



RAD Completes 30,000 Conversions

HUD's strategy to convert the nation's public housing stock into a Section 8 supported public-private housing venture shows completion of 30,000 conversions in the three-year existence of the Rental Assistance Demonstration program.

Seventeen percent of those conversions consist of the demolition of crumbling public housing, replaced with newly built housing. HUD says the record shows RAD has proven to be a versatile tool for public housing authorities (PHAs) to act on their local affordable housing strategy, whether to preserve and stabilize, to demolish and rebuild, or to relocate in better neighborhoods.

RAD was designed to alleviate the \$26 billion backlog of public housing repairs. The program allows PHAs to leverage public and private debt and equity to help reinvest in the public housing stock.

The program allows housing units to move to a Section 8 platform with a long-term contract that can be renewed, ensuring that the units remain permanent and affordable for low-income families. Tenants continue to pay 30% of their income toward the rental cost, and they keep the same basic rights as public housing tenants.

Another 36% of the conversions involve major rehabilitation to replace buildings systems and modernize the properties, while 47% focus on more moderate rehabilitation of existing sites. That ensures a reliably funded replacement reserve to address future needs as they occur.

Eleven percent of the conversions involved converting and transferring the Section 8 assistance out of blighted areas and into better neighborhoods.

"This milestone reflects a dramatic achievement by those PHAs who have taken advantage of a new tool and have provided HUD with critical feedback as the program developed," HUD says.

So far, 43 mostly small PHAs have converted their entire public housing stock and streamlined the number of federal programs they administer.

Meanwhile, HUD and Congress remain at odds over the thrust of the program. HUD wants the current 60,000-unit cap lifted. Congress is considering expanding RAD to convert up to 250,000 units.

So far, 59,000 of the 60,000 unit allotment has been reserved, and HUD has applications in hand for more than 176,000 units.

Congressional authorization for the second RAD component expired Dec. 31, 2014, but lawmakers are poised to renew the cost-neutral conversion of properties assisted by Section 202 Project Rental Assistance Contracts. More than 8,300 units were converted in 75 projects covered by the second component.

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