



RENTAL ASSISTANCE DEMONSTRATION

NEWSLETTER: November 2014 | Issue 3

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

Contingent Approval Letters; Things PHAs Can Do Guide

The Department is currently taking actions to help public housing agencies (PHAs) expedite their RAD conversion plans, in the event Congress lifts the cap.

- Earlier this month, the Department sent **Contingent Approval Letters** to applicants above the 60,000 unit cap informing them that their project was approved under current program criteria. The letters were sent to all eligible applicants on the RAD waiting list. This approval is subject to Congress lifting the cap, any new requirements that Congress may adopt, and the applicants' continued compliance with all applicable statutes and program regulations.
- The Department issued a guide entitled **“Things PHAs can do to Facilitate RAD Conversion,”** which offers advice to PHAs on activities they can undertake that will expedite their conversions in the event the cap is lifted. A copy of the guide can be obtained [here](#).

Over the coming weeks, the Department will be publishing additional new technical assistance materials. Moreover, in the event the cap is lifted, HUD will be providing regional training for all new awardees. Information about these upcoming activities will be posted to our website, www.hud.gov/rad.

Other Program News

In recent weeks, the Department posted the following RAD-related program instructions and guidance.

- **PBV (Project Based Voucher) Conversion Guide:** This guide is the companion to the previously-released Project Based Rental Assistance (PBRA) Conversion Guide. It provides information on important planning tasks associated with the conversion to Section 8 project-based voucher assistance, including subsidy billing procedures, lease requirements, and wait list administration. The PBV guide can be found [here](#).
- **RAD Accounting Brief:** This brief explains the requirements for reporting closed RAD transactions in REAC's Financial Assessment Subsystem for public housing, FASS-PH. The brief can be found [here](#).
- **New Lender Riders:** As part of the on-going effort to ensure the best interests of residents and PHAs in the successful conversion of projects through RAD, HUD has issued new lender riders to the RAD Use Agreement and to the RAD PBV and PBRA Housing Assistance Payments Contracts. These riders continue to protect residents' rights and address concerns raised by lenders and investors regarding the foreclosure process. The riders can be found [here](#).



Above: Secretary Castro meeting with residents at the RAD Fair Oaks Senior Housing Project in Ft. Worth, TX

What is RAD?

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. The “first component” of the program allows properties funded under the Public Housing and Section 8 Mod Rehab programs to convert their assistance to long-term, project-based Section 8 contracts. The “second component” of RAD allows owners of projects funded under HUD's legacy programs (Rental Supplement, Rental Assistance Payment, and Moderate Rehabilitation) to convert units to Section 8 project-based vouchers.

The 1.2 million units in the Public Housing program have a documented capital needs backlog of nearly \$26 billion. As a result, the public housing inventory has been losing an average of 10,000 units annually through demolitions and dispositions. Meanwhile, the 38,000 units assisted under HUD's legacy programs are ineligible to renew their contracts on terms that favor modernization and long-term preservation. The current conditions of many of these properties inhibit investment and recapitalization efforts in the communities with the most need. By drawing on an established industry of lenders, owners, and stakeholders, RAD allows PHAs and owners of HUD-assisted housing to preserve and improve affordable housing units that could be subject to vouchers and demolition. RAD creates greater funding certainty while allowing increased operational flexibility to empower PHAs and owners to serve their communities.

RAD's initial statutory authority set a cap of 60,000 units of public housing and Mod Rehab housing that could seek to convert under RAD's first component. PHA demand exceeds RAD's current authority and HUD has requested that Congress lift the cap on eligible units to allow more PHAs to participate in the program.

October Closings Spotlight

Decker Tower Apartments + Champlain Apartments, Burlington, VT

The Burlington Housing Authority (BHA) converted 209 units of public housing to Section 8 Project-Based Vouchers (PBVs), which included two sites for the elderly: the Decker Tower Apartments, a 1967 high-rise of 159 units, and Champlain Apartments, 50 units constructed in 1972. The BHA recently made upgrades to these projects. Consequently, it is not taking out any new loans but is using the RAD authority to place these projects on a more stable platform, including the funding of replacement reserves for future repair needs.

- Closing Date: October 21, 2014
- RAD Average Contract Rent: \$604
- Repairs funded over 20 years: \$2,508,000

“RAD is the type of initiative I look for everyday. It represents a commitment to the preservation and legacy of a principal affordable housing program. The RAD conversion of BHA’s Elderly AMP has yielded a reinvigorated, long-term management approach focused on efficient management practices, serving the needs of the residents, and supporting healthy neighborhoods.”

— Matthew Ham-Ellis, Director of Housing & Special Projects



RAD Stats Through 10/31/14

RAD 1st Component

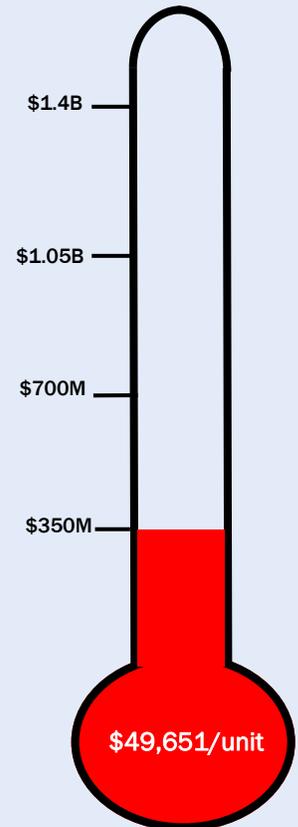
	Units	Projects
Waitlist:		
Active Applications	81,861	691
Multiphase/Portfolio Requests	35,353	270
Total	117,214	961
Awards:		
Active CHAPs	36,262	296
Multiphase/Portfolio Reservations	15,776	36
Closed Conversions	7,474	80
Total	59,612	412
Withdrawn/Revoked CHAP Awards	3,185	31

RAD 2nd Component

	Units	Projects
Active Conversions	14,059	84
Closed Conversions	7,662	73

RADOMETER

Total construction activity leveraged (closed projects, 1st component)



Parqwood Apartments, Toledo, OH

The Lucas Metropolitan Housing Authority converted this 134-unit project, built in 1971, to Section 8 project-based Rental Assistance (PBRA). The agency is financing the improvements with private debt, a 4 % LIHTC award and HOME funds.

- Closing Date: October 24, 2014
- RAD Average Contract Rents: \$518
- Initial Repairs: \$4 million total, \$29,851 per unit
- Repairs funded over 20 Years: \$952,000



“The LMHA is excited about partnering with HUD, including our role as one of the pioneers in this initiative and the first to close a RAD deal in Ohio. The Board of Commissioners and staff sincerely appreciate all of our financial partners in this endeavor. This multi-faceted collaboration will serve the low-income residents of Toledo and Lucas County well into the future.”

— Linnie Willis, Executive Director

For more information about RAD please visit our [website](#) and [resource desk](#). For specific questions please contact the RAD team at RAD@hud.gov. Click [here](#) to sign up for the RAD Mailing List!