

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
HOUSING
RENTAL ASSISTANCE DEMONSTRATION
2020 Summary of Resources

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2018 Appropriation	-	-	-	-	-	-
2019 Annualized CR	-	-	-	-	-	-
2020 Request	100,000	-	-	100,000	100,000	100,000
Change from 2019	100,000	-	-	100,000	100,000	100,000

1. Program Purpose and Budget Overview

The 2020 President’s Budget for the Rental Assistance Demonstration (RAD) Program is \$100 million. RAD promotes public-private partnerships to improve the nation’s affordable housing infrastructure and create jobs. The main goal of RAD is the preservation of affordable housing, specifically by converting public housing and other HUD-assisted properties to long-term, Section 8 project-based rental assistance (PBRA) and project-based vouchers (PBV). These conversions allow public housing authorities (PHAs) and other owners to leverage private debt and equity to address their properties’ immediate and long-term capital needs. RAD targets HUD-assisted properties that are supported by contracts inhibiting access to capital and at risk of falling into disrepair or being lost from the Nation’s affordable housing inventory.

2. Request

The 2020 President’s Budget supports the following activities:

Rental Assistance Demonstration - \$100 million

Despite the success of RAD, which has been implemented without any new funding, many public housing properties are unable to leverage the public and private capital needed for property improvements to ensure the safety and availability of the nation’s

Rental Assistance Demonstration

affordable housing infrastructure. HUD requests \$100 million to support the conversion of public housing properties that are unable to convert using only the funds currently provided through Public Housing appropriations. This would leverage capital markets to enable improvements to these properties totaling an estimated \$2.1 billion.

Additionally, HUD requests that the statutory cap of 455,000 units be eliminated, allowing any public housing property that could convert under cost-neutral levels to do so.

3. Justification

The RAD program enables PHAs to revitalize their properties and ensure safe and stable housing for low-income families. As of December 2018, RAD has converted nearly 111,000 public housing units. These transactions have generated over \$6.6 billion in construction activity towards the preservation, rehabilitation, and replacement of these public housing units. RAD has achieved this success without any new federal appropriations, instead repurposing existing Public Housing Operating and Capital Funds towards new Section 8 Housing Assistance Payment (HAP) contracts. PHAs are in the process of converting another 140,000 units and have expressed interest in applying for at least another 100,000 units. Altogether, the program is nearing its current 455,000-unit statutory cap, which may occur within the next one to two years. Therefore, HUD requests that Congress eliminate the statutory cap on the number of public housing units that can convert.

HUD also requests \$100 million to support the conversion of properties that are unable to convert at cost-neutral levels. In 2010, the 1.1 million units in the Public Housing program had a documented capital needs backlog of approximately \$26 billion and the public housing inventory was losing an average of 10,000 units annually through demolitions or dispositions. The capital needs backlog has since increased steadily despite the progress made through RAD. There remain many properties where rent levels based on Public Housing appropriations are too low to support the financing necessary to address the capital needs at the property. With \$100 million in funding, HUD will support the conversion and long-term preservation of an additional 35,000 units that would otherwise be unable to participate in RAD, prioritizing units located in Opportunity Zones.

General Provisions

The 2020 Budget includes a General Provision related to RAD (Sec. 219). This provision is described further in “Fiscal Year 2020 General Provisions”.

Rental Assistance Demonstration

HOUSING
RENTAL ASSISTANCE DEMONSTRATION
Summary of Resources by Program

(Dollars in Thousands)

Budget Activity	2018 Budget Authority	2017 Carryover Into 2018	2018 Total Resources	2018 Obligations	2019 Annualized CR	2018 Carryover Into 2019	2019 Total Resources	2020 Request
Rental Assistance Demonstration	-	-	-	-	-	-	-	<u>100,000</u>
Total	-	-	-	-	-	-	-	100,000

Rental Assistance Demonstration

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Appropriations Language

The 2020 President's Budget includes the appropriation language listed below:

For continuing activities under the heading "Rental Assistance Demonstration "in the Department of Housing and Urban Development Appropriations Act, 2012 (Public Law 112–55), as amended, \$100,000,000, to remain available through September 30, [2023]2024, for targeted supplemental subsidy to properties seeking to convert from assistance under section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g) where the section 9 assistance is insufficient to support conversion of the property under the demonstration, in accordance with procedures established by the Secretary.

Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115–245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.