

RAD

Rental
Assistance
Demonstration

Office of Recapitalization



\$4 BILLION

in construction achieved under RAD

Congress authorized the Rental Assistance Demonstration (RAD) to create a new tool for public housing agencies (PHAs) to address the daunting backlog of capital repairs in the nation's public housing stock and to stem the loss of affordable units. This month, just four years after HUD made its first awards under this budget neutral program, PHAs and their partners have cleared a major milestone – they have crossed over 60,000 units and raised a total of \$4 billion to rehabilitate and in some cases replace affordable properties from the ground up with new construction. This document provides a summary of RAD's achievements to-date.

INVESTMENT AND JOBS



Lakeview Towers, Baltimore, MD

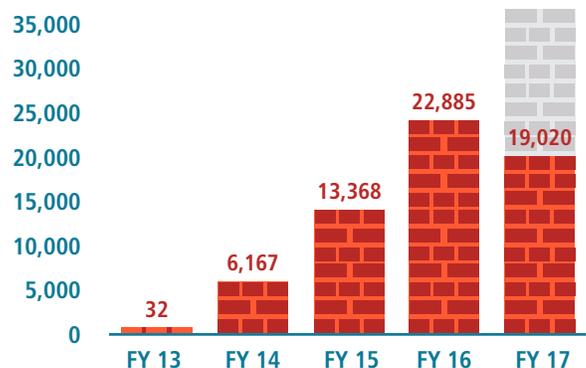
- **\$4 billion in new private and public funds** have been leveraged by RAD with an average of \$61,000 invested in construction per unit.
- The construction activity has stimulated an estimated **75,000 jobs**.
- RAD transactions have leveraged **\$19.00 for every \$1** in public housing funds.
- It would have taken these PHAs **46 years** to accumulate enough public housing Capital Funds to complete a similar level of construction.

Once challenged with lack of hot water and frequent HVAC problems, the Baltimore Housing Authority used RAD to rehabilitate Lakeview Towers with upgrades to all major systems, including providing energy efficient lighting and improved access and entry systems.

SIGNIFICANT GROWTH

- **61,472 units** (571 projects) have completed conversion.
- FY 16 saw a **71% increase over FY 15** conversions and FY 17 is expected to see a 50% increase over FY16.
- The remaining 125,000 units (~1,000 projects) currently authorized have been awarded to properties that are securing financing necessary to complete conversion. We predict FY17 to significantly outpace FY16 in the number of units closed.
- The FY17 HUD appropriations law recently authorized another 40,000 public housing units to convert under RAD. HUD anticipates that these units will soon be reserved and a sizeable waiting list will continue into FY18.

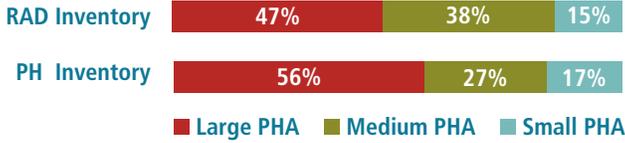
Projected FY17 (Data through 4/30/2017)



Execution of conversions has ramped up dramatically

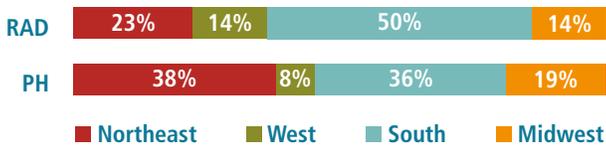
A PROGRAM FOR ALL

Inventory Comparison by PHA Size



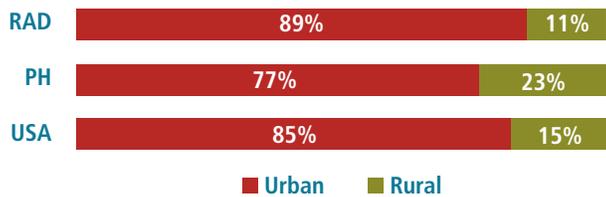
RAD has been used effectively by PHAs of all sizes. For example, 15% of conversions came from small PHAs. This is roughly equivalent to their share of national public housing, as 17% of all public housing is owned by small PHAs (those owning less than 250 units).

Inventory Comparison by Geography



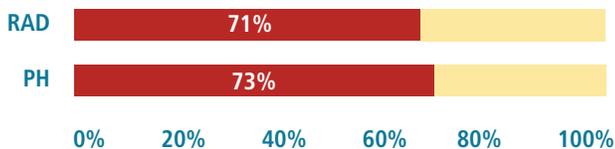
RAD is being used effectively in every region across the country. While the South has led the way as an early adopter, all areas have made significant progress.

Inventory Comparison by Urban/Rural



The split between urban and rural properties is also similar to the split between RAD participants and the overall PH inventory.

Inventory Comparison of Published RAD Rents Relative to Fair Market Rent



RAD rents as a percent of the local area Fair Market Rent are roughly the same among properties that are participating in RAD and among those that are not. This shows that while FMR may vary across the country, it does not have a determinative effect on a PHAs ability to convert.

TRANSFORMATION



The DeKalb Housing Authority in Georgia redeveloped a 50-year-old public housing site into mixed-income apartments and single family homes for families and seniors.

- 70 transactions involved the *demolition of distressed housing and construction of new units*.
- 35 transactions involved the transfer of *assistance to lower-poverty neighborhoods*, with greater access to jobs, quality schools, and transportation.
- Over 4,500 *additional market rate and affordable units* have been created in 63 new mixed-income properties.
- 89 PHAs have converted all of their public housing inventory, streamlining their operations onto a single Section 8 platform.

IMPACT ON RESIDENTS

At the end of the day, what do all these statistics mean? They represent more than just an amalgamation of numbers. They represent residents being better served. They mean elderly residents who have worked hard during their lives to pay the rent and put food on the table have a better, safer place to come home to in their retirement. They mean families have moved to newly constructed or rehabilitated properties, either in the area they current live in or in a new area featuring superior neighborhood amenities, including better access to jobs, transportation and schools for their children. They mean healthier homes, which residents can use as the foundation to pursue opportunity. They mean a new and successful strategy of improving quality of life, creating opportunity and serving residents without new Federal appropriations. This is why, overall, RAD is and will continue to be a win for residents, for PHAs and for the public.

