

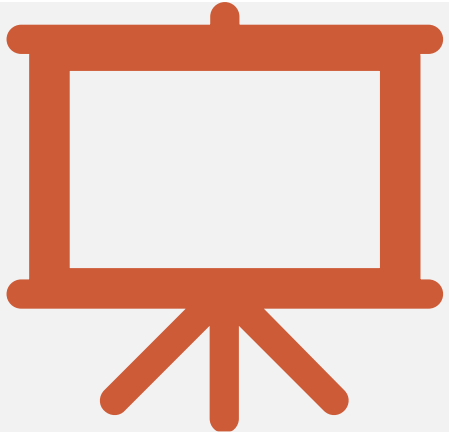


# Rural Rental Housing Preservation Academy

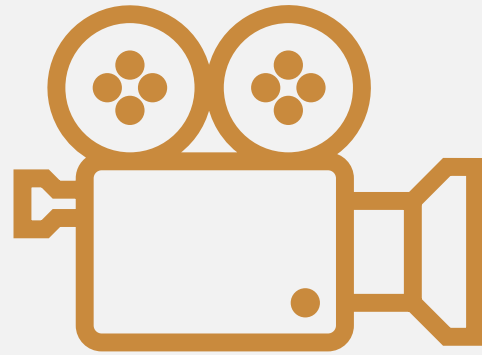
April 8, 2026



# Housekeeping



All registered attendees will receive the slides via email



This session is being recorded. You will also receive a copy and it will be posted on the Enterprise website



We will answer questions throughout the presentation. Please submit them using the Q&A, chat or raise hand function



The link to register for upcoming sessions will be shared at the end of the presentation, along with a survey

# POLL

## OUR APPROACH

Unmatched **breadth, scale and expertise** across the entire spectrum of affordable housing...



...creating a positive feedback loop that does it **all under one Enterprise roof.**

RURAL COMMUNITIES

# Meet our team

**Robin Wolff**

SENIOR DIRECTOR



**Tiana Joyner**

DIRECTOR



**Tracy Dutson**

ASSOCIATE DIRECTOR



**Yolanda Jackson**

PROGRAM MANAGER



**Adrienne Norwood**

PROGRAM MANAGER



**Emily Nosse-Leirer**

RURAL AND TRIBAL  
POLICY DIRECTOR







# RAD IN RURAL AMERICA

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# What is RAD?



- Rental Assistance Demonstration
- RAD was created in 2011 to preserve this critical stock of affordable housing.
- Public housing authorities around the country have used RAD to preserve and improve public housing by “converting” properties to a long-term Project-Based Section 8 contract
- Property changes might include:
  - Property renovation with minimal disruption (i.e. residents remain in their units)
  - Major property renovation which may include temporary relocation
  - Demolition of property which would require permanent relocation for residents to another affordable housing property
  - No rehab of property at time of conversion

*RAD is designed to secure the long-term affordability of converting properties*

Long-term Section 8 HAP contract  
RAD Use Agreement recorded on land  
Capital Needs Assessment performed upfront to ensure current and future repairs can be supported  
One-for-one replacement



*Properties converted under RAD must be owned or controlled by a public or non-profit owner*

In most RAD conversions, the PHA continues to own the property directly or through an affiliate  
When Low-Income Housing Tax Credits are used, the ownership changes but a public or non-profit must retain control

