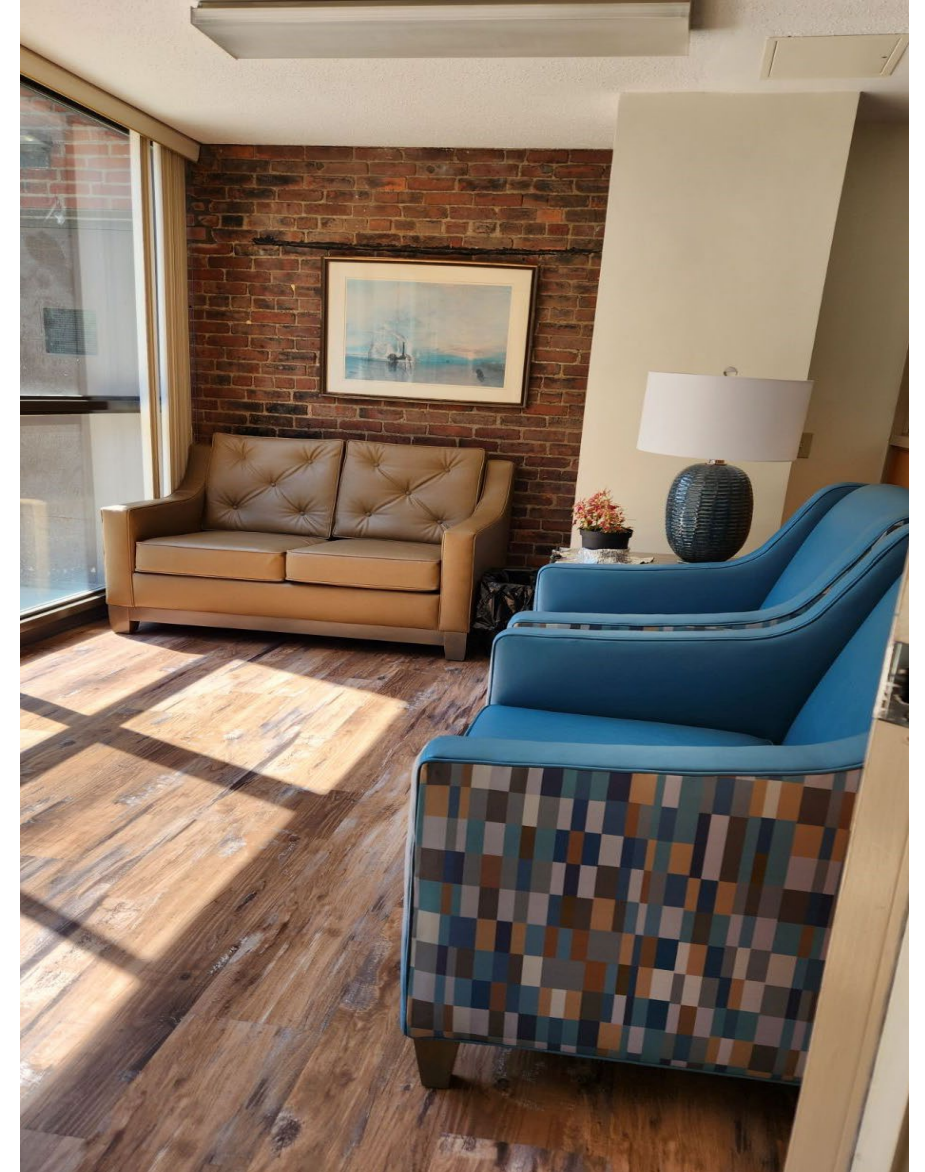




**Constitution Co-op
Boston, MA**

Developed in 1985
120 units
Section 202 / 8





Constitution - Refinanced in 2023 using a Section 223f HUD insured mortgage

- Mark up to Market of the Section 8 contract
- Rent Comparability Study included a valuation of services, doubling rents
- Identity of Interest “Sale”
- Developer Fee - \$0
- Completed \$5 Million in Renovations
- Annual Cash Flow to CSI ~\$600,000
- Added a Part Time Wellness Nurse
- Equity for CSI: \$18 million for future mission work
 - Phase II - \$7 million
 - \$5 million future Boston expansion
 - \$2.7 million investment in CSI Boston Portfolio



CSI SUPPORT & DEVELOPMENT
Affordable Rental Communities for Seniors

Serving Michigan, Maryland, California and Massachusetts



Dunn Senior Co-op Centerline, MI

Built in 1971
Acquired in 2017
Redevelopment in 2024
108 + 49 units
Section 236 & 202
LIHTC









HAMPDEN PARK
Capital & Consulting

Review of the RAD for PRAC Process



RAD for PRAC Review: The 202/PRAC Era

- Only available to Section 202 properties that received a Project Rental Assistance Contract (PRAC)
 - *Funded from 1990-present*
- PRAC rents are set based on a break-even budget

