

### **NMHC/NAA Viewpoint**

***Affordable housing is a significant and growing challenge for American families. The demand for affordable housing cannot be met by government programs alone. Partnerships between the public and private sector are critical in addressing this issue. NMHC/NAA support this and other creative ways for policymakers to engage the private sector to advance the shared goal of delivering safe, affordable housing.***

***Since 2011, RAD has tapped \$1.9 billion in private financing, generated \$6 billion in investment and created 119,000 jobs.***

## **RENTAL ASSISTANCE DEMONSTRATION**

The Rental Assistance Demonstration, or RAD, was established in 2011 as an affordable housing preservation strategy for public housing authorities (PHAs). The program allows PHAs to convert public housing properties at risk of obsolescence or underfunding into project-based vouchers or rental assistance contracts under the Section 8 program. Once the units are re-designated from public housing (Section 9 of the 1937 Housing Act) to Section 8 housing, housing authorities are able to leverage private capital to address capital needs. This allows housing authorities to work with private sector developers and managers to preserve their affordable housing stock.

RAD is designed to reverse the trend of lost affordable units by accessing private capital to make up for related funding shortfalls. Specifically, HUD's public housing stock of 1.1 million units currently relies exclusively on annual appropriations from congress for both capital and operating expenses. Each year, HUD submits a federal budget request with cost estimates for maintaining the public housing stock. For years, lawmakers have funded these accounts well below requested levels, leading to an estimated \$25.6 billion shortfall in capital. More recent concerns over government shutdowns or interruptions in funding have made the situation worse. The result has been an estimated 10,000 affordable units lost to obsolescence annually.

The RAD program was initially approved to convert 60,000 units to affordable housing in 2011. But the program was expanded in 2014 to 185,000 units. Split into two parts, RAD is addressing the following: (1) public housing and moderate rehabilitation properties; and (2) the expiration of contracts for Rent Supplement and Rental Assistance Payment properties. Demand for the RAD program nationwide continues to remain high.