# RAD Core Principles

# RAD Core Principles

## *Ensure current residents benefit from the conversion*

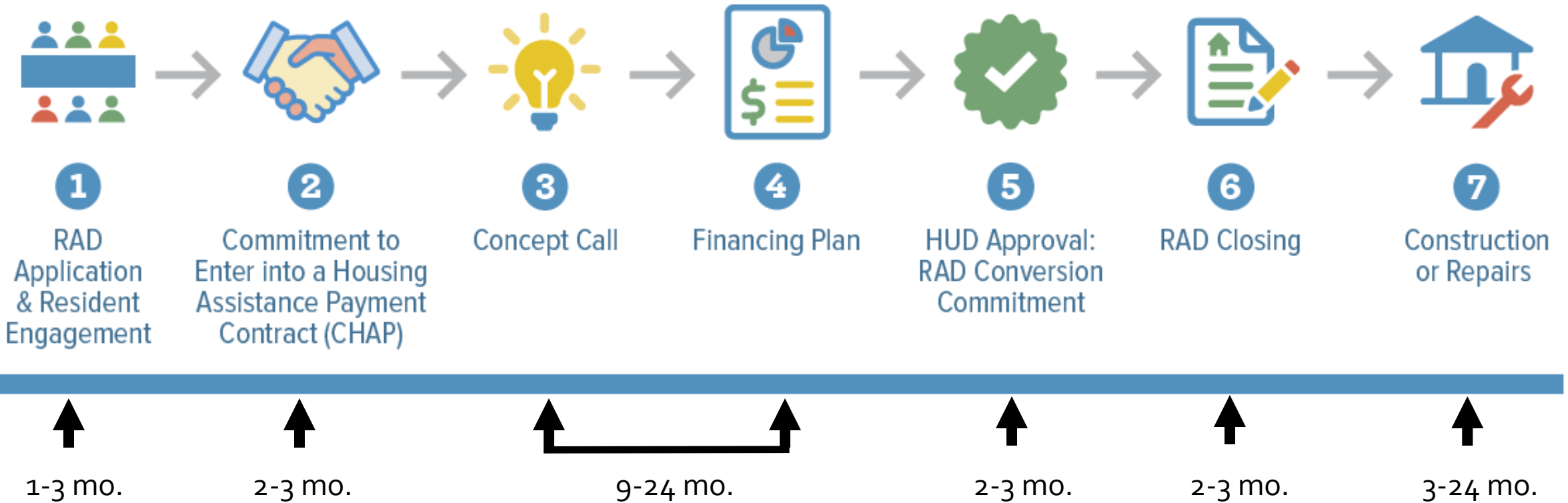
- Resident meetings and notices
- Right to Remain in or return to the property
- No Rescreening as a result of RAD
- Relocation assistance



## *Retain and Strengthen Resident Rights*

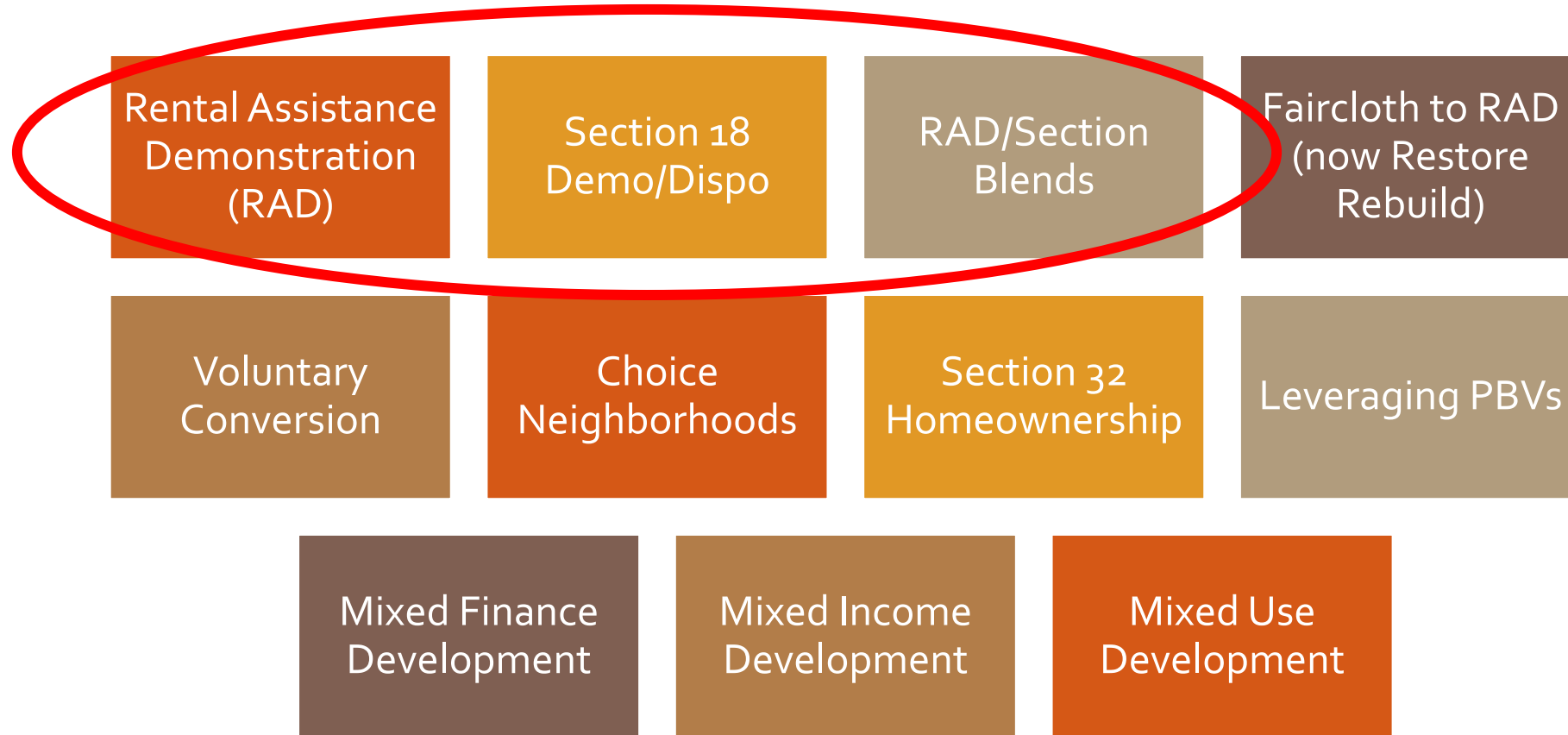
- Ongoing right to organize and resident participation funding
- Carry over public housing procedural rights regarding grievance and termination
- "Choice-mobility" option to request a tenant-based voucher

