



Rental Assistance Demonstration RADBlast!



RAD and COVID-19, RAD in the FY 2021 Budget, RAD/Section 18 blends, and New Training Available

In this RADBlast:

- Continuing RAD Conversions Amid COVID-19
- RAD Improvements and Expansion Proposed in the FY 2021 Budget
- New Trainings Available PHAs on How to Use RAD, Section 18, and Streamlined Voluntary Conversion
- Updated RAD/Section 18 Blend FAQs now Available

COVID-19 and RAD

The health and safety of residents, staff, and other program partners is the first priority for any PHA and Owner carrying out activities related to a RAD conversion. PHAs and Owners should follow the latest CDC, state, or local health department guidance. We have posted a number of [FAQs] available on [HUD's Coronavirus webpage](#), including information on resident meetings and other approaches to informing and engaging with residents; processing of Financing Plans through the RAD Resource Desk; conducting closings; and managing potential delays in the completion of construction or timing of relocation. Forthcoming FAQs will provide additional detail related to on-site inspections conducted as part of a Capital Needs Assessment or Environmental Review. Please let us know if there are additional areas where you seek guidance by emailing rad@hud.gov.

RAD Improvements and Expansion Proposed For the FY 2021 Budget

In February, the Administration released the Fiscal Year 2021 budget which contains some important proposed legislative changes that would improve RAD's impact and expand RAD to new programs.

Public Housing Conversion

- **Eliminating the cap on the number of public housing units** that could be converted through RAD without additional subsidy (currently 455,000 units) and eliminating the deadline for applications for RAD (currently September 30, 2024). Eliminating the cap and deadline would allow PHAs to plan their recapitalization strategies more effectively, and preserve much needed affordable housing.
- **Providing \$100 million to supplement the contract rent levels** for properties that are unable to convert based on contract rents constructed from public housing appropriated levels;
- **Ensuring residents can retain access to critical support services**, by expanding eligibility for the Family Self Sufficiency (FSS) and Jobs Plus programs for residents or properties assisted under PBV or PBRA.
- **Authorizing PHAs that use Section 18 in conjunction with RAD (i.e., RAD/Section 18 Blends) to convert the Section 18 units to a PBRA contract**, in lieu of awarding tenant protection vouchers assistance. Currently, the vouchers awarded following a Section 18 approval can only be used to support a Project-Based Voucher (PBV) contract. This new option will simplify administration by HUD, PHAs, and owners.

202 PRAC Conversions

- **Ensuring the continuation of resident services when 202 PRACs convert under RAD** by exempting PRAC costs associated with services and service coordinator salaries from the statutory cap on initial PBRA contract rents. Initial PBRA contract rents, which conventionally only apply to shelter rents, are currently capped at 120% of the Fair Market Rent (FMR).

New Programs

The budget would also expand RAD by authorizing the conversion of two additional assistance contracts:

- **Section 811 PRACs.** Much like 202 PRACs, the 30,000 units assisted through Section 811 PRACs are an aging stock with growing capital needs, but with limited access to private and public financing. Allowing these units to utilize RAD will enable owners to recapitalize these assets on the Section 8 platform. These properties also experience unique challenges as owners satisfy community integration mandates and supportive service program requirements, all of which will be maintained through the RAD conversion process.
- **Section 202 SPRACs.** Senior Preservation Rental Assistance Contracts (“SPRACs”) were authorized in 2010 as a preservation solution for affordable senior properties that were refinancing their pre-1974 Section 202 Direct Loans and needed a long-term rental assistance contract. However, with limited funding from Congress and [alternative preservation solutions](#) identified by HUD, the stock is unlikely to grow much beyond the 1,450 supported by SPRACs today. The proposed change will utilize RAD to consolidate the SPRACs, which, by statute, already operate very similarly to PBRA, onto the Section 8 platform.

New Training Available for PHAs on RAD, Section 18, and Streamlined Voluntary Conversion

HUD has posted new training videos on Asset Repositioning that outline the available HUD tools available to PHAs to transition their inventories to the Section 8 platform and illustrates through a fully developed case study how those tools can be used in combination. The trainings include:

- [Asset Repositioning for Small PHAs](#) (see [here](#) for closed captioned version)
- [Asset Repositioning for Medium and Large PHAs](#) (see [here](#) for closed captioned version)

Updated RAD/Section 18 Blend FAQs now Available

HUD has posted updated Frequently Asked Questions related to the blending of RAD and Section 18, a creative approach for a PHA to secure more revenue to preserve and recapitalize public housing properties:

- [RAD/Section 18 “75/25 Blend.”](#) We have updated the FAQ regarding the blend for RAD conversions undertaking new construction or substantial rehabilitation wherein 25% of units are approved under Section 18 so that the units can be preserved under the project-based voucher program.
- [RAD/Section 18 “Closeout Blend.”](#) We have developed a separate FAQ on the RAD/Section 18 “Closeout Blend” wherein if a PHA has more than 50 units in its last remaining project, the PHA can simultaneously convert enough public housing units under RAD that would result in the PHA having 50 or fewer units and utilize the 50 or fewer option under Section 18 in conjunction with the RAD conversion, rather than as separate transactions.

Thanks!
-The RAD Team

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