



RENTAL ASSISTANCE DEMONSTRATION

January 2016 | Issue 15

U.S. Department of Housing and Urban Development

Secretary Julián Castro

"The affordable housing crisis is growing. RAD is part of the solution."
Secretary Julián Castro

Director's Corner



As we wrapped up 2015, the big take-away for me was how much the RAD program is growing and maturing. To date, PHAs have converted over 27,000 units in 258 projects. This represents over \$1.7 Billion in construction! If we continue at this rate, the current authority of 185,000

units could generate over \$12 Billion in construction improvements serving low-income Americans over the next few years, improvements that transform communities, improve residents' quality of life, save energy, address long-deferred needs and create construction jobs. In addition, we've preserved over 18,000 at risk units under RAD Component 2.

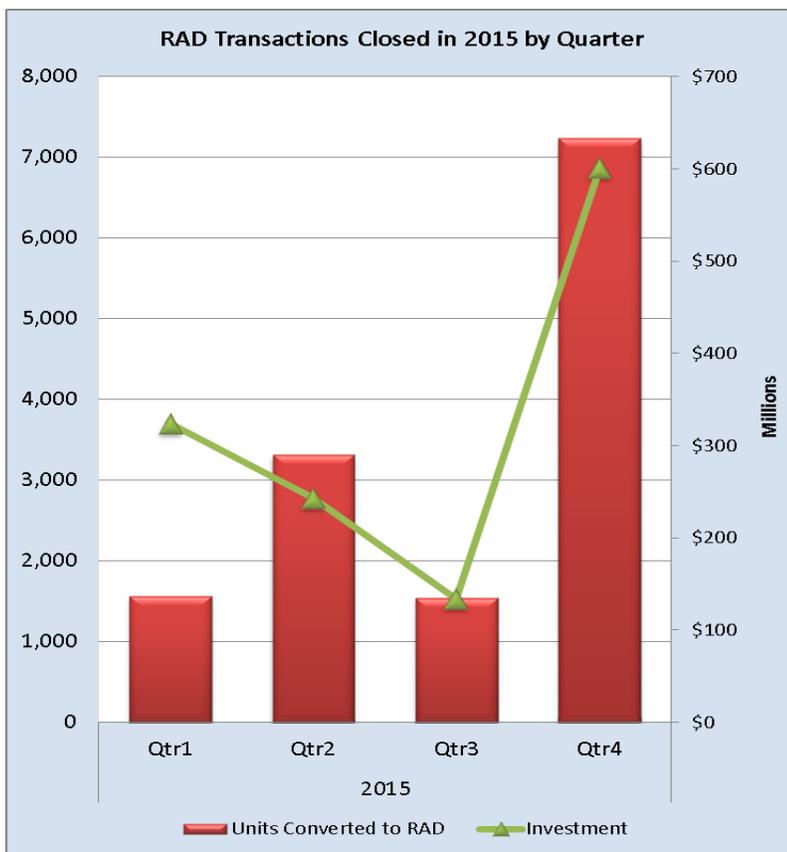
While less visible to all of you, these milestones represent significant steps forward in HUD's internal processing and a maturing of the Department's systems dealing with RAD. But we're not there yet – in 2016, we'll be working on greater transparency, predictability and efficiency.

One final note on the numbers – over 5,000 units converted under RAD Component 1 in just six weeks in November and December. That's 18.5% of the program's total volume to date and represents a major shift in the volume of conversions we are handling. Thanks for a great 2015!

-Tom Davis, Director
Office of Recapitalization

Looking Back at 2015 RAD Statistics

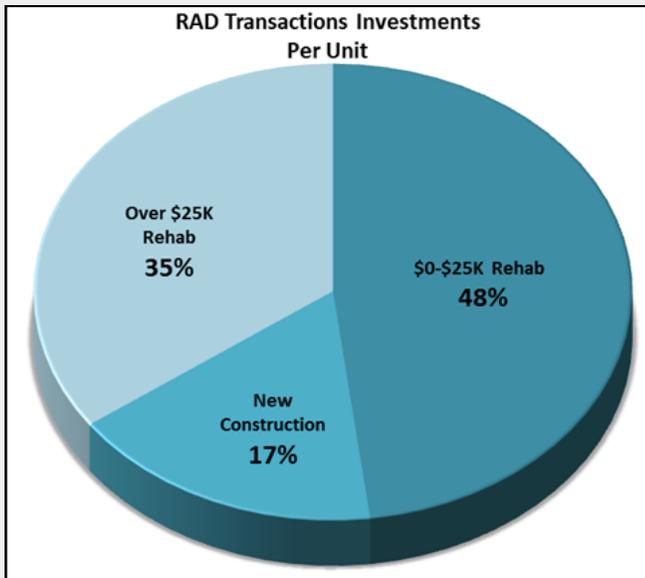
In 2015, the number of RAD 1st Component deals closed at an accelerated pace in the 4th quarter between October and December, representing 53% of the total closed transactions for 2015. See the table and chart below.



