El Paso RAD

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13 Properties located in El Paso, TX

The Housing Authority of the City of El Paso (HACEP) was the first Public Housing Authority (PHA) to have its entire portfolio (6,100 units) approved for rehabilitation under the U.S. Department of Housing and Urban Development's Rental Assistance Demonstration (RAD) program.

El Paso RAD I, the first phase of HACEP's portfolio renovation plan, is, to date, the largest RAD transaction to close in the country. When completed, RAD I will provide 1,590 newly renovated multifamily and single family units to low-income families throughout 13 different properties across the City of El Paso. These properties will offer one, two, three, four, five and six bedroom plans to residents who make at or below 60% of the area median income (AMI). All existing tenants, including those whose income exceeds 60% AMI, will have the opportunity to return to their communities. Residents will live in quality, sustainable housing with EnergyStar appliances, energy efficient systems and xeriscape yards. Families will enjoy new basketball courts, playgrounds and gymnasiums.

Construction for the project began in April 2015 and is scheduled for completion by Spring 2017. Orchestrating the rehabilitation of 1,590 units over a two-year period was a massive undertaking. HACEP rose to the challenge by making it a priority to keep residents informed, having children stay in existing schools, minimizing transportation disruption, and keeping resident relationships intact during the rehabilitation period.

Development and Financing
To launch RAD I, HACEP partnered with Hunt Companies, Inc. to co-develop the property. The total development cost of RAD I was $241 million, partially financed by over $80 million in 4% low-income housing tax credits (LITHTC), which were syndicated by Alden Capital Partners.

Alden Capital Partners' structuring of this deal was critical in maximizing the benefits of the LIHTCs and minimizing the risk to investors. One of the main structural aspects of the transaction was bundling the properties into a single partnership to control transaction costs. Bundling of the properties allowed for a single permanent loan secured by all 13 properties. This effectively allowed certain properties' NOI to subsidize other properties that might not be able to service their pro rata allocation of the permanent loan. Additionally, by structuring the rehabilitation as a tenant-in-place "rolling" rehab, a substantial amount of tax credits could be available for investors immediately, thus improving LIHTC pricing and increasing equity available for rehabilitation of the properties. These strategies played an instrumental role in driving investor interest and securing funding for the deal.