



FY 18 Appropriations Act Expands the Rental Assistance Demonstration

HUD's fiscal year 2018 appropriation made significant positive changes to RAD, which include:

1. More than doubling the cap of public housing units that can convert under RAD to 455,000 units, an increase of 240,000 units over the previous cap, and **extending the application date to September 30, 2024**. The unit cap increase will allow HUD to offer awards to the 92,000 units that are on the waiting list and create room for nearly 150,000 additional units to apply. It will also create more flexibility for complex transactions that require more time to proceed through RAD. HUD will issue a Federal Register Notice soon which will describe specifics related to rent setting, application deadlines, and converting letters of interest into applications for these new RAD units.

2. Adding a new class of properties – Section 202 Project Rental Assistance Contracts (PRACs)– to be eligible for conversion under RAD. Section 202 PRACs cover over 120,000 units across 2,800 properties serving the very low-income elderly Americans. Through RAD, these properties will now be able to convert to long-term Section 8 HAP contracts that will better facilitate access to debt and LIHTC financing sources to support recapitalization of these units. The HUD Appropriations Act also gives the Department the authority to subordinate or restructure documentation of the original capital advance as necessary to facilitate the conversion of assistance, as long as the property retains its affordability period and its designation of the property as serving elderly tenants. HUD expects to release guidance later in the year on how this program will operate, at which point we will be able to begin processing these conversions. In the meantime, owners can begin thinking and planning for their conversions and talking with residents about the program.

3. Makes a number of smaller fixes to RAD, including:

- Ensuring current households in Second Component conversions (i.e. Rent Supp, RAP, Mod Rehab, Mod Rehab SRO, and now PRAC) can remain at the converted property without any screening, income eligibility, or income targeting requirements;
- For the remaining properties assisted under Rent Supplement and Rental Assistance Payment contracts that are located in high-cost areas, allowing initial rents to be set at comparable market rents; and
- Aligning the ownership and control requirements that would apply to public housing conversions in the event of foreclosure or bankruptcy to the requirements that apply at conversion.

4. Increasing the availability of Low Income Housing Tax Credits and adopting an Income Averaging Rule. In addition to increasing the LIHTC allocation authority by 12.5 percent in 2018, 2019, 2020, and 2021, the Appropriations Act adopts an important income averaging rule for LIHTC properties, which would permit tenants with incomes up to 80% of area median income (AMI) to qualify under the LIHTC program, as long as the average of all tenant incomes at the property is at or below 60% AMI. This rule is particularly helpful in RAD conversions where the property currently assists some residents who have incomes between 60% and 80% of AMI.

Save the Date! RAD Conference for New Awardees May 17-18 at HUD HQ

Multifamily Housing's Office of Recapitalization will host a conference at HUD's Washington, D.C. headquarters, 451 7th St. SW, Thursday-Friday, May 17-18 for PHAs that will now be able to participate in RAD as a result of the cap increase on public housing conversions. The conference will cover critical topics for any PHA initiating a RAD conversion and will include opportunities for one-on-one discussions with industry experts and HUD staff. Priority for attendance will be given to PHAs that are currently on the waiting list, followed by an open registration period for other interested parties. We will send out additional information in the next two weeks.

Thank you for all you do!

- The RAD Team

To join the RAD email list, please go [here](#).