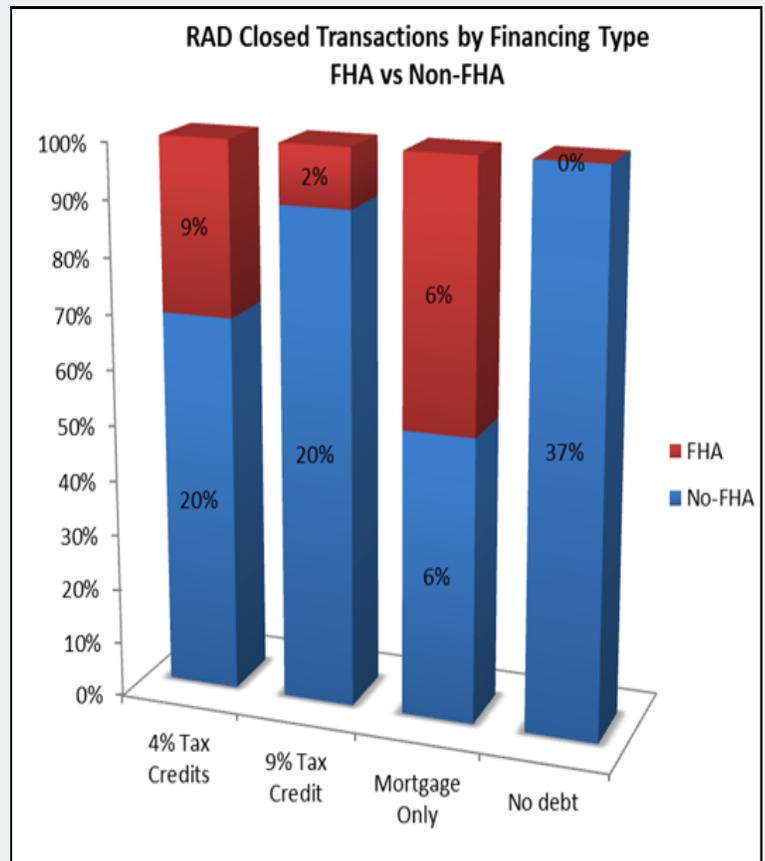
Year	Transactions	Units Converted to RAD	Investment
2015			
Qtr1	13	1,561	\$323,692,825
Qtr2	29	3,312	\$242,653,366
Qtr3	18	1,545	\$133,883,999
Qtr4	64	7,235	\$600,771,865
Grand Total	124	13,653	\$1,301,002,055

RAD Conversion Statistics To Date

The success of RAD continues to accelerate and since the beginning of the program, 258 transactions (27K+ units) have closed and leveraged \$1.7 billion in rehabilitation or new construction investments.



