

RENTAL ASSISTANCE DEMONSTRATION (RAD)

TOOLKIT #1: WHY RAD? A RENTAL ASSISTANCE DEMONSTRATION (RAD) OVERVIEW

WHAT IS RAD & WHY IS IT NEEDED?

The Rental Assistance Demonstration (RAD) is a **voluntary program** of the Department of Housing and Urban Development (HUD). RAD seeks to **preserve public housing** by providing Public Housing Agencies (PHAs) with access to more stable funding to make needed improvements to properties.

Public housing units across the country need more than \$26 billion in repairs. HUD refers to these repair costs as **capital needs**. Congress has not provided enough funding for PHAs to keep up with capital needs. As a result, PHAs have had to make tough choices between things like repairing roofs and replacing plumbing—or worse, demolishing public housing. RAD provides PHAs a way to **rehabilitate**, or repair, units without depending on additional money from Congress.



HUD Assistant Secretary Sandra Henriquez touring a property proposed for RAD in Cleveland, OH

HOW DOES A RAD CONVERSION WORK?

RAD allows PHAs to manage a property using one of two types of HUD funding contracts that are tied to a specific building:

RAD TOOLKITS FOR RESIDENTS

This series of toolkits will better inform public housing residents about RAD and help them engage with PHAs throughout the RAD application and conversion process. All toolkits are posted on RAD's website at www.hud.gov/rad, under the 'Residents' tab. **Toolkit #1: Why RAD? A Rental Assistance Demonstration (RAD) Overview** provides a summary of the program with a focus on elements that affect residents.

- **Section 8 project-based voucher (PBV); or**
- **Section 8 project-based rental assistance (PBRA).**

PBV and PBRA contracts are 15- or 20-years long and are more stable funding sources.

This shift will make it easier for PHAs to borrow money and use **low income housing tax credits (LIHTCs)** as well as other forms of financing. These private sources of additional money will enable PHAs to make improvements essential for preserving public housing.

As a voluntary, limited demonstration program, less than 60,000 public housing units can be selected for RAD. PHAs must submit applications to convert some or all of their public housing assistance to PBV or PBRA contracts through RAD by September 30, 2015.

WILL A RAD CONVERSION AFFECT MY HOUSING ASSISTANCE?

You will **not lose your housing assistance** and you will **not be rescreened** because of a RAD conversion.

Even though a RAD property can use private money to make big repairs, it will still receive money from HUD. With this subsidy from HUD, PHAs will manage RAD properties through either the PBV or PBRA programs. RAD requires that converted

properties be owned or controlled by a public or nonprofit entity.

WILL A RAD CONVERSION AFFECT MY RENT?

If your building or development is converted to PBV or PBRA, your rent contribution will most likely be the same as it was under public housing—generally no more than 30% of your household's adjusted gross income.

Since the project-based Section 8 programs also set resident rents at 30% of adjusted income, **most residents will not have rent increases** as a result of a RAD conversion.

However, if you are paying a flat rent in public housing, you will most likely have to gradually pay slightly more in rent over time. In these limited cases, if your rent increases more than 10% and requires you to pay more than \$25 per month in additional rent, your new rent will be phased in over the next 3 or 5 years depending on your PHA's policy.

HOW CAN RESIDENTS BE INVOLVED IN THE RAD PROCESS?

HUD encourages residents and their PHAs to work together during the RAD application and conversion process.

Before PHAs can apply to participate in RAD, HUD requires them to:

- Notify all residents in a development proposed



Roundtable conversation with Fresno Housing Authority residents about a RAD conversion

DEFINITIONS

- **Capital Needs** - Costs of repairs and replacements beyond ordinary maintenance required to make the housing decent and economically sustainable.
- **Housing Choice Voucher (HCV)** - Rental vouchers that let people choose their own housing in the private rental market.
- **Low Income Housing Tax Credits (LIHTC) (pronounced *lie-fee*)** - LIHTCs provide the private market with an incentive to invest in affordable rental housing by offering a credit for an investor's Federal taxes.
- **Project-based Vouchers (PBV)** - Rental vouchers that are attached to a specific number of units in a building. The voucher stays with the unit even after a tenant moves out. This program is often operated by PHAs.
- **Project-based Rental Assistance (PBRA)** - Like in PBV, in this program rental vouchers are tied to a specific building. This program is often operated by private owners.
- **Rehabilitation (or Rehab)** - The repairs needed to restore a unit or property to good condition.

- for RAD conversion about their plans; and
- Conduct at least two meetings with those residents.