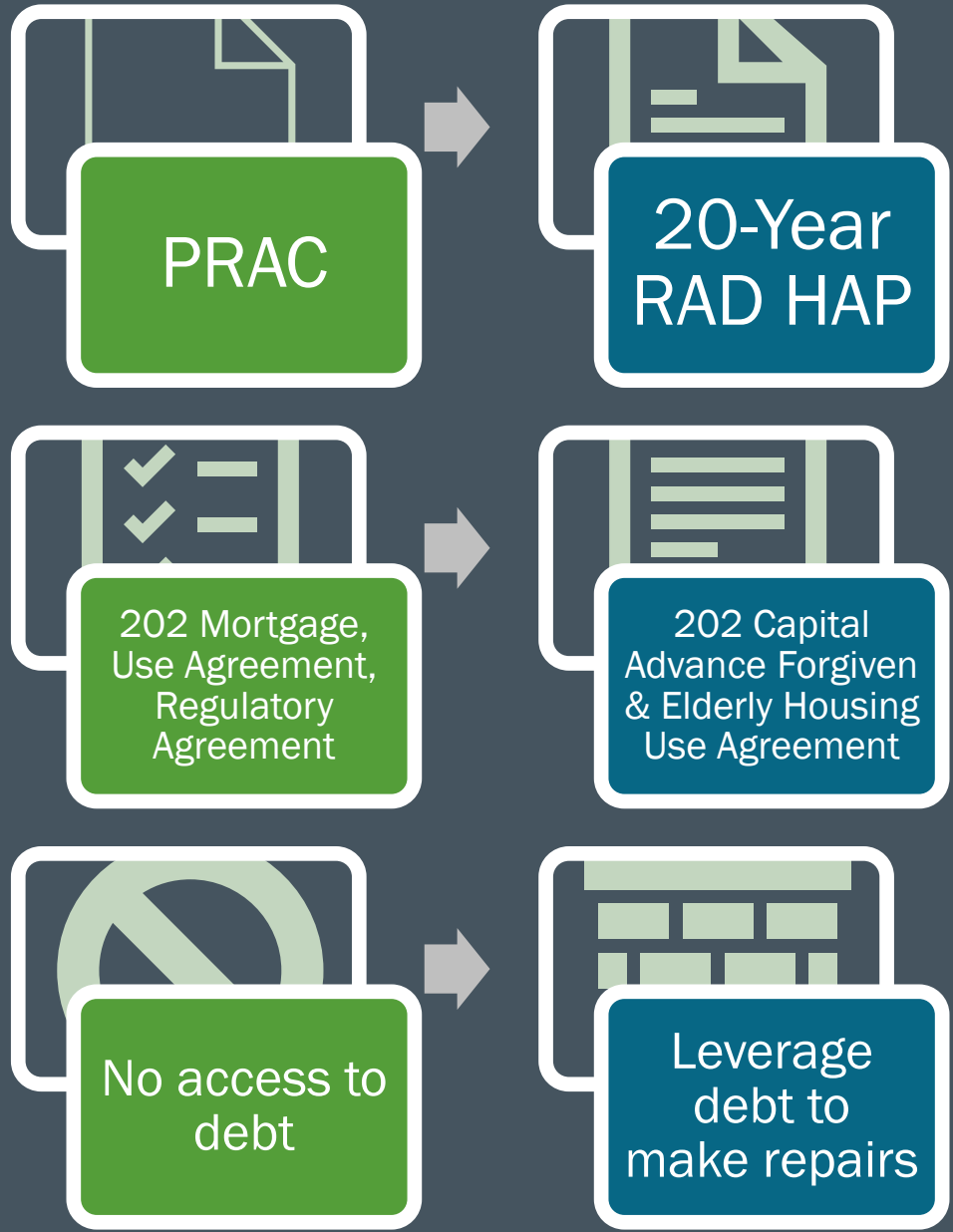
RAD for PRAC Review: The 202/PRAC Era

■ The challenge with PRACs

- *Aging properties with insufficient reserves*
- *No access to debt to address capital needs*
- *Annual budget reviews cumbersome/unpredictable*