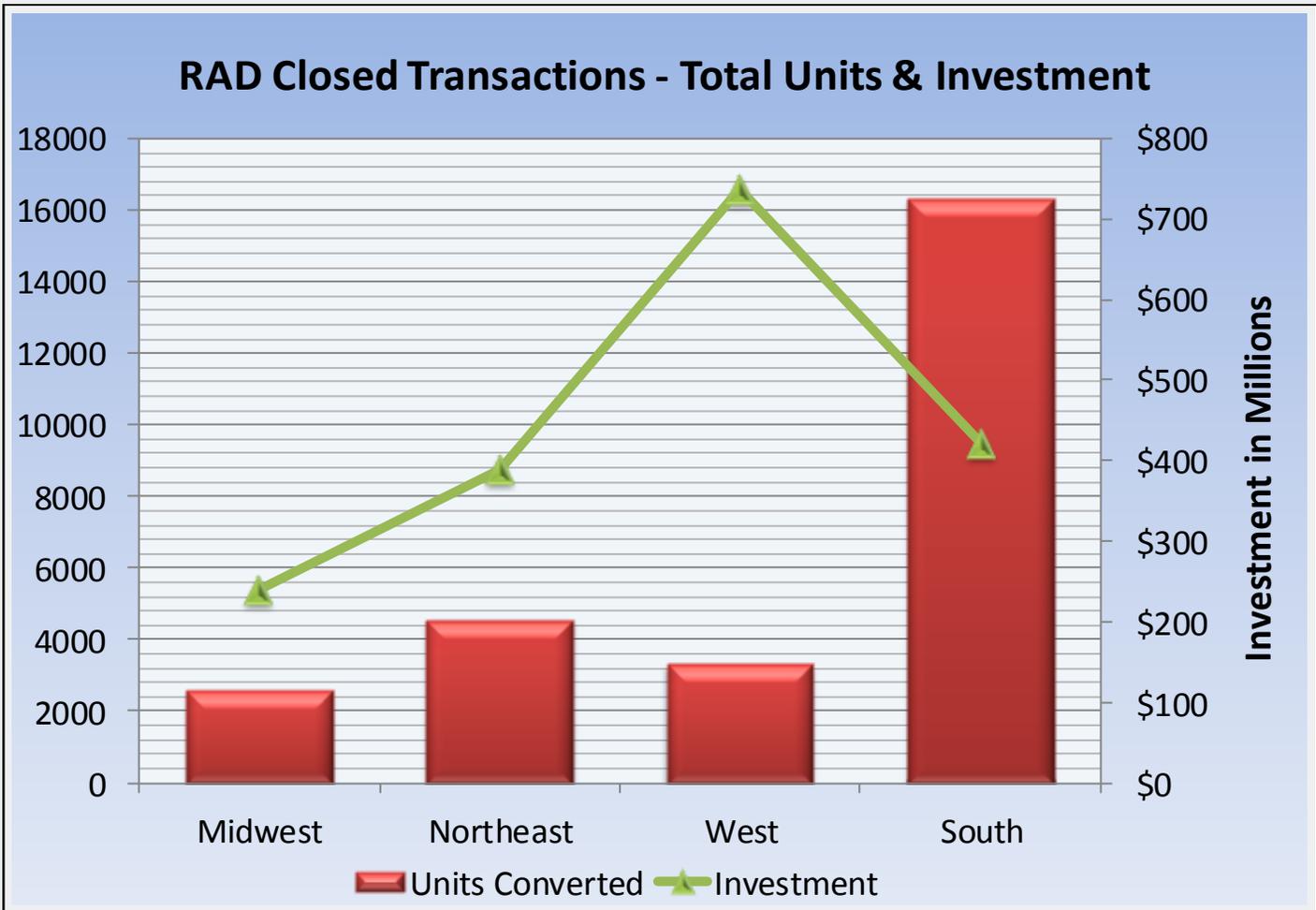
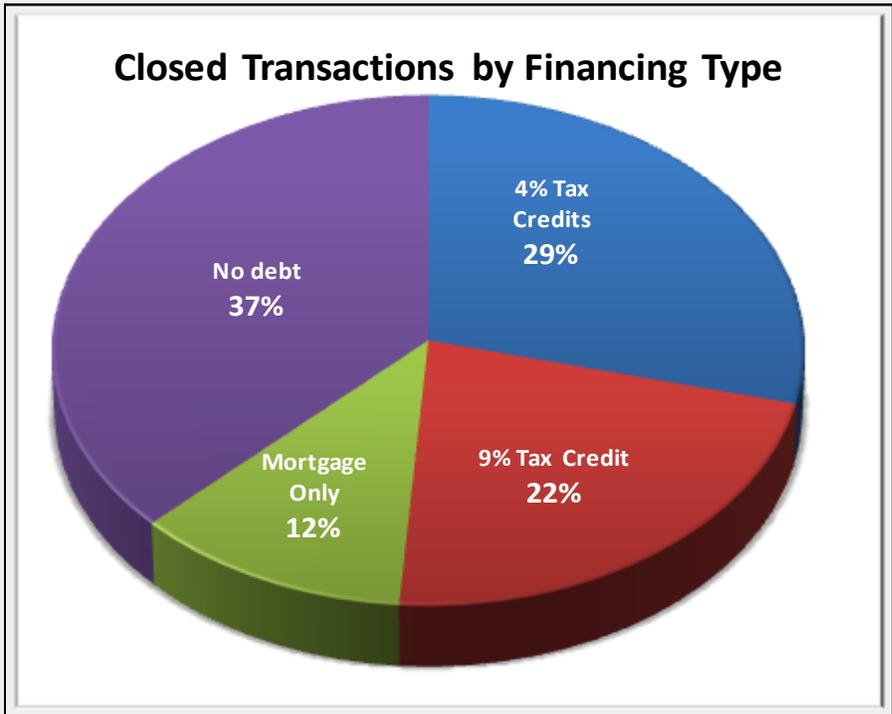
The **Rental Assistance Demonstration (RAD)** allows public housing agencies (PHAs) and owners of HUD-assisted properties to convert units to project-based Section 8 programs, providing an opportunity to invest billions into properties at risk of being lost from the nation's affordable housing inventory. RAD 1st component transactions cover Public Housing units. Units that fall under this component are subject to a unit cap and are limited to current funding. RAD 2nd component transactions cover Rent Supplement (Rent Supp), Rental Assistance Payments (RAP), and Section 8 Moderate Rehabilitation projects. Unlike 1st component transactions, 2nd component transactions are not subject to the cap, but are constrained by the availability of tenant protection vouchers (TPVs). Both components allow housing programs to convert their assistance to long-term, project-based Section 8 contracts, providing a more stable source of funding.