## THE RAD CONVERSION PROCESS



# HUD REPOSITIONING TOOLS

# Repositioning Toolkit



# Rental Assistance Demonstration (RAD)

- Allows PHAs to convert public housing units to long-term, Section 8 rental assistance contracts, allowing:
  - Better access to debt and equity to finance capital needs
  - Stronger platform for long-term preservation
  - Program simplification
  - Robust resident rights
  - Local ownership and control

# RAD Key Features



## Rents

Predictable contract rents to start and adjusted by Operating Cost Adjustment Factor (OCAF)



## Capital Needs

PHA completes capital needs assessment and funds reserve  
Can use existing federal funds post-conversion



## Tenant Rights

Right of return, choice mobility and no rescreening  
Retain organizing & procedural rights



## Public Stewardship

Ownership/control by public or non-profit with use agreement  
Long-term HAP contract renewable at expirations

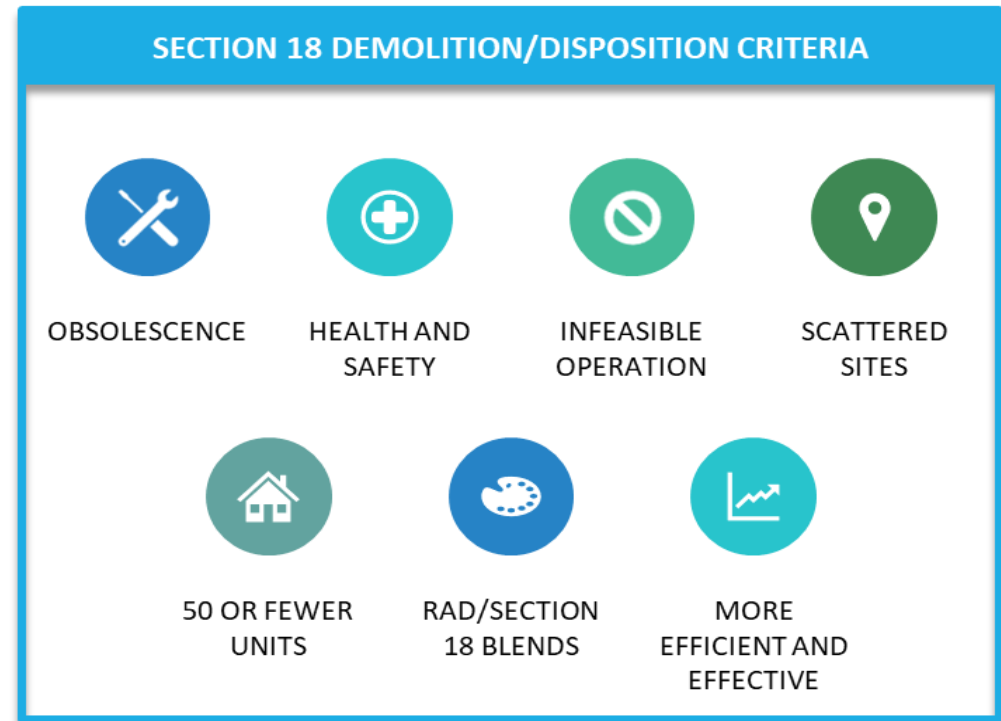
# RAD Pros and Cons

- Pros:
  - Ability to use federal funds for redevelopment (pre- and post-conversion)
  - Strong regulatory resident protections
  - Can administer resulting 20-year voucher contract (renewed indefinitely)
- Cons
  - Significantly lower rents
  - Long administrative process (12 – 18 months on average)
  - 20 Year RAD Physical Conditions Assessment and requirement to fund Initial Deposit to Replacement Reserve and Annual Deposit to Replacement Reserve

