



RENTAL ASSISTANCE DEMONSTRATION

NEWSLETTER: January 2015 | Issue 5

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



Processing Existing RAD 1st Component Applications

The Department is in the final stages of issuing CHAP awards (Commitments to Enter into Housing Assistance Payment Contracts) for PHAs who previously received Contingent Approval Letters. By now, all affected PHAs should have been contacted in order to affirm their continued interest in the program. Award letters are anticipated to be issued beginning in early February, with completion of this effort within 45 days.

For more information on this subject, stakeholders should review the following announcements:

- January 29, 2015 Federal Register Notice, describing how the Department will issue CHAPs (access [here](#)).
- February 3, 2015 RADBlast, offering supplemental guidance regarding the processing of CHAPs as a result of the RAD provisions in the 2015 HUD Appropriations Act (access [here](#)).

Within 30-days of award, the Department will hold kick-off calls with all awardees, which will include the RAD Transaction Manager and a representative of Public and Indian Housing (PIH). Please also be on the lookout for announcements about upcoming training for new awardees (to be included with future Newsletters).

Additionally, as noted in the February 3 RADBlast, revisions to the current RAD Notice are anticipated to be issued in early Spring. Accordingly, milestones will not begin until publication of the Notice.

Additional RAD 1st Component Capacity

As reflected in the RADStats on the back page, 176,202 units have been reserved under the first component. The Department has authority to award up to 8,798 additional units before reaching the cap of 185,000. PHAs can obtain RAD applications and other program information at: www.hud.gov/rad.

Clarification Regarding Davis-Bacon Requirements for RAD 2nd Component Projects

On December 23, 2014, the Department issued a Notice clarifying certain Davis-Bacon wage requirements for second component transactions. A copy of that Notice can be found [here](#).

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. RAD 1st component transactions cover Public Housing units as well as Section 8 Moderate Rehabilitation projects. Units that fall under this component are subject to a unit cap and are limited to current funding. RAD 2nd component transactions cover Rent Supplement (Rent Supp), Rental Assistance Payments (RAP), and Section 8 Moderate Rehabilitation projects. Unlike 1st component transactions, 2nd component transactions are not subject to the cap, but are constrained by the availability of tenant protection vouchers (TPVs). Both components allow housing programs to convert their assistance to long-term, project-based Section 8 contracts, providing a more stable source of funding.

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.

As a result of the FY2015 appropriations bill, the Department has the statutory authority to convert up to 185,000 units through RAD's first component, representing a significant increase from the program's initial 60,000 unit cap. The additional authority will widen program participation, enabling more PHAs and HUD-assisted property owners to ensure access to quality, affordable housing for our nation's low-income families.

December Agency Spotlight

Tennessee Valley Regional Housing Authority, MS

TVRHA converted its entire portfolio of 10 properties to Section 8 Project-Based Rental Assistance. By moving its portfolio to the Section 8 platform, the TVRHA was able to preserve 1,208 units of long-term affordable housing. When complete, these units will provide much needed improved affordable housing for local families.

- Closing Date: December 3, 2014
- RAD Average Contract Rent: \$595
- Repairs funded over 20 years: \$5,502,150

“We decided to submit an application for TVRHA’s entire portfolio of 1200 plus units. We were motivated to convert in order to seek more stable funding, less regulations and to continue to maintain a high quality stable environment for our residents.”

— Thomas Coleman, Executive Director of the Tennessee Valley Regional Housing Authority



For more information about RAD please visit our [website](#) and [resource desk](#). For specific questions please contact the RAD team at RAD@hud.gov.

RAD Stats Through 12/31/14

RAD 1st Component

RAD 1st Component			RAD 1st Component		
Waitlist:	Units	Projects	Awards:	Units	Projects
Active Waitlisted Applications	83,274	711	Active CHAPs	30,101	253
Multiphase/Portfolio Requests	33,292	270	Multiphase/Portfolio Reservations	16,384	37
Total	116,566	981	Closed Conversions	13,151	128
RAD 2nd Component			Total	59,636	418
<i>*As of 12/31</i>	<i>Units</i>	<i>Projects</i>	Withdrawn/Revoked CHAP Awards	3,697	34
Active Conversions	12,278	72	Reserved Authority	176,202	1,399
Closed Conversions	8,715	76	Authority Remaining	8,798	N/A

RADOMETER

Total construction activity leveraged (closed projects, 1st component)



Housing Authority of the City of Asheville, Asheville, NC

HACA) converted four Public Housing properties to Section 8 Project-Based Vouchers (PBV). Upon completion of this transaction, HACA became the PHA with the largest number of units converted to RAD, with a total of 1,429 units. As a result of these conversions, HACA will be able to provide upgraded housing to local families. As of today, Asheville is undergoing a community outreach and planning process in order to convert its final project through the RAD process and finish conversion of its entire Public Housing portfolio.

- Closing Date: December 1, 2014
- RAD Average Contract Rents: \$689
- Repairs funded over 20 Years: \$6,094,810



“As a high performing PHA that made a substantial commitment to energy efficiency over a decade ago, we look forward to taking that commitment to the next level with RAD. Rather than taking on new debt, we proposed a pay-as-we-go replacement reserve approach and in fact paid off our energy performance debt as part of the RAD conversion. We are excited to have successfully joined the RAD program and begun the transition to a more sustainable long term affordable housing model.”

— Gene Bell, Chief Executive Officer of the Housing Authority of the City of Asheville