Financing Type	Non-FHA	FHA	Grand Total
4% Tax Credits	20%	9%	29%
9% Tax Credit	20%	2%	22%
Mortgage Only	6%	6%	12%
No debt	37%	0%	37%
Grand Total	83%	17%	100%

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**RAD
Conversion
Statistics
To Date
Continued...**



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First Three RAD 2nd Component PBRA Conversions Close

The first three RAD Component 2 preservation deals using 20-year Section 8 Project Based Rental Assistance (PBRA) contracts have closed. All three transactions are located in New York State.

The PBRA contracts were executed on December 30, 2015, after much coordination with the Office of Management and Budget and Treasury to fund the contracts. The New York State Housing Finance Agency funded two of the transactions, which involved properties serving elderly residents. New York City's Housing Development Corporation funded the other transaction located in the Bronx.

Congress authorized the PBRA subsidy as an alternative to project based vouchers for RAD Component 2 transactions in the fiscal year 2015 Omnibus Appropriations legislation.

The Office of Recap would like to extend many thanks to our internal and external partners that collaborated to get these deals to a successful close!

RAD 2nd Component Stats		
	Units	Projects
Active Conversions	8,349	80
Closed Conversions	18,337	136

Engaging RAD Stakeholders in Process Improvement

On Tuesday, January 5, 2016 the Department hosted a fair housing listening session for RAD stakeholders, which was attended by Gustavo Velasquez, Assistant Secretary for Fair Housing and Equal Opportunity, Lourdes Castro Ramirez, Principal Deputy Assistant Secretary for Public and Indian Housing, and Edward Golding, Principal Deputy Assistant Secretary for Housing. The forum is part of HUD's continuous effort to garner stakeholder input for process improvement. The listening session afforded participants the opportunity to relay their perspectives to HUD staff. Topics of discussions centered around fair housing issues as they arise in the RAD program and the application of fair housing laws, regulations and other fair housing considerations that impact RAD transactions. The Department greatly appreciates the stakeholders' participation and recommendations, and looks forward to continued collaborative efforts.

NEW! ICYMI

The December 2015 RAD Newsletter featured the Choice Mobility option under RAD. Public Housing residents who live in projects converted under RAD have the option to move from their RAD-converted project with a regular Housing Choice Voucher one year after conversion. The choice mobility option under RAD is part of HUD's strategy to enable residents to move to areas of greater opportunities. Read more [here](#)!

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A Place to Call Home

Through a RAD conversion, the Housing Authority of Greene County (HAGC), Illinois, replaced old obsolete units at Walnut Estates with new single family homes. These newly built homes not only offer new homes to families but also the opportunity for these families to have amenities such as, a two-car garage, energy efficiency washing machines and dryers, dishwashers and a place that they are proud to call home.