# Section 18 Demolition and Disposition

Section 18 of the Housing Act of 1937 authorizes the demolition and/or disposition of public housing

- Demolition – tear down of units but retain subsidy
- Disposition – remove PH subsidy but retain units
- Can combine both



# Section 18 Demolition and Disposition

- Pros
  - Higher rents (up to PHA Payment Standard, which can be up to 110% of Fair Market Rent, or FMR, without HUD approval)
  - Can project-base Tenant Protection Vouchers back to original units without tenant permission
  - Can administer resulting voucher contract
- Cons
  - Must meet certain “justifications” in order to qualify
  - Cannot retain federal funds for redevelopment use
  - No regulatory resident protections

# RAD/ Section 18 Small PHA Blend



- For PHAs with 250 or fewer public housing units
- Allows PHAs to combine RAD and S18 programs resulting in higher contract rents
  - 10% of units convert at RAD rents; 90% convert at higher Section 18 rents
- Retains:
  - Robust resident rights and RAD one-for-one replacement
  - Public housing funds can be used in project conversion
  - Long-term affordability through RAD HAP contract

# RAD/ Section 18 Blends

## Pros

- Higher rents (up to 110% of FMR minus utility allowances for PBVs and up to 120% of FMR minus utility allowances for PBRA) on up to 90% of units
- Strong regulatory resident protections and long-term affordability
- Can retain federal funds for redevelopment use
- Can project-base Tenant Protection Vouchers back to original units
- Can phase projects and can be combined with other tools such as Section 18

# RAD/ Section 18 Blends

## Cons

- Long administrative process (12 – 18 months or more)
- 20 Year RAD Physical Conditions Assessment and requirement to fund Initial Deposit to Replacement Reserve and Annual Deposit to Replacement Reserve
- Rents increase by Operating Cost Adjustment Factor (OCAF) only (with exception waivers)



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# CASE STUDIES

# Gladewater Housing Authority (2018)

**Four sites, 125 units –  
mix of duplexes,  
triplexes, and  
fourplexes for families**

**Used RAD to convert 75  
units and Section 18 for  
last 50 units**

**RAD 20 Year Capital  
need = \$1,092,935  
Initial repairs = \$216,282  
Replacement Reserve =  
\$45,000**

**Initial Annual Increase  
in Revenue =  
\$191,208 (\$1,530 per  
unit per year)**

# Gladewater Housing Authority



**Converted units in two phases to maximize rent potential**



**Completed necessary repairs in RAD units and expended balance of PH funds on rehab of last 50 units prior to conversion to maximize HAP rent**



**Third party PHA acts as contract administrator**

# Marfa Housing Authority

2020

Three sites, 74 units – mix  
of duplexes and SF homes  
for both elderly and  
family

Used RAD/ Section 18  
Blend for Small PHAs –  
converted 20% of units  
under RAD and 80% of  
units under Section 18

20 Year Capital need =  
\$1,577,402 (\$0 initial)  
Replacement + Additional  
Reserve = \$1,080,000

Initial Annual Increase in  
Revenue =  
\$107,533 (\$1,453 per unit  
per year)

# Marfa Housing Authority



**Converted in a single blend transaction that resulted in two separate HAP contracts (RAD and non-RAD PBV)**



**Used PH funds to complete required repairs and retained balance of PH funds post-conversion to fund operating and replacement reserves**



**Third party PHA acts as contract administrator**

# Mississippi Regional Housing Authority

## No. 7 - Current

Five sites in five  
different counties, 120  
units total for families

Using RAD/ Section 18  
Blend for Small PHAs  
to convert 10% of units  
under RAD and 90% of  
units under Section 18

Utilizing 9% LIHTC for  
substantial rehab =  
~\$15,000,000/  
\$125,000 per unit

Projected Initial Annual  
Increase in Revenue =  
\$215,984 (\$1,800 per  
unit per year)

