Findings—HUD Summary   October 22, 2019

The evaluation contains significant evidence that RAD is achieving success in accomplishing its main goals of leveraging financing, improving physical condition, improving financial condition, while also mitigating possible negative impacts on tenants from disruptions caused by rehabilitation.

- **Financial Leveraging** – The report finds that RAD has been highly successful at attracting capital to stabilize and improve public housing. From the program's inception in November 2011 through the October 2018, a total of 956 public housing projects with 103,268 units of public housing converted to Project-Based Section 8 (PBRA) or Project-based Vouchers (PBV). These projects raised a total of $12.6 billion of capital through a variety of sources, an average of $121,747 per unit.

- **Physical Condition** – A sample of 17 properties were selected to be representative of RAD converting public housing projects. The RAD sample improved their physical condition, as measured by a reduction in their short-term and critical capital needs. On average, the sample projects had per-unit short-term needs of $12,981 before conversion and $4,608 afterwards—a 65 percent reduction. A comparison sample of non-RAD projects over the same period had, on average, $3,740 in short-term needs before conversion and $8,710 afterwards—a 133 percent increase. After conversion, the RAD projects studied have substantially lower critical needs (deficiencies concerning health, life, and safety such as accessibility deficiencies, structural defects, asbestos or lead-based paint).

- **Financial Condition** – This study collected financial statements from a sample of 18 RAD projects (before and after their conversions) and 46 non-RAD projects. Financial indicators show that the liquidity and viability of RAD projects improved after conversion, while these indicators deteriorated for the non-RAD properties over the same period.

- **Replacement Reserves** – Replacement reserve accounts are intended to meet future capital needs. Adequate reserves are a key indicator of long-term viability. In a sample of 18 RAD projects, the median replacement reserve account balance was $240,000. Currently at 3.63 times the average recommended replacement reserve balance, these figures indicate that the RAD properties are operating consistent with real estate asset management best practices, building reserves so that they will be able to address major future capital needs when they come due.

- **Tenant Survey Results** – A survey of 298 residents at 18 RAD-converting properties showed general satisfaction with the results of RAD in terms of improving the quality of their housing. When asked about their satisfaction with their unit and development, more than 80 percent of tenants indicated they were "very satisfied" or "somewhat satisfied." In terms of property maintenance, most residents surveyed reported no difference, while 34 percent of residents indicated it was "better than before."

- **Tenant Relocation** – Roughly 75% of tenants who responded to the survey were living in their original unit after completion of the RAD conversion; 63 percent did not move at all. An additional 18 percent of respondents ended up in a different unit at the same property, while other households moved to new rent-assisted properties under RAD's "transfer of assistance" authority. The study attempted to use HUD administrative data to track relocation for the universe of all RAD households but found that limitations in HUD's administrative data prevented this analysis. While the survey results cannot be validated with administrative data, they point to a conclusion that the RAD conversion process avoids displacement of residents from assisted housing.

Overall, this report provides highly encouraging evidence that RAD is accomplishing its main goal of giving PHAs an effective tool to assemble financing to address the capital needs of participating properties, protecting residents' housing assistance, and placing properties on a stable funding platform moving forward.