These meetings are an opportunity for you to **discuss the proposed conversion plans with your PHA, ask questions, express concerns, and provide comments**. The PHA is required to submit your comments and its response to them as part of the RAD application.

Once HUD selects the PHA and property to participate in RAD, the PHA must have at least one additional meeting with all residents of the property before HUD approves the final conversion. This is another opportunity for you to provide comments about the conversion plan.

WILL A RAD CONVERSION REQUIRE A CHANGE TO THE PHA PLAN?

HUD considers a RAD conversion to be a "Significant Amendment" to the PHA Plan. Once a PHA is selected to participate, the PHA will have to

comply with the resident and public notice, consultation, and public hearing requirements associated with a Significant Amendment before the final RAD conversion is approved.

This means that your **Resident Advisory Board (RAB) will also be consulted** and have an opportunity to make recommendations.

WHEN CAN A PHA START THE RAD CONVERSION PROCESS?

After notifying residents as outlined above, PHAs can apply to HUD to convert assistance under RAD. Some PHAs have already begun this process. The application period will remain open until the 60,000-unit conversion cap is reached, or September 30, 2015, whichever is sooner.

WILL I HAVE TO MOVE IF MY HOME OR BUILDING IS REHABBED?

Most needed repairs made as part of RAD are likely to be small and you will be able to stay in your home during construction.

However, some apartments and buildings will require more extensive rehab. In these cases, you will be temporarily relocated as provided by the Uniform Relocation Act (URA). You will have the **right to return** to your development once construction is completed. Generally, temporary relocation should not last longer than 12 months.

In a few cases, your current housing may be too old or deteriorated and past the point where it can be effectively rehabilitated, requiring that it be demolished and replaced. In these instances, you will be provided temporary relocation and you will have the right to return to the replacement housing that is constructed.

Before RAD



Properties are typically not funded at 100% in Public Housing



In Public Housing, PHAs cannot borrow money to perform necessary repairs



The funding fails to keep up with the deteriorating living conditions of residents



Residents cannot choose to move without losing housing assistance

After RAD



Properties are placed on a more stable Section 8 funding platform



PHAs and owners can more easily borrow money and perform rehabilitation work



The living conditions of residents are improved



Residents may receive a tenant-based voucher, or similar assistance, and move after 1 year in PBV and 2 years in PBRA

If you do not want to wait for replacement housing, the PHA may offer you comparable housing in another public housing property or a **Housing Choice Voucher (HCV)** to enable you to move to other available private housing.

Whether you are asked to move temporarily due to rehab work or to move permanently to new replacement housing, the PHA will help you find the best possible option for you and cover your moving expenses.



Civic Park in Salisbury, NC will be converting assistance through RAD

WILL RAD INCREASE MY ABILITY TO CHOOSE WHERE I LIVE?

In addition to improved, better quality housing, you will have **greater choice in where to live** through the RAD "choice-mobility option." If you would like to move after your development undergoes a RAD conversion, you may request and receive a Housing Choice Voucher (HCV).

Under the PBV program, this option will be



RAD RESOURCES

For more information, please refer to the *HUD Revised Rental Assistance Demonstration Notice PIH 2012-32, Rev 1* issued July 2013 available on RAD's website at www.hud.gov/rad, under the 'Program Information' tab.

available after living in a RAD property for one year; under the PBRA program, you may request a HCV after living in a RAD property for two years.

WILL RAD AFFECT RESIDENT RIGHTS & PARTICIPATION?

Overall, your experience as a resident should not change very much, if at all, due to a RAD conversion. RAD **keeps many of the resident processes and rights** available under public housing, such as the ability to request a grievance process and the timelines for termination notification.

Whether HUD begins funding a development through PBV or PBRA, residents will have a **right to organize** and resident organizations will continue to **receive resident participation funds**, up to \$25 per occupied unit according to their PHA's current policy.

WILL I STILL BE ABLE TO PARTICIPATE IN SELF-SUFFICIENCY PROGRAMS?

If you are a current participant in the Resident Opportunities and Self Sufficiency-Service Coordinators (ROSS-SC) program, you can continue to participate until all of the current program funding is used.

You will also still be able to participate in the Family Self-sufficiency (FSS) program. If your property converts assistance to PBV, you will be automatically moved from the public housing FSS program to the Housing Choice Voucher (HCV) FSS program. The rules in both programs are very similar.

If your property converts assistance to PBRA, you may continue your participation in the FSS program until your current contract of participation ends.