■ Solution

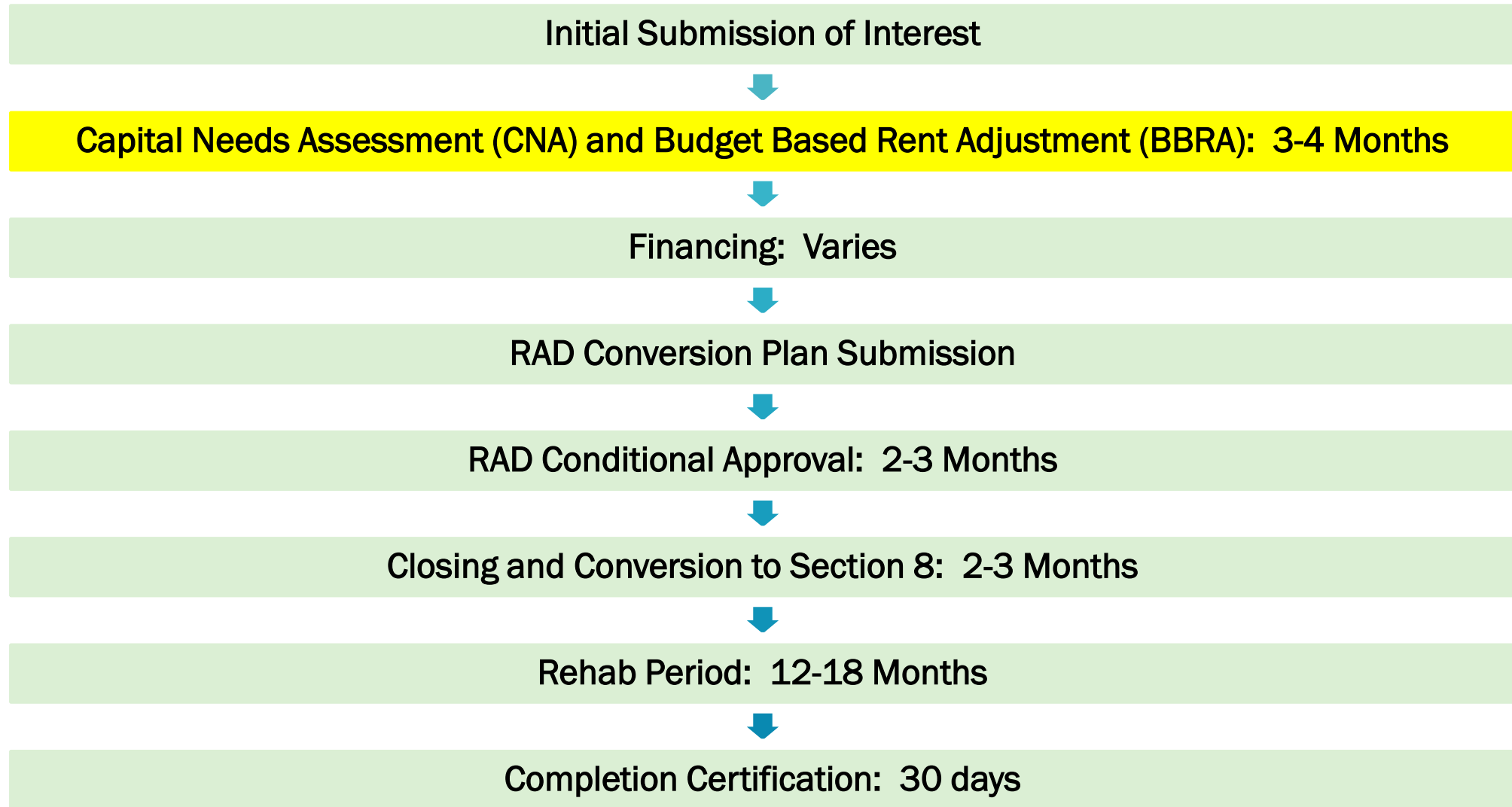
- *Rental Assistance Demonstration (RAD) for Project Rental Assistance Contracts (PRAC) to Section 8 Housing Assistance Payment (HAP) Platform*



