

Rental Assistance Demonstration (RAD) Program

The Rental Assistance Demonstration Program was created in order to give public housing authorities, such as CMHA, a powerful tool to preserve and improve public housing properties.

In November 2007, Congress directed HUD to compute new national estimates of capital needs and compare them to prior estimates from 1998. HUD began the new study in April 2008 and determined the total capital needs estimate, commonly referred to as the “backlog,” is \$25.6 billion or approximately \$23,365 per unit. Moreover, the study determined that with normal use and aging, each year the units accrue an additional \$3.4 billion of needed repairs and replacements. These accrual costs exclude routine maintenance. Given the \$25.6 billion backlog and the annual accrual of \$3.4 billion in additional repairs and replacements, it is likely the backlog of capital needs for public housing now exceeds \$45 billion.

In Public Housing, Housing Authorities must rely upon HUD to provide the funding necessary to make needed repairs. HUD cannot provide the funding necessary to meet the backlog of repairs. It is estimated that more than 10,000 public housing units are lost annually due to disrepair. The RAD Program allows Housing Authorities to improve public housing properties by removing them from the public housing program rules and having access to private capital that can be used to make much needed repairs.

In the first four (4) years of RAD, HUD and Housing Authorities have accomplished the following:

- More than **\$4 Billion** in private and public funds have been raised for repairs and construction of affordable housing
- RAD has leveraged **\$19 in private capital for every \$1 in public housing funds**
- Resulting construction stimulated an estimated **75,000 jobs**.
- It would have taken Housing Authorities **46 years** to accumulate enough public housing capital funds to complete a similar level of repairs and construction

The RAD program is cost-neutral and does not increase HUD's budget. This program simply shifts units from the Public Housing program to either the Project Based Rental Assistance (PBRA) or Project Based Voucher (PBV) programs. Over the years, funding for public housing has proven to be unpredictable placing strain on public housing authorities in maintaining and operating the housing. By moving to PBRA or PBV, the funding for the continued operation and maintenance of the housing becomes much more stable.