



RENTAL ASSISTANCE DEMONSTRATION

NEWSLETTER: September 2014 | Issue 1

U.S. Department of Housing and Urban Development

Secretary Julián Castro

"The affordable housing crisis is growing. RAD is part of the solution."
Secretary Julián Castro

Welcome to the inaugural issue of the monthly RAD Newsletter!

This Newsletter is targeted primarily to public housing agencies (PHAs), Multifamily owners, lenders, investors, and other development partners who are participants in the RAD program. It will include information on key program statistics, news, and special events that take place each month. Additionally, each issue will highlight a few recently closed projects.

Program News:

HUD Launches Tax Credit Fast Track Process

In August, the Department implemented expedited procedures for processing tax credit transactions under the 1st component. Under this process, tax credit projects no longer need to report intermediate milestones (30-day, 60-day, etc.) on the RAD Resource Desk but instead only report the 180-day milestone, which coincides with the submission of the Financing Plan. As part of these revised procedures, the Department has also eliminated the need for review of certain documents that are already reviewed by tax credit bodies. This expedited processing for tax credit projects is the first of several streamlining procedures that the Department anticipates rolling-out this calendar year to simplify transaction management. Stay tuned for more information in coming months! For more information on the tax credit fast-tracking, click [here](#), including access to a July 22nd webinar.

RAD Relocation Notice

On July 14, HUD issued [Notice H 2014-09/ PIH 2014-17](#), **Relocation Requirements under the Rental Assistance Demonstration (RAD) Program, Public Housing in the First Component**. The Notice reaffirms and provides further guidance on resident relocation requirements and procedures under RAD. HUD hosted a Live Q+A on this Notice in July, which can be accessed [here](#).

New Investor Riders

To address concerns raised by residents, lenders, and investors regarding rights of foreclosure, HUD has issued new "riders" to the RAD PBV and PBRA HAP Contracts. The riders can be accessed [here](#).

FAQ on "Future Changes" Provisions in RAD PBRA HAP Contract

HUD released an [FAQ](#) regarding changes to the RAD Project Based Rental Assistance (PBRA) Housing Assistance Payment (HAP) contract to conform with the Section 8 Multifamily Assisted Housing Reform and Affordability Act (MAHRA) HAP provisions relating to future legislative and administrative changes affecting contract rents.

What is RAD?

The **Rental Assistance Demonstration (RAD)** allows public housing agencies (PHAs) and owners of HUD-assisted properties to convert units to project-based Section 8 programs, providing an opportunity to invest billions into properties at risk of being lost from the nation's affordable housing inventory. The "first component" of the program allows properties funded under the Public Housing and Section 8 Mod Rehab programs to convert their assistance to long-term, project-based Section 8 contracts. The "second component" of RAD allows owners of projects funded under HUD's legacy programs (Rental Supplement, Rental Assistance Payment, and Moderate Rehabilitation) to convert units to Section 8 project-based vouchers.

The 1.2 million units in the Public Housing program have a documented capital needs backlog of nearly \$26 billion. As a result, the public housing inventory has been losing an average of 10,000 units annually through demolitions and dispositions. Meanwhile, the 38,000 units assisted under HUD's legacy programs are ineligible to renew their contracts on terms that favor modernization and long-term preservation. The current conditions of many of these properties inhibit investment and recapitalization efforts in the communities with the most need. By drawing on an established industry of lenders, owners, and stakeholders, RAD allows PHAs and owners of HUD-assisted housing to preserve and improve affordable housing units that could be subject to vouchers and demolition. RAD creates greater funding certainty while allowing increased operational flexibility to empower PHAs and owners to serve their communities.

RAD's initial statutory authority set a cap of 60,000 units of public housing and Mod Rehab housing that could seek to convert under RAD's first component. PHA demand exceeds RAD's current authority and HUD has requested that Congress lift the cap on eligible units to allow more PHAs to participate in the program.

Closings Spotlight

Berkley Court & Pretlow Gardens/Old Towne Terrace— Franklin, VA

The Franklin Redevelopment and Housing Authority is converting 150 units in three housing developments to project-based rental assistance.

- Closing Date: August 5, 2014
- RAD Average Contract Rents:
 - Berkley Court—\$553.95
 - Pretlow Gardens/Old Towne Terrace— \$575.47
- Current Capital Funds vs. Initial Repairs with RAD (per unit):
 - Berkley Court—\$1,389 vs \$51,400
 - Pretlow Gardens/Old Towne Terrace— \$1,430 vs \$51,400
- Annual Deposit to Replacement Reserve (per unit):
 - Berkley Court—\$300
 - Pretlow Gardens/Old Towne Terrace— \$300



“The prime reason we chose to convert under RAD was that it gave us the ability to reposition ourselves, and our housing stock, for the future.” — Philip Page, Jr, Executive Director, Franklin Redevelopment and Housing Authority

RAD Stats To Date

RAD 1st Component*

| August 2014 | | |
|--|----------------------|------------|
| | Units | Projects |
| Closings | | |
| Prior Closings | 4,514 | 50 |
| Closed This Month | 388 | 6 |
| Total | 4,902 | 56 |
| Awards | | |
| Active CHAPs | 38,157 | 294 |
| Multiphase/Portfolio Reservations | 16,135 | 111 |
| Total | 59,194 | 461 |
| Estimated Average Hard Construction Costs | \$52,445/unit | |
| Waitlist | | |
| Submitted Applications | 82,589 | 692 |
| Multiphase/Portfolio Requests | 35,353 | 270 |
| Total | 117,942 | 962 |
| Estimated Average Hard Construction Costs | \$27,500/unit | |

RAD 2nd Component

| August 2014 | | |
|--------------------|--------|----------|
| | Units | Projects |
| Active Conversions | 10,210 | 61 |
| Closed Conversions | 7,662 | 71 |

*These numbers exclude Mod Rehab 1st Component numbers

Tara Heights— Bremerton, WA

The Housing Authority of the City of Bremerton is converting 21 units to project based vouchers.

- Closing Date: August 21, 2014
- RAD Average Contract rents: \$655.48
- Current Capital Funds vs. Initial Repairs with RAD (per unit): \$1,941 vs \$22,827
- Annual Deposit to Replacement Reserve (per unit): \$1,476



“We are extremely pleased with the RAD conversion at Tara Heights. We now have the financial flexibility to address capital improvement needs for the future. At the same time, with Project-Based Vouchers we can ensure affordability for current and future residents.” —Kurt Wiest, Executive Director, Housing Authority of the City of Bremerton

For more information about RAD please visit our [website](#) and [resource desk](#). For specific questions please contact the RAD team at RAD@hud.gov. Click [here](#) to sign up for the RAD Mailing List!