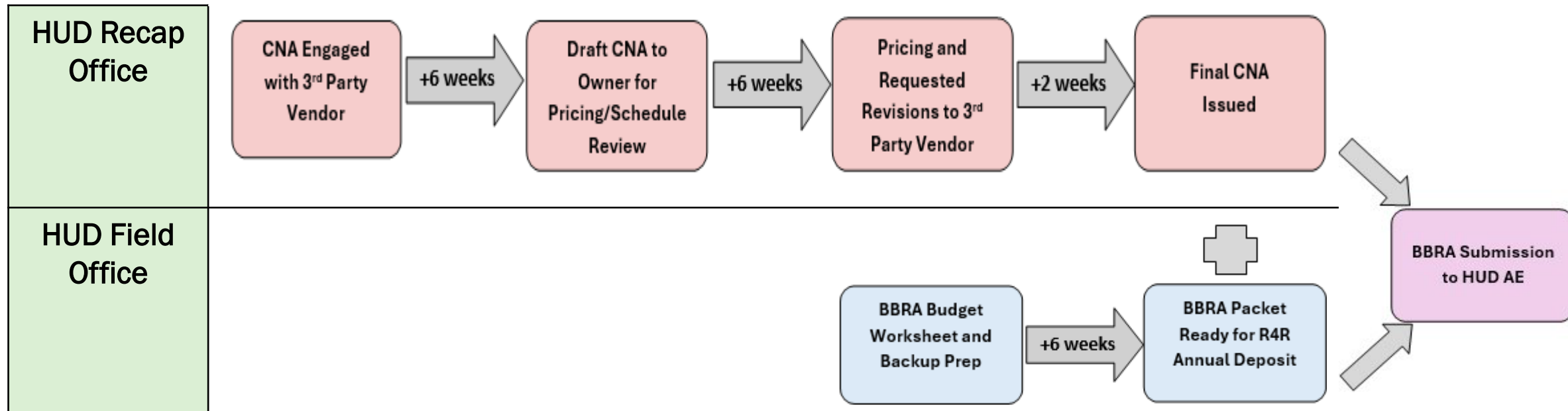
The RAD for PRAC Process



The RAD for PRAC Process

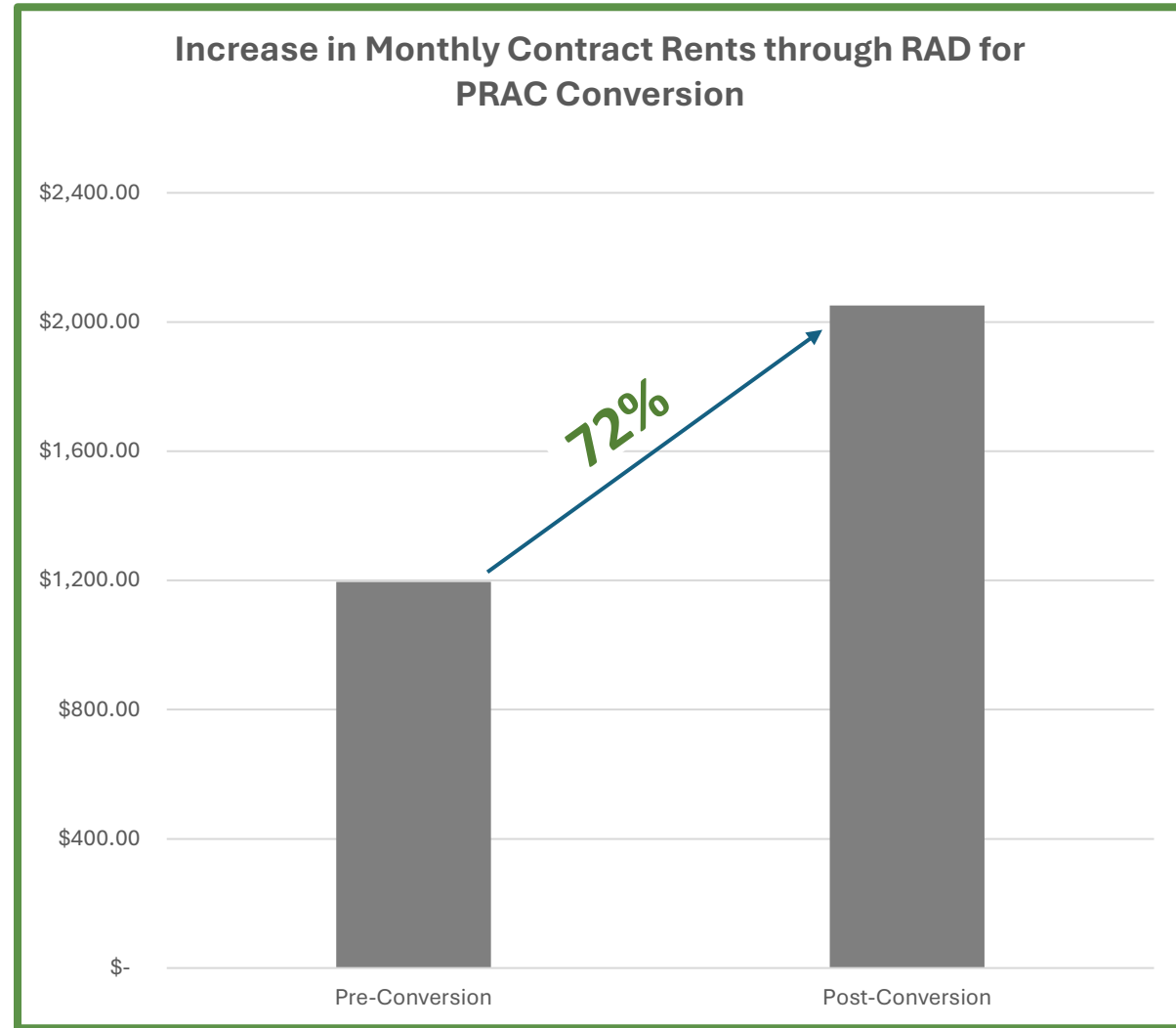


Budget Based Rent Adjustments: 2 Parts to One Process



- Owners submit the CNA to HUD Recap staff. Recap approved the Reserve for Replacement amount based on the CNA and provide the HUD Account Executive in the Field Office the amount to place in the HUD Budget Worksheet.
- Owners submit the HUD Budget Worksheet and Operating Expenses justifications to the HUD Account Executive in the Field Office.

NE Region Property– RAD for PRAC / 223(f)

