

RENTAL ASSISTANCE DEMONSTRATION (RAD)

FACT SHEET #2: STEPS IN A RAD CONVERSION

WHAT IS RAD?

The Rental Assistance Demonstration (RAD) is a program of the Department of Housing and Urban Development (HUD) that seeks to **preserve affordable housing**.

Public housing across the country needs more than \$26 billion in repairs and many public housing agencies (PHAs) do not have enough money to keep units in good condition. RAD provides PHAs a way to stabilize, repair, or replace properties.

WHAT ARE THE STEPS IN A RAD CONVERSION?

A RAD conversion will typically take 6 to 18 months and will require multiple steps in engaging with residents, securing financing, and demonstrating to HUD that the property will be improved and remain in good physical condition. The major steps include:

1. PHA applies to HUD
2. HUD issues an initial approval through a "Commitment to enter into a Housing Assistance Payment" (CHAP)
3. PHA plans significant amendment
4. PHA completes and submits a financing plan to HUD
5. HUD issues a RAD conversion commitment
6. Closing/conversion

RAD APPLICATION

A PHA must first apply to HUD before it can begin a RAD conversion. Before submitting a RAD application to HUD, a PHA must have at least two meetings with residents of properties submitted for a conversion to discuss the proposed conversion plans and solicit feedback. Before the first

FACT SHEETS FOR PUBLIC HOUSING RESIDENTS

This series of fact sheets is intended to help residents of public housing learn about RAD. All fact sheets are posted on RAD's website at www.hud.gov/rad, under the 'Residents' tab. This fact sheet discusses the steps that your PHA must take in order to convert public housing assistance through RAD.

resident meeting, the PHA must provide a RAD Information Notice (called a RIN) to each resident that explains the residents' rights, provides basic program information, and facilitates residents' engagement with the PHA.

PHA PLAN SIGNIFICANT AMENDMENT

A RAD conversion is important enough that it must be documented in the PHA's annual or five-year plan.

If the RAD conversion isn't already described in the PHA plan, the PHA needs to prepare a **significant amendment to the PHA plan**. Any changes to a PHA plan must go through a public comment process, which includes a public meeting.

In addition to the information generally required in the PHA plan, your PHA must include the following information specific to its RAD conversion plans:

- A description of the number units to be converted, including bedroom size, and who lives in the units (families, elderly, or those with disabilities);
- Any change in the number of units;
- Any change in the bedrooms per unit;

- Any change in policies about who could move into the units when there are vacancies; and
- If the PHA will move any of the subsidized assistance to another site.

FINANCING PLAN

HUD will only allow a property to be converted if the PHA can show that the property will be improved and maintained in good condition once it has been converted. To show that your PHA's plans make sense, your PHA will have to submit its **Financing Plan** to HUD for approval before conversion. The **financing plan** includes the following information:

- Type of conversion (PBV or PBRA)
- **Physical Condition Assessment (PCA)**
- Plans for rehabilitation or new construction
- Environmental review
- Fair housing and relocation documents
- Development budget
- Development team
- Operating and maintenance costs

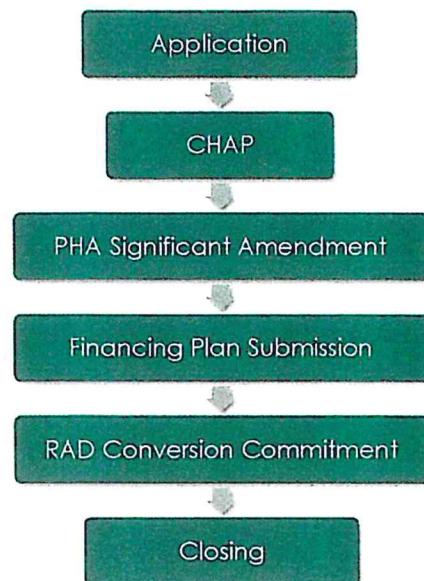
After HUD reviews and approves the financing plan, it will issue a **RAD Conversion Commitment (RCC)** to your PHA. Receiving an RCC means that HUD has approved your PHA's RAD plans and that the property is close to completing the conversion process.

CLOSING

After receiving an RCC, your property will move toward **Closing**. After closing, your property will no longer be part of the public housing program.

The new Section 8 PBRA or PBV **Housing Assistance Payment** contract and the **RAD Use Agreement** will become effective after closing. At this point, your property is now under the **PBRA** or **PBV** programs. Your PHA will have to work on any repairs needed at the property and make sure to complete them within required timelines.

BASIC STEPS IN A RAD CONVERSION



DEFINITIONS:

- **Closing** – The final step in a real estate transaction. In RAD, this is one of the final steps in the conversion process. After closing, a property is no longer public housing.
- **Commitment to Enter into a Housing Assistance Payments (CHAP)** – After HUD reviews a PHA's RAD application, HUD issues a CHAP. The CHAP allows PHAs to begin their RAD conversion process.
- **Financing Plan** – The plan that shows the PHA has all the money needed for repairs and construction, and is ready to convert.
- **Housing Assistance Payment Contract** – The agreement between your PHA and HUD that states the amount of subsidy payments provided by HUD to PBV and PBRA contracts.
- **Physical Condition Assessment** – A detailed physical inspection of a PHA property that will list the repairs that the PHA will need to make as part of the RAD conversion.
- **RAD Conversion Commitment** – Agreement between HUD and the PHA, following HUD approval of the financing plan, that describes the terms and conditions of the conversion.
- **RAD Use Agreement** – Document requiring that the RAD property be used for affordable housing.