

Now & Next

Affordable Housing Alert

March 21, 2024

Congress extends RAD program, updates RAD/Section 18 “Blends”

By Kathie Soroka and Deborah VanAmerongen

The extension of the RAD Program gives public housing agencies and their developer partners more time to apply, and the RAD/Section 18 Blend changes will make the combination of those programs work better.



What's the impact?

- Extends the application deadline for public housing agencies to apply for RAD from 2024 to 2029
- Allows RAD and Section 18 to combine in a single HAP contract, streamlining requirements and permitting conversion of TPVs to PBRA
- Allows RAD conversion of SPRAC contracts

On March 9, 2024, President Biden signed into law the Consolidated Appropriations Act of 2024 (Appropriations Bill) for the United States Department of Housing & Urban Development (HUD) and several other federal agencies. The Appropriations Bill includes several updates to the Rental Assistance Demonstration (RAD) Program.

Extension of the deadline for application

Previous legislation had set the deadline for public housing agencies (PHAs) to apply for participation in the RAD program as September 30, 2024; this change pushes that date out to 2029.

RAD/Section 18 Blends

HUD has allowed, and in recent years encouraged, PHAs to combine the RAD program with the Section 18 process. These RAD/Section 18 Blends facilitate public housing redevelopment by boosting the revenue available to PHAs. However, these two methods of removing units from the public housing program have different rules. There have been previous steps to harmonize requirements and extend certain RAD tenant protections to all the units in these blended properties, but up to now, the RAD units and the Section 18 units were covered by separate Section 8 contracts with slightly different provisions and requirements. This resulted in some cumbersome requirements and added to the challenges of operating and overseeing these properties after conversion. Updates in the Appropriations Bill should make the use of these two public housing repositioning tools work more smoothly.

First, PHAs can now convert RAD/Section 18 Blends to one RAD Section 8 contract instead of two separate ones—meaning that Section 18 units can be included in the RAD Section 8 contract, subject to the same requirements as the RAD units.

Secondly, the Tenant Protection Voucher (TPV) assistance generated by Section 18 units can now convert to either project-based rental assistance (PBRA) or project-based vouchers (PBV). Previously, the Section 18 units converted through a RAD/Section 18 Blend could only receive PBV assistance. Some properties that converted through a RAD/Section 18 blend used PBRA for the RAD units but PBV for the Section 18 units. The Appropriations Bill allows the previously converted properties in this situation to go back and switch the PBV units to PBRA if the PBV contract administrator agrees.

HUD will need to issue guidance before these provisions can be implemented.

RAD for SPRAC

For a period of time HUD was offering new rental assistance to certain older HUD-assisted senior housing developments—known as Senior Project Rental Assistance Contracts (SPRAC). However, HUD never had a significant amount of funding available for new SPRAC contracts, so the number of properties with a SPRAC contract was very limited. HUD is now offering these properties the opportunity to convert their SPRAC contract to a Section 8 contract. This provision will also need further HUD guidance to be implemented.

Next steps

We will be following the process as HUD develops implementation guidance for these new aspects of the RAD program.

For more information on the content of this alert, please contact your Nixon Peabody attorney or:

[Kathie Soroka](#)

212.940.3736

ksoroka@nixonpeabody.com

[Deborah VanAmerongen](#)

212.940.3054

dvanamerongen@nixonpeabody.com