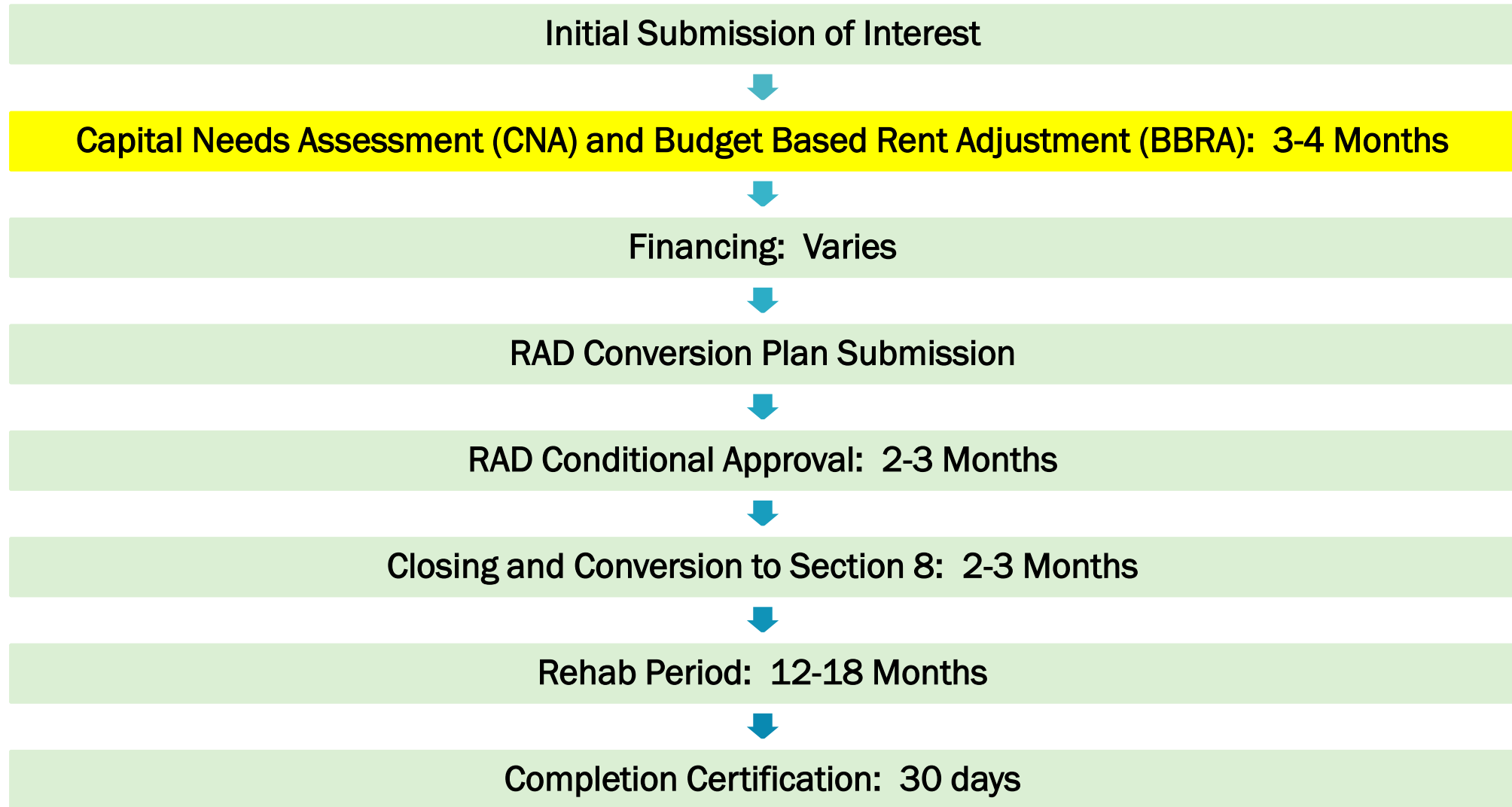




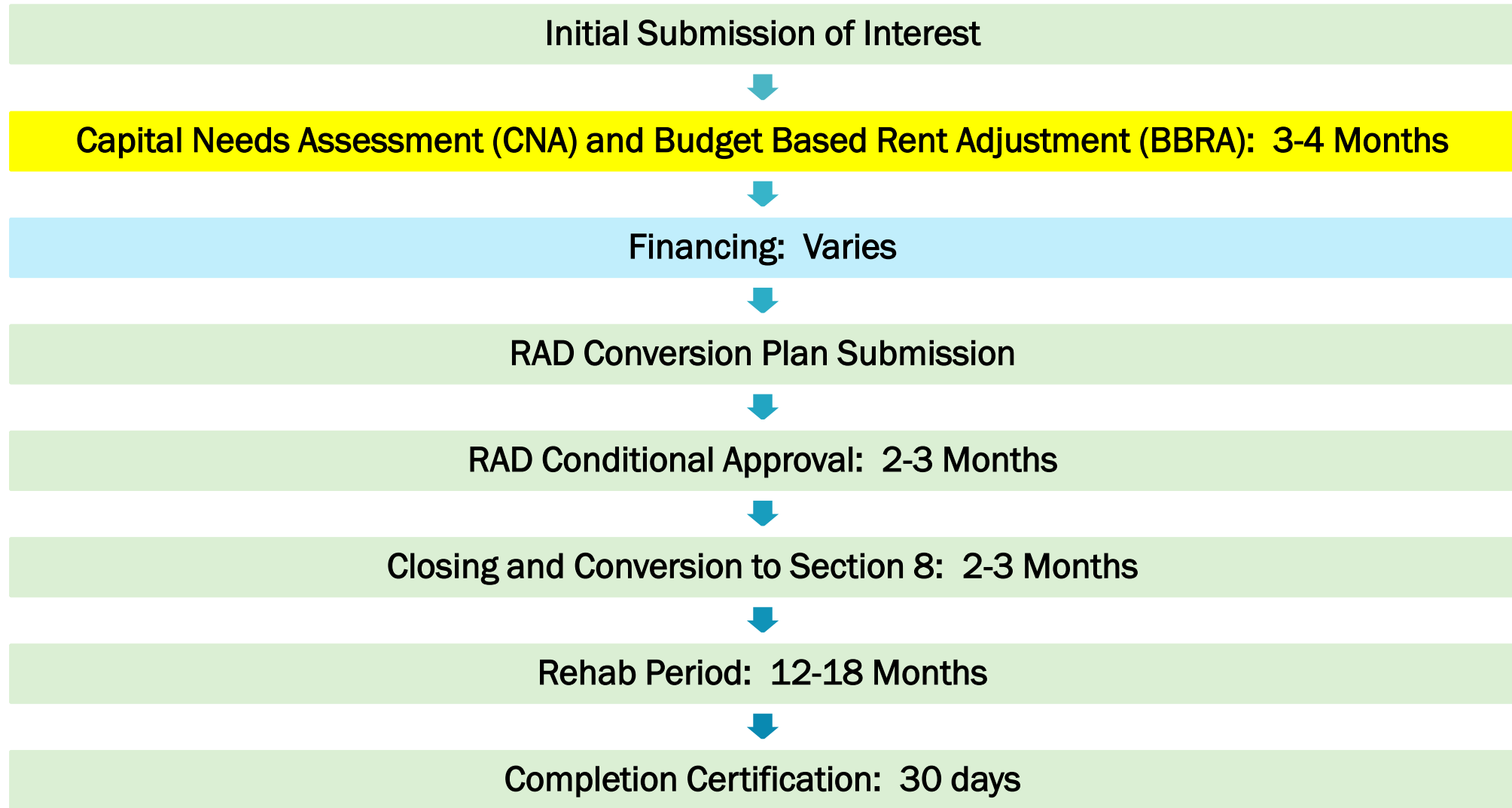
RAD for PRAC: After BBRA What Could My Rents Look Like?