# Mississippi Regional Housing Authority No.7



**Converting five sites through five separate RAD/ Section 18 blend + Low-Income Housing Tax Credit (LIHTC) transactions**



**Substantial rehabilitation using tax credit equity and preservation of existing PH funds for operating reserves**



**MRHA7 will administer the PBVs and receive Admin Fees**



# QUESTIONS

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# USDA 515 Preservation

Saving Rural affordable  
housing... *that won't ever come back*

# Where's the playbook for this?

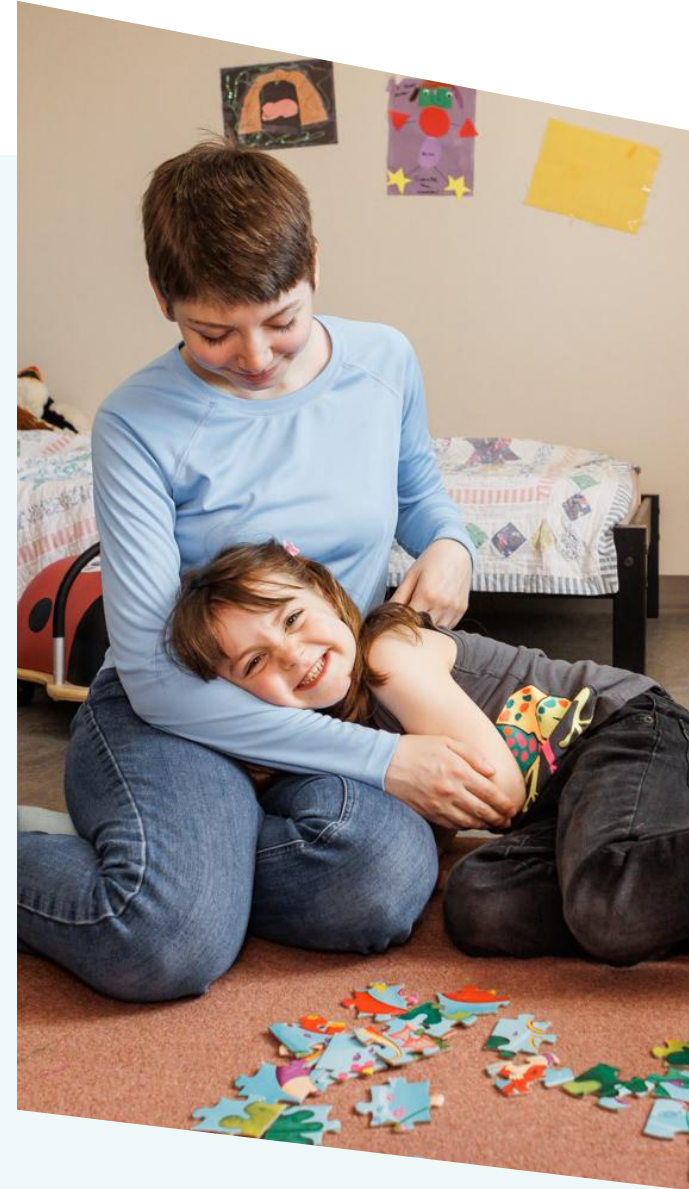
Learning the process



## USDA RD 515 transfers are Real Estate development, *but.....*

Several steps and certain perspectives are unique to USDA

- First learn the names roles/responsibilities of the RD staff – some local, some far away
- If possible, get your current owner to retrieve all property data
- Sale price in site control agreement will be contingent
- Plan on 3-4 months and \$80-120K pre-dev funding to assemble full application
- Understand early the RD transfer priorities – which may differ from buyers'/sellers' priorities

