



The Rental Assistance Demonstration: An Overview

What is RAD?

The Rental Assistance Demonstration (RAD) is an affordable housing preservation initiative developed in consultation with residents, public housing authorities (PHAs), property owners, lenders, investors, and many others. Through a RAD conversion, a property moves from its original regulatory platform to the project-based Section 8 platform. This act of regulatory conversion unleashes opportunities as the Section 8 platform is a more predictable and stable form of rental assistance and is flexible for owners, well understood by institutional lenders and investors, and increases resident choice. PHAs and other owners have flexibility in how they can achieve local affordable housing goals, provided they satisfy HUD's requirements, including preserving the affordable housing and protecting the residents.

RAD has two components – the first addressing conversion of public housing properties and the second governing conversion of properties from several much smaller affordable housing portfolios.

RAD for Public Housing (Component 1)

Public housing faces a massive capital needs backlog, plus significant modernization challenges. Under Section 8, the property has access to the new financing tools safely used by the rest of the affordable housing industry and, with the long-term Section 8 contract, the property is insulated from the Federal funding decisions impacting public housing. Public housing properties that convert through RAD remain affordable in perpetuity because owners are required to renew the Section 8 assistance contract at each expiration and HUD's interest in the property is preserved through Use Agreements. The property must be owned or controlled by a public or non-profit owner. Residents preserve the rights they had under the public housing program and gain a new right to request a tenant-based voucher after living at the property for a period.

Key Features of RAD	
	Properties must address 100% of their current capital needs defined by a capital needs assessment, including repairing or replacing all building components that are broken or past their useful life.
	Every property must undergo an environmental review and must mitigate any issues to ensure residents are not exposed to hazardous substances.
	PHAs and owners must use the most energy and water efficient appliances that are economically feasible and must always use EnergyStar and WaterSense appliances.
	Every property must be brought into compliance with accessibility requirements, creating new housing options for people with mobility, hearing, or vision disabilities.
	PHAs and owners can transfer the assistance to lower poverty neighborhoods with access to better schools, jobs, transportation, services, and other amenities.
	PHAs and owners must notify and consult with residents prior to conversion.
	If construction requires relocation, every household has a right to return and may not be re-screened as they enter the Section 8 program. Any relocation must be conducted under the Uniform Relocation Act.
	The construction activity generated through RAD has generated hundreds of thousands of jobs directly and indirectly, many of which are required to go towards assisted residents through "Section 3" requirements.
	All housing must be replaced , with allowance for limited reductions in certain circumstances.

PHAs have used RAD to:

- Secure **over \$27 billion** in construction improvements across 1,950 properties.
- Attract over **\$18 for each dollar of public housing funds** the PHAs received from HUD.
- Replace **over 99%** of the public housing units under new Section 8 contracts.
- Place over 9,000 affordable housing units in neighborhoods that, on average, have a **23% lower poverty rate** than the original public housing sites.
- Ensure that **all residents have the option to remain in or return to the property** following conversion, with over 90% of residents choosing this option.
- Modernize their organizations and consolidate their work onto fewer regulatory platforms. Over **300 PHAs have converted all the public housing** in their portfolios. In three states (MD, TN, and VT), over half of the public housing that existed in 2012 has converted through RAD.



New Parkridge
Ypsilanti, MI



Lyman Terrace
Holyoke, MA



Westview Village
Ventura, CA

RAD for Other Multifamily Housing (Component 2)

RAD Component 2 currently covers five property portfolios. The preservation risks facing each of these portfolios are diverse, ranging from looming capital needs to the pending loss of affordability altogether. In addition, four of the portfolios were small (less than 15,000 units each), consuming significant HUD administrative and oversight resources.

The **Rent Supplement (Rent Supp)** and the **Rental Assistance Payments (RAP)** portfolios have been fully converted, preserving over 27,000 deeply affordable units. These programs, experiments from the late 1960s and early 1970s, were predecessors of the Section 8 program. Rent Supp and RAP properties were at risk of converting to market rate uses and residents would no longer receive rental assistance.

The **Moderate Rehabilitation (Mod Rehab)** and the **McKinney Vento Mod Rehab Single Room Occupancy** portfolios stem from the 1980s and 1990s and are subject to annual subsidy contract renewals. Lenders cannot readily underwrite the annual subsidy contracts, leaving the owners with limited ability to finance improvements. Roughly half of these units have been converted, the pace impacted by the small and limited capacity owners in the program.

Properties developed through the **Section 202 Housing for the Elderly** and **Section 811 Supportive Housing for Persons with Disabilities** programs during the 1990s and 2000s have limited options to finance life-cycle capital improvements. Through RAD, owners can finance improvements and avoid a deferred maintenance crisis at these 155,000 units. The first conversion occurred in 2020.