Property		Current Rents	Proposed Rents	Difference
Property A (4 PRAC Campus)	Monthly	\$211,339	\$311,739	\$100,400
251 Units	Annual	\$2,536,068	\$3,740,868	\$1,204,800
Property B (3 PRAC Campus)	Monthly	\$122,300	\$182,300	\$60,000
150 Units	Annual	\$1,467,600	\$2,187,600	\$720,000
Property C (2 PRAC Campus)	Monthly	\$74,953	\$113,753	\$38,800
97 Units	Annual	\$899,436	\$1,365,036	\$465,600
Property D (2 PRAC Campus)	Monthly	\$66,343	\$102,743	\$36,400
91 Units	Annual	\$796,116	\$1,232,916	\$436,800
Property E (1 PRAC)	Monthly	\$89,964	\$129,164	\$39,200
98 Units	Annual	\$1,079,568	\$1,549,968	\$470,400
Property F (1 PRAC)	Monthly	\$55,100	\$75,100	\$20,000
50 Units	Annual	\$661,200	\$901,200	\$240,000

The RAD for PRAC Process



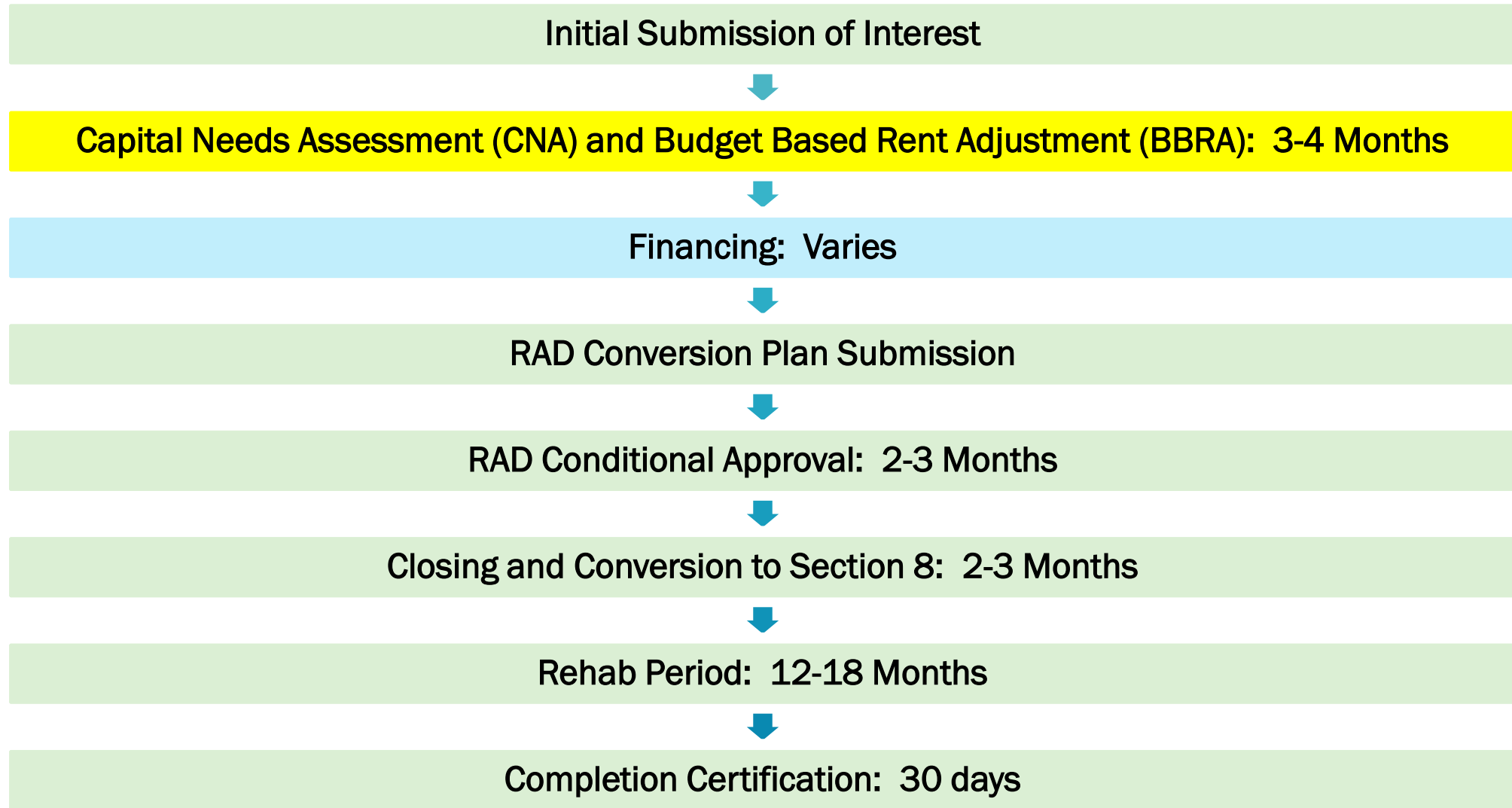
The RAD for PRAC Process



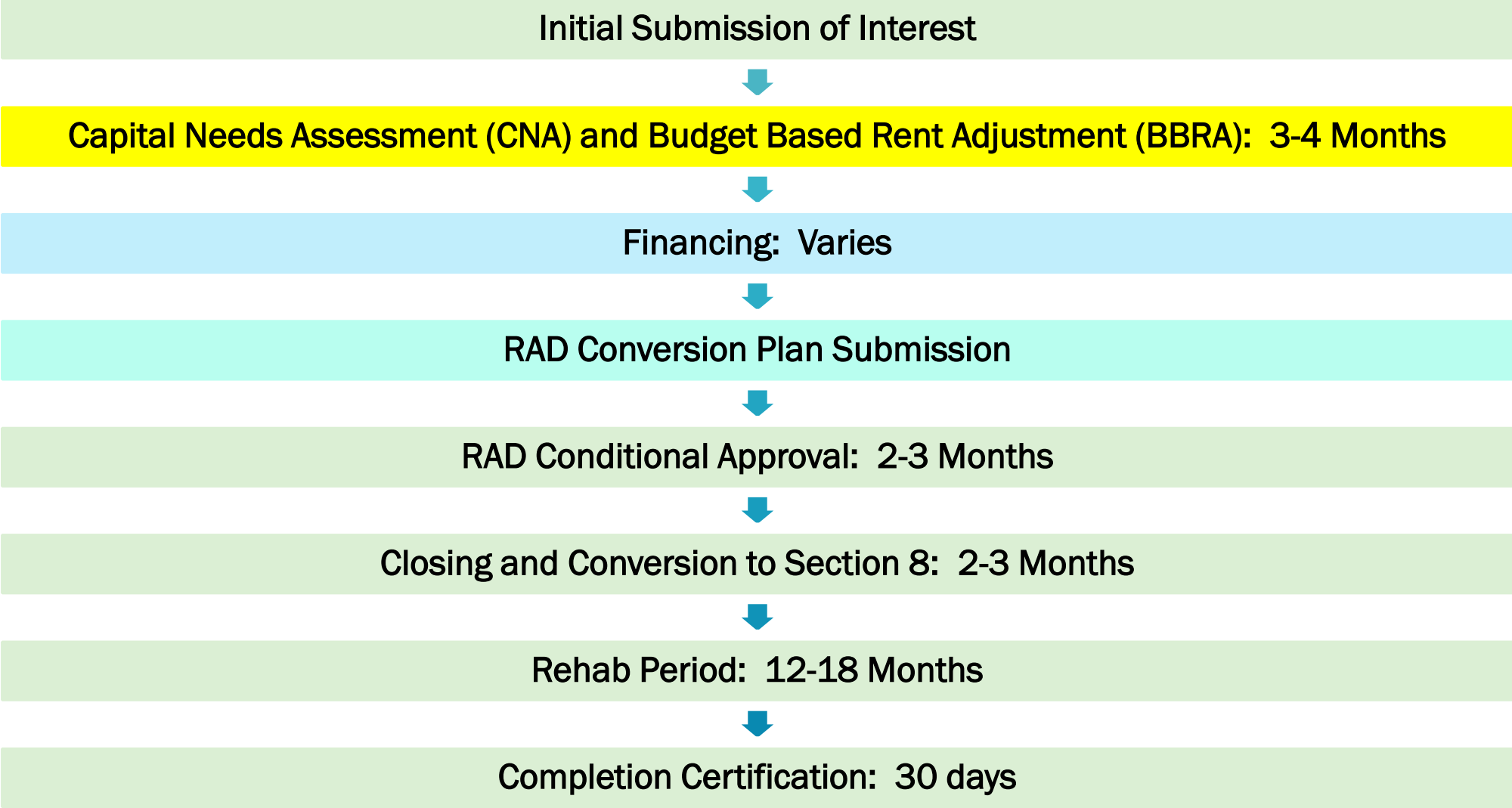
RAD for PRAC: I Have My New Rents, What Does That Get me?

