HUD’s Office of Multifamily Housing has recently hit a new milestone: the last properties with contracts under the 1970s-era “Rental Assistance Payment” (RAP) program were preserved and converted to long-term project-based Section 8 assistance under the Rental Assistance Demonstration (RAD).

RAD allowed owners of RAP properties to successfully preserve 14,462 affordable homes, protecting tens of thousands of residents from displacement and ensuring the housing remains affordable for future generations. By shifting onto the Section 8 platform, owners have also been able to access new financing to make property improvements, thereby ensuring quality affordable housing options for years to come.

“After converting the last Rent Supplement property through RAD at the end of 2018, this is the second legacy HUD assisted housing program we have fully wound down through RAD, converting a decades old program to the modern and cost-efficient Section 8 platform while still preserving assistance for low-income families. It’s a true win-win for residents and for the American taxpayer.” said Tom Davis, Director of the Office of Recapitalization in the Office of Multifamily Housing Programs.

Background of RAP

The RAP program was established by the Housing and Community Development Act of 1974 to provide rental assistance subsidy to property owners on behalf of very low-income tenants. RAP was available only to properties with Section 236 mortgages where HUD made interest reduction payments to the mortgagee for the production of low-cost rental housing. In the 1980s, HUD stopped issuing new RAP contracts with the introduction of Section 8, which became one of the largest and most successful of HUD’s rental assistance vehicles. However, many RAP remained, but once these contracts reached the end of their terms, there was no option to meaningfully extend the rental assistance in order to keep the properties affordable. As the original RAP contracts, which included a total of 169 properties across the country, reached maturity, both the rental assistance and the affordability restrictions were set to expire and the affordable units lost forever.
RAD’s Creation Preserves 14,462 RAP Units

Recognizing the need to preserve the assistance at these properties and protect the vulnerable populations living there, in 2012, Congress authorized RAD in order to convert properties supported by RAP contracts (and certain properties with expired RAP contract) to project-based Section 8.

Seven years later, through the diligent work of owners and residents, 14,462 affordable homes across 106 properties have been preserved with long-term Section 8 contracts. The very last RAP property in the country, Keyport Leisure Bay Senior Citizens Apartments, completed conversion on December 31, 2019.

Combined with the Rent Supplement program, which was closed out at the end of 2018, RAD has extended the assistance for over 28,000 total units of affordable housing. Read more about RAD at www.hud.gov/rad.