

Rental Assistance Demonstration (RAD)

Overview: The Rental Assistance Demonstration (RAD) was created to allow Public Housing Authorities (PHAs) to convert from public housing to long-term project-based Section 8 assistance. Originally authorized in 2011, and subsequently amended, RAD now allows for the conversion of 455,000 public housing units. To date, approximately 120,000 units have converted, representing over \$7.0 billion in construction activity.

6 Key Takeaways:

- 1. More Stable Funding Platform.** The Section 8 program is a much more stable and reliable funding platform for the long-term preservation of low-income housing, with long-term subsidy contracts and automatic annual rent adjustment factors.
- 2. More Rational Regulatory Environment.** By converting to Section 8, PHAs leave behind a much more complicated regulatory environment, including such requirements as Annual Plans, Community Service, and the Public Housing Assessment System.
- 3. Better Able to Leverage Debt and Equity.** Section 8 is a much more reliable tool for leveraging private capital (owing in large part to the long-term housing assistance payments contracts that have annual adjustments in contract rents).
- 4. Long-term Public/Non-Profit Ownership or Control and Affordability Restrictions.** The RAD statute requires converting projects to be owned or controlled by a public or non-profit entity, enforced through perpetual use agreements that get recorded with local land records.
- 5. Strong Resident Rights and Protections.** All residents of converting projects have an absolute right to return and any temporary relocation is covered by the Uniform Relocation Act. RAD also requires significant resident input. When the project converts to Section 8, tenants pay 30% of their income.
- 6. Utilization of Public Housing Funds.** RAD is the ONLY repositioning tool that allows a PHA's public housing funds (including any public housing reserves) to be broadly utilized for conversion related expenses such as pre-development costs, construction costs, establishing a project reserve, etc.

Where to go for more information:

- Contact HUD's Office of Recapitalization: rad@hud.gov
- Check out the RAD Notice, [PIH Notice 2012-32, REV-4](#)
- Check out www.hud.gov/rad or www.radresource.net