Property Name	Number of PRACs	Unit Count	Loan Amount	Repair Budget	Repair Budget Per Unit	IDRR	Developer Fee
Property A	4	251	\$14,418,100	\$11,516,829	\$45,884	\$502,000	\$1,880,622
Property B	3	150	\$8,616,400	\$6,810,859	\$45,406	\$300,000	\$1,123,878
Property C	2	97	\$5,571,900	\$4,341,352	\$44,756	\$194,000	\$726,770
Property D	2	91	\$5,227,200	\$4,061,752	\$44,635	\$182,000	\$681,809
Property E	1	98	\$5,571,900	\$4,339,372	\$44,279	\$196,000	\$726,770
Property F	1	50	\$2,872,100	\$2,151,446	\$43,029	\$100,000	\$374,622
	13	737	\$42,277,600	\$33,221,610	\$45,076	\$1,474,000	\$5,514,471

The RAD for PRAC Process



The RAD for PRAC Process



September 2025 PRI Update

Criteria	PRI (PUPM)
30% of area Housing Construction Costs (HCCs)	\$200
60% of area Housing Construction Costs (HCCs) or New Construction	\$300
Projects with 20 total units or fewer (can not be combined with either of the above)	Up to 120% FMR



Broadband Infrastructure

- An additional \$50 PUPM PRI is available for the installation of broadband infrastructure
- Must meet current FCC definition of broadband
- Notice H 2025-08 allows 202 PRAC owners to utilize the \$27 PUPM for the provision of supportive services for internet service

Budget Base Rent Adjustment + Preservation Rent Increase = Substantial Rehab



Sources of Funds	Amount	% Total
FHA 221d4 Loan	\$7,139,100	94%
Interim Income	\$243,233	3%
Transferred Reserve for Replacement	\$250,858	3%
Total Sources	\$7,633,191	100%

Uses of Funds	Cost
Rehab Cost	\$4,107,842
General Requirements / Overhead / Profit	\$594,815
Architect and Engineering	\$259,200
Contingency	\$560,431
Payment & Performance Bond / Permits	\$48,200
FHA Loan Fees	\$82,163
Financing Fees	\$71,391
Construction Period Interest & Title/Recording	\$421,828
Legal / Organizational / Audit	\$1,281,288
Professional Fees	\$50,000
Reserves / Escrows	\$156,032
Total Uses	\$7,633,191

Redevelopment & Preservation of Dunn

- Mark up to Market of 48 unit Section 8 contract
- 9% LIHTC award
- Section 202 award + PRAC subsidy on remaining unsubsidized units
- RAD for PRAC conversion
- Federal Home Loan Bank award
- State of MI gap funding
- Foundation Support
- Substantially renovated existing 108 units
- Added new wing on 49 units
- Service Coordinator + Health Center added

The RAD for PRAC Process



About the Alternative OCF

- RAD HAP contracts: 20 years, OCAF only adjustments
 - *Some owners wary of converting under these terms*
- Alternative Operating Cost Factor: provides path for non-OCAF rent adjustment in the event of extraordinary circumstances

RAD for PRAC: Best Practices

- Combine PRACs that are adjacent or within certain distance
- Combine with Section 202/8 properties that are adjacent or within certain distance
 - *Often done with Option 1B Mark-up-to-Market*
- Example:
 - *8 Properties with 8 PRACs in the SW built over 12 years with a total of 86 units = 8 MOR reviews, 8 physical inspections, 8 audited financial statements; in other words, 8 times the cost and staff time!*
 - *RAD conversion = 1 Property with 1 Section 8 PBRA HAP, 1 MOR Review, 1 Physical Inspection, 1 AFS; in other words, the right decision!*

Summary: RAD for PRAC Closed Transaction Portfolio

137

Transactions Closed

10,290

Total Units

8,438

PRAC/RAD Units

1,852

Other Affordable Units

Rehab Transactions (>\$5,000 per Unit)

Total Rehab Transactions	93
LIHTC Transactions	57
Debt Only Transactions	26
Owner Equity	10

Program Features & Structures

PRI Closings	28
Supportive Service Rent Boost	101
Many-to-One Transactions	14

Since September 2019, the RAD for PRAC program has closed 137 transactions representing more than 10,000 affordable housing units preserved with a total development of \$1.4 Billion Dollars and a total hard cost of \$544 Million Dollars.

Source: HUD's Office of Recapitalization June 3, 2026

Supportive Services

- Outfitting gyms, yoga or wellness areas
- Creating community computer access areas
- Store run by residents which provides refrigerated cases for perishables – proceeds go to events/purchases the residents vote upon



Service Coordination

CSI's GOAL:

Create an environment where residents live independently in their own home delaying or eliminating the needs for a more intensive (and expensive) care setting.

- Resident service coordinator is funded by a grant for Section 8 properties. They individually connect residents to social services and entitlements while also creating educational and social events community wide.
- Proceeds from the refinance have allowed contracting for a part-time wellness nurse. The wellness nurse liaisons with residents and their outside medical providers as well as educates & supports residents with their health goals.

Wi-Fi

- Unlocked wi-fi for maintenance communication needs (building wide) that residents can use
- Create access in common areas that extend into units
- High school volunteers to be consultants (volunteer hours)
- Programs: Tech Goes Home; Technology Access Program; Senior Planet from AARP