

# Ensuring Long-Term Oversight and Affordability at RAD-Converted Properties

## Public or Nonprofit Ownership

If no low-income housing tax credits are being used at the property, a public or nonprofit entity must own the property after the RAD conversion.

## For-Profit Ownership

A for-profit entity can own the RAD-converted property only if: low-income housing tax credits are being used AND the public housing authority "preserves an interest in the property."

## PHA Preserving Interest: separate PHA entity

One strong way that a housing authority can "preserve an interest in the property" is by creating a separate entity (like a limited liability company) for the PHA to continue to own and manage the property after the RAD conversion.

## PHA Preserving Interest: long-term ground lease

Another strong way that a housing authority can "preserve an interest in the property" is by entering into a ground lease with the private owner, where the housing authority owns the land and the private owner owns the building for a certain period of time and under certain conditions.

## RAD HAP Contract

The RAD Housing Assistance Payment (HAP) Contract is a contract between the owner and HUD or the housing authority that requires HUD or the housing authority to supplement low-income tenants' rent to the owner with federal funding. The RAD HAP Contract MUST be renewed at the end of each 15-20 year term, to make sure the property remains affordable forever.

## RAD Guiding Principles

A strong way to ensure federal RAD protections and negotiate additional stronger local protections for tenants is to negotiate with the housing authority and the new private owner about certain foundational RAD guiding principles that will be observed and enforced in all aspects of the RAD conversion.

## Local RAD Data Collection

A strong way to monitor the impact of the RAD conversion on tenants is for the housing authority to require private owners to regularly report certain post-conversion data, such as: construction status, number of families relocated on-site v. off-site, number of families that have exercised their right to return, number and type of lease enforcement actions that have been pursued, and the status of pending maintenance requests.

## Ownership Transfers

If there is a foreclosure, bankruptcy, or HAP contract termination at a RAD property, HUD may transfer the RAD HAP Contract, federal funding, and RAD Use Agreement to another owner or property.

## RAD Use Agreement

The RAD Use Agreement is tied to the land itself and provides an additional layer of requirements for private owners to rent only to low-income tenants. The RAD Use Agreement remains in effect even if the RAD HAP Contract is terminated or if there is a foreclosure or bankruptcy at the RAD-converted property.

For additional questions about the Rental Assistance Demonstration (RAD), please contact [RAD@NHLP.org](mailto:RAD@NHLP.org).