



RAD Facing Increasing Opposition

HUD's campaign to have private investors assume ownership and management of public housing under what the department dubs Rental Assistance Demonstration (RAD) is coming under increasing vocal opposition from public housing tenants fearful of losing shelter under the strategy.

Opponents have powerful support in Rep. Maxine Waters (D-CA), ranking member of the House Financial Services Committee, who questions the safeguards of public housing stock once it moves from public to private hands.

RAD, the culmination of a program originated in the 1990s as HOPE VI, is the signature housing subsidy strategy of the Obama administration to erase a HUD-estimated \$26 billion backlog of public housing repairs and rehabilitation by enlisting the private sector to pick up the tab.

In return, investors profit by renting market-rate units and housing public tenants under the Section 8 housing voucher program which requires tenants to pay 30% of their earnings toward rent with the government picking up the balance, generally at market-rate levels considered fair market rents.

Opponents point to the Atlanta, GA model as a typical result of elimination of traditional public housing. Atlanta was the first city to entirely eliminate public housing under HOPE VI. The effort left hundreds of public housing tenants without shelter stability as new mixed-income neighborhoods emerged.

Subsidized housing hopefuls now only have the Section 8 program to rely on. The last time the Atlanta Housing Authority opened its Section 8 waiting list -- January 2015 -- 10,000 applicants were added and the list will be closed for some time to come.

RAD is designed to ultimately transfer all public housing -- now housing 1.2 million families across the country -- to private hands. Public housing authorities will have jurisdiction over distribution of Section 8 vouchers and inspections to ensure landlords maintain the properties.

The shift in emphasis by the administration follows several years of spending cuts in the public housing capital maintenance program and diversion of remaining capital funds to help pay for public housing operations. The Capital Fund was budgeted at \$1.8 billion for FY 2015,

compared to \$2.5 billion in FY 2010. At the same time, the public housing operating fund was cut by \$335 million.

In a letter to President Obama, Waters noted, “While created with the intention of preserving the nation’s stock of deeply affordable rental housing, I believe HUD’s RAD may very well do more harm than good in diminishing a crucial public asset.”

In spite of the plea, the administration is backing RAD expansion to allow 180,000 new units to be privatized. So far, 60,000 units have been converted.

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