The local government and community strongly supported the conversion of Walnut Estates under RAD. The local Lions Club even awarded the project with a Home Town Pride Award for their contribution to the betterment of the community. During the construction phase, the community was able to view the spacious townhouse and ranch style 2 and 3 bedroom homes. The community has expressed excitement in the progress the county continues to make towards furthering affordable housing.

These homes are the first new construction the county has seen in years. Comments made from the community in regards to the homes were, "Wow, I can't believe how nice they are, this is better than the house I live in," and "How do I apply for one of these homes?"

Not only is the community impressed with the new construction of Walnut Estates, the families who have been fortunate enough to move in to their new homes are filled with excitement. They not only have a new home, but the location of the homes provide greater opportunities for employment and working towards self-sufficiency. If it weren't for RAD, Mr. Kim Henderson and his family would not have had the opportunity to occupy a new affordable home.

He and his family are continually expressing to the management staff how thankful they are to have a decent, safe and affordable home. Mr. Henderson, said "In my entire life I have never had a home as nice as this." He and his family are looking forward to home ownership in the future, something they thought would never be possible.

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RAD's 1st Substantial Rehab Project is Complete!

The Housing Authority of the City of Yakima (YHA) located in Central Washington State, was an early pioneer of RAD and the YHA Family Housing Project was the first substantial rehabilitation transaction to close in the Demonstration. The project consisted of 150 PHA units within (13) scattered sites throughout the City of Yakima. YHA worked collaboratively with its development team of Beacon Development Group, ZBA Architecture, and Walker Construction to ensure it had a competitive RAD application. The project combined the RAD award with 9% Low-Income Housing Tax Credits (LIHTC) administered by the Washington State Housing Finance Commission (WSHFC). This allowed YHA to leverage over \$13 million of equity from Raymond James. This was critical, as rents could not support a permanent debt component. This allowed YHA to meet the primary goal of the RAD Program, preservation of its public housing units through extensive rehabilitation.

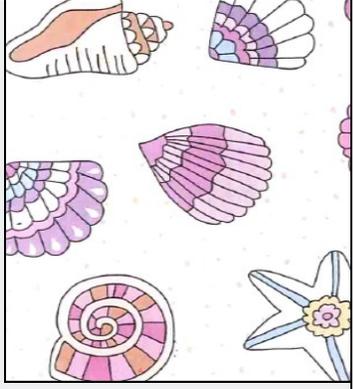
Rehabilitation costs (excluding acquisition) exceeded \$80,000 per unit and included siding, roofing, insulation, windows, doors, cabinets, countertops, flooring, lighting fixtures, HVAC, appliances and accessibility improvements. The rehabilitation focused on energy efficiency and met or exceeded the "Evergreen" standards for the State of Washington. The extensive energy efficiency upgrades allowed YHA to partner with Pacific Power to leverage rebates to offset energy improvement costs.

The RAD program has made a difference in the lives of the YHA Family Housing residents. Gross contract rents for a three bed-room apartment were \$749 when the conversion closed in November, 2013. Maria Gonzales, a member of the Resident Advisory Board, says "My electric bill used to be upwards of \$300 and after the remodel it's half of the previous amounts. The air conditioner system has improved the feel of the unit during the hot summers. I am very grateful for the improvements."



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Dearest Loretta,
 I would like to thank the Lord Jesus for you so much ~~and~~ for your caring heart and intelligence! I heard it was all your idea and you work to get the ball going on the "RAD" project. Wow! what an amazing JOB you have done with this project. I must tell you the results at the Palms apartments are unbelievable! It's amazing. I am so Jazzed! I love my new apartment. Thank you so much for all your hard ^{and professional} work ^{stationery} manship. Love
 Bob Loves You!



Ever since we heard about it the residents have been excited & made to feel very special. Our expectations have come true. Not only are the buildings much more attractive, they have become energy efficient too. As an avid environmentalist, I appreciate it. All of this was done with a lot of efficiency (sp) and understanding by everyone involved. We were given very clear information about what would be going on & a lot of help with everything. I was especially impressed with the help the contractor gave us. You made a wise choice giving him the job. Sincerely yours



Dear Susan,
 Thanks so much for all your help during this remodeling transition. You have had lots of us dumping problems in your lap & you handled all of it exceptionally well. I got another ironing board at C.A.N. so if you can't find my old one don't worry about it. I never dry my laundry so needed one real bad. Thanks again



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