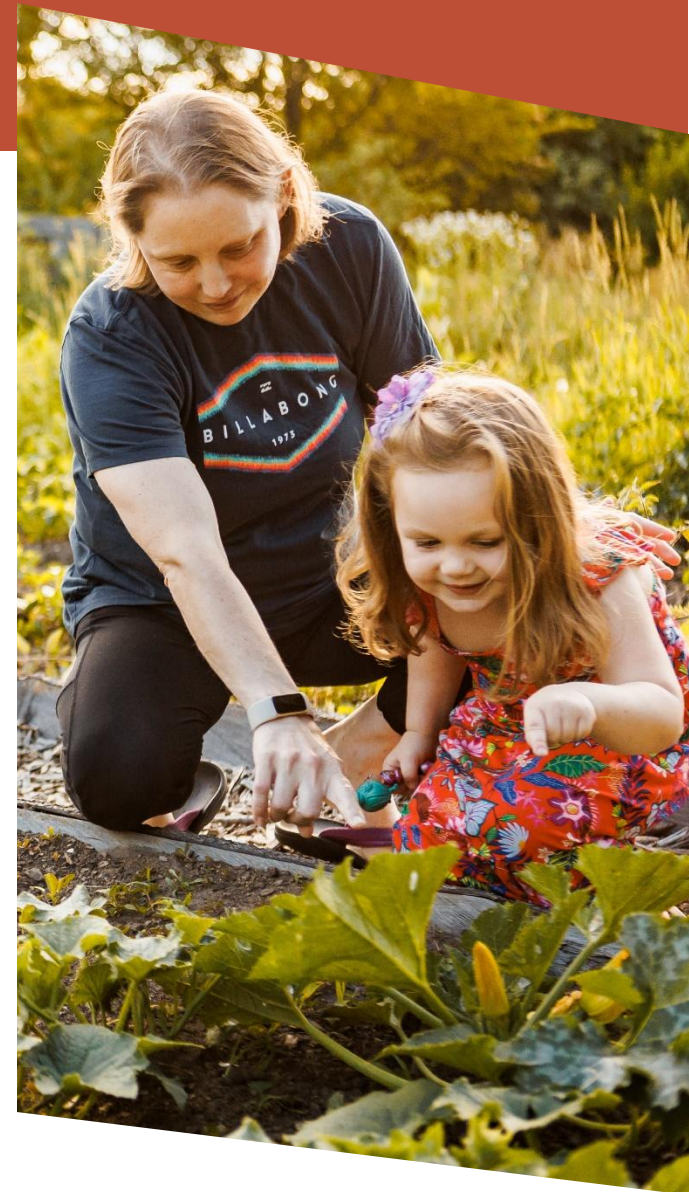


# A typical sequence and pathway

## Application Stage steps

- Buyer executes some kind of site control
- Connect with technical assistance provider to learn the 7-B-1 checklist
- Advise owner to collect prop. Info from USDA field office staff
- Engage experienced vendors for CNA and eventually, an appraisal
- Use CNA to estimate rehab scope, pay close attention to accessibility
- First draft of pro forma – see if you have feasibility

*Still speculative – gross income to be driven by CRCU - comes from appraisal. Rehab scope needs better, tighter cost estimate. And you need to coordinate funding app deadlines and submission requirements to assemble sources. Still a lot to do. First of many GO/NO GO thresholds*



more sequence and pathway...

## Application Stage steps –cont'd

- Lots of room for new debt with 515 re-amortization
- Possible SARA
- Engage arch/eng to develop scope of work, per RD forms
- Order appraisal
- Reaffirm with seller that sale price may be adjusted
- Finish compiling the 7-B-1 and B-2 checklists for app. Check that list numerous times
- Request Cloud Vault access from Multifamily robot email
- Upload full app with all exhibits within 7 days
- Congratulations! – You made it through the first of four stages

*Application* ✓

*Underwriting*

*LOCC approval*

*Closing*



# Underwriting Stage

*Learn to juggle your assumptions*

- Different team at RD does the underwriting
- You'll explain your sources
- You can jump ahead if you use the PAT – anticipate RD req.
- Might be the shortest step
- Be prepared for different RR capitalization
- Be clear to explain how rehab scope addresses the CNA
- You are now 5-7 months (or more) into the process – keep seller informed



# Closing in on Closing

- Letter of Closing Conditions: Closing agent (not the attorneys) send approval of the structure and sources of the transfer. May ask for clear evidence of all funding commitments. Lien position of lenders is crucial.
- Will ask for title report and authority of buyer
- RD does not set closing date – Buyer’s counsel typically does
- Another upload of LOCC exhibits
- Wait
- And wait some more for OGC review and final approval

*Application* ✓

*Underwriting* ✓

*LOCC approval* ✓

*Closing*



*RD 515 properties NEVER look like this*





Closings are all remote

Buyer hires mobile Notary to go to OGC house!

Be sure to include local field staff for pre-construction mtg at site.

Remote preservation team hands the property back to local FOD staff

*Application* ✓

*Underwriting* ✓

*LOCC approval* ✓

*Closing* ✓

**You Did It !!**



*This will be your next LIHTC deal*

# Thanks for your attention

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# THANK YOU!



# REGISTER FOR OUR NEXT SESSION

