Summary of 2018 GAO Rental Assistance Demonstration Report

On March 22, 2018, the Government Accountability Office (GAO) released a 72-page report evaluating HUD’s Rental Assistance Demonstration (RAD) program. The RAD program was created in 2011 and has been repeatedly expanded and amended by Congress.¹ RAD allows public housing units (Component 1) and units subsidized by the Moderate Rehabilitation, Rent Supplement, and Rental Assistance Payment programs (Component 2) to convert to project-based vouchers or project-based rental assistance. These conversions can result in significant changes for low-income residents. For more information about the RAD program, please consult NHLP’s RAD training series here and list of questions to ask about your RAD conversion here.

The GAO report, Rental Assistance Demonstration: HUD Needs to Take Action to Improve Metrics and Ongoing Oversight, confirms NHLP’s concerns and experiences with HUD’s implementation and oversight of the RAD program that we expressed to Secretary Carson last year. Specifically, the GAO study reveals:

Inadequate HUD Oversight of RAD Tenant Protections

- HUD’s databases are not designed to track the impact of RAD conversions on residents. Thus, HUD relies upon resident logs maintained by public housing authorities and owners as the key source of information to ensure that RAD tenants are able to exercise their rights. Additionally, HUD has no clear process for proactively and consistently reviewing these resident logs to ensure that RAD tenants’ rights are protected.
- Despite the many significant changes that low-income tenants experience as part of the RAD conversion, HUD has not done a comprehensive review of the impact of RAD on tenants. As the GAO report stated, “Without a comprehensive review of household information—one based on information in HUD data systems as well as resident logs—HUD cannot reasonably assess the effects of ongoing and completed RAD conversions on residents and compliance with resident safeguards."
- HUD has not developed and implemented monitoring procedures to fully ensure that:
  - Residents are informed about the RAD conversion process;
  - Residents are not rescreened as part of the RAD conversion;
  - Residents are able to exercise their right to remain or return to the RAD-converted property;
  - Any rent increases imposed because of the RAD conversion, subject to certain limitations, are phased in over 3 or 5 years;
  - Resident organizations continued to be recognized and receive tenant participation funds; and
  - Residents are able to receive tenant-based rental assistance after living in the RAD-converted property for 1 or 2 years.

Serious Questions About the Long-Term Preservation of RAD Properties

- Approximately 33% of RAD conversions do not include any repairs at the time of the RAD conversion. While some of these repairs may not be needed at the time of the RAD conversion, this significant percentage of RAD conversions without repairs is concerning, especially given the $49 billion backlog of public housing repair needs nationwide. It is unclear how HUD evaluates and verifies RAD applications that claim that no immediate physical repairs are needed.
- The strength of the protections in place to ensure long-term affordability and preservation of RAD-converted properties are unknown and untested. These protections will be especially important to protect low-income residents and affordable homes that could be faced with foreclosure or contract default.

Inflated Reports of Private Funding Leveraged Through RAD

- HUD’s reports that the RAD program has leveraged $19 private dollars for every $1 public dollar vastly overestimate and miscalculate the amount of private and public funding used. In fact, GAO estimates that RAD has actually leveraged $1.23 private dollars for every $1 public dollar. This is especially important, as HUD continues to tout the RAD program as a successful public-private partnership that leverages billions of private funding sources.

We remain extremely concerned about HUD’s capacity to monitor and adequately oversee these properties as the number of RAD conversions nationwide continues to grow. We hope that HUD’s acceptance of GAO’s recommendations will result in increased and proactive enforcement of RAD tenants’ rights and the long-term preservation of RAD-converted properties.

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