



RAD Embrace Begins To Crumble

HUD officials are rushing frantically to get as much of the Rental Assistance Demonstration program into place as possible before lawmakers fully understand the program's potential pitfalls.

That frenzy has been made clear in an email obtained by *HAL* that illustrates the strong-arm tactics HUD's Office of Public & Indian Housing is applying on public housing authorities to get them in line with the program following a growing reluctance to embrace the scheme.

It is reinforced by a letter from the PIH office the same day to all PHA executive directors telling them of HUD's intent to dramatically reduce public housing stock primarily through the RAD program because Congress has failed for several years to adequately fund maintenance needs.

As *HAL* described earlier, the Trump administration embraced RAD when rank and file HUD officials presented a glowing report to the newcomers in a department where the top leadership has been stunted through Senate delays in confirming key appointments (*See HAL, Issue No. 18-38, Oct. 5, 2018*).

One of those appointments -- the nominee to head the Office of Public & Indian Housing -- remains in congressional limbo, stalled by objections from Democrats.

President Trump nominated Hunter Kurtz Sept. 19, 2017, and he appeared before the Senate Banking Committee Oct. 26, 2017. The nomination has now been on the Senate backburner for more than a year (*see related story this issue*).

As a result, the new administration has had to rely primarily on holdover executives from the Obama administration which designed RAD in 2012. Then HUD Secretary Shaun Donovan subsequently helped ease the concept through Congress in the appropriations process rather than the normal legislative process that calls for public discussion before adoption.

RAD, renewed each year since then, has never had legislative scrutiny. But despite increasing warnings about the long-term viability of RAD, such as the true cost of construction and private investment, HUD and its core of congressional supporters are charging ahead full steam to maximize the number of units targeted for privatization without any planning for funding availability for renovations and repairs.

The RAD concept replaced Donovan's Transforming Rental Assistance idea which was designed to move all of public and assisted housing under the Section 8 housing voucher program umbrella and structure it to ultimately become a national single-payer rental housing program.

Senior House Democrats quietly shot down TRA in early 2012, declaring the program was too radical to get congressional approval. RAD has the same goal, but it is designed to be reached through a more circuitous and publicly palatable route.

But the cracks in the design are becoming obvious and public housing authorities, the guardians of the country's public housing portfolio, are increasingly aware that RAD could ultimately put them out of business as the arbiters of a public housing policy largely independent of the political foibles and pressures of local governments.

In recent months, HUD's inspector general, the Government Accountability Office and housing advocates have been raising red flags about RAD.

The deterioration of the RAD excitement hit home when HUD began telling smaller PHAs the department would prefer that city governments take over their responsibilities and authority over Section 8 vouchers, now HUD's largest housing program by far.

A Nov. 13 email from PIH public housing revitalization specialist LaNita Birdow primarily targeting small PHAs -- those with 50 units or less -- makes it clear HUD is taking a new look at their funding levels, called "repositioning" in government jargon. The email subtly lets PHAs know that, if they aren't satisfied or receptive to the offer, HUD will look at different solutions and Birdow includes a guilt-inducing inspirational message from former South Africa President Nelson Mandela to reinforce her message

The repositioning offer gives local governments the option of taking over the PHAs for \$1 and assuming the Section 8 responsibility.

Currently, the estimated cost of rehabilitating existing public housing and replacing unlivable units is approaching \$50 billion. HUD officials assure *HAL* extra precautions are being made to ensure the financial viability and moral responsibility of private investors and developers, such as the requirement that every RAD project must have a 20-year capital improvement plan detailing when repairs will be made and how they will be paid for.

At the same time, HUD has no plan in place to ensure long-term oversight of the contracts or that there will always be sufficient funding for the Section 8 program to fulfill contract obligations, a shortcoming complicated by HUD's legacy of oversight neglect.

The PIH plan is to quickly get RAD past the midway point after which it would be too costly to reverse course. While the program has been authorized to convert nearly 500,000 public housing units, only one-fifth of that has been completed. There were 1.1 million units in the country's public housing portfolio when RAD was launched six years ago.

Once the point of no return is reached, HUD can use its progress as a cudgel to persuade reluctant PHAs to join the program.

Otherwise, repositioning would financially strangle the remaining PHAs when HUD changes its annual payment contracts with the agencies to reflect only Section 8 voucher subsidies. PHAs would lose their Capital and Operating funds, leaving them with few financial resources to administer public housing enrollments and adequately maintain structures.

And despite the rosy prospects advanced by HUD to propel the program, HUD officials predict that as much as 40% of the current public housing stock, as many as 400,000 units, needs too many costly repairs to be eligible to attract private investment. Up to 200 public housing complexes nationally that have chronically failed HUD inspections are not on the list for RAD conversion.

Without congressional assurance of a protected long-term stream of funding for Section 8, HUD's lack of planning for strict program oversight, growing skepticism among agencies responsible for coordinating the program, and increasing questioning of the value of dumping an entire public housing program administered by the government, the prospect of getting RAD into place as a viable alternative to public housing becomes increasingly bleak.

Info: See the HUD PIH letter at www.cdpublications.com/docs/9588 and the email at www.cdpublications.com/docs/9589

11/30/18 1:18 PM