

Strategic Objective 2B: Rental Alignment

Preserve availability of quality affordable rental housing, where it is needed most, by simplifying and aligning the delivery of rental housing programs.

OVERVIEW

During the past 75 years, the federal government has invested billions of dollars in the development and maintenance of affordable public and multifamily housing. Despite the sizable investment and the great demand for affordable rental housing, units continue to be lost. While some units have been lost because of their deteriorated physical condition, others, both publically and privately owned, have been removed from the affordable inventory because of owners' decisions or because periods of affordability have expired. Some multifamily housing programs either have no option for owners to renew their subsidy contracts with HUD or cannot renew on terms that attract sufficient capital to preserve long-term affordability. Moreover, the public housing stock faces an estimated \$26 billion capital needs backlog that will be difficult to meet given federal fiscal constraints.

HUD's Rental Assistance Demonstration (RAD) makes it possible for public housing agencies to address the immediate and longer-term capital repair and replacement needs of their properties, preserving these deeply affordable rental homes. RAD allows access to private funding sources by allowing public housing agencies and owners of Moderate Rehabilitation, Rent Supplement, and Rental Assistance Payment developments to convert to long-term Section 8 rental assistance contracts.

The preservation of an even broader range of HUD-assisted properties will be facilitated by the establishment of a Recapitalization Office that will handle a variety of complicated preservation transactions, providing a "one stop shop" for owners in order to minimize program complexity, from their perspective. Moreover, HUD's participation in the White House Rental Policy Working Group has spurred improvements in rental housing across agencies, particularly in the area of unit physical inspections and HUD's Real Estate Assessment Center's role.

STRATEGIES

- **Establish the Recapitalization Office**, to reposition HUD-assisted multifamily and public housing assets to revitalize neighborhoods and preserve affordable housing to improve opportunities for residents. The office will bring staff and programs used by common partners together to support affordable housing and improve neighborhoods, including RAD, Choice Neighborhoods, HOPE VI, mixed-finance public housing, demolition/disposition, Promise Zones, Mark-to-Market, Section 202 and 236 transactions, and other recapitalization activities. This office will better integrate place-based initiatives and provide more useful interactions with our external partners who are using programs throughout HUD to develop and reposition their assets.

- **Develop and adopt a uniform asset management model across program platforms and divisions**, considering existing legislative and regulatory requirements. By using both property-level oversight and counterparty entity oversight, a uniform asset risk assessment management model will help to ensure consistent timely interventions and minimize risk.
- **Revise the Real Estate Assessment Center's** scoring system, timeframes and operation of physical and financial assessments of HUD-assisted properties.
- **Support the development and preservation of affordable housing through FHA Multifamily Mortgage Insurance**, in conjunction with other funding or financial resources, such as through the FHA Low Income Housing Tax Credit (LIHTC) pilot.
- **Ensure that the households currently being served by HUD rental assistance programs are able to remain housed.**
 - Create a proactive asset management approach to work with owners prior to contract expiration/mortgage maturity to develop a preservation strategy for the property.
 - Preserve units, maintain high occupancy and utilization rates, and reduce the number of units converted to market rate housing.
- **Implement and expand the Rental Assistance Demonstration (RAD)** to preserve and transition existing affordable HUD-assisted rental units to the Section 8 platform.

LEADING THIS OBJECTIVE

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MEASURING OUR PROGRESS

HUD will monitor performance of the following performance indicators:

✪ Fiscal Year 2014-2015 Agency Priority Goal:

Between October 1, 2013 and September 30, 2015, HUD aims to preserve and expand affordable rental housing through its rental housing programs.

- ▶ **Number of families served through HUD rental assistance** (key indicator)
- ▶ **Number of units converted using the Rental Assistance Demonstration (RAD)** (supporting indicator)
- ▶ **Housing Choice Voucher utilization rate** (supporting indicator)

Other Measures:

- ▶ **Number of units managed under the uniform asset management model**
- ▶ **Number of inspections saved through inspection sharing**
- ▶ **Public Housing occupancy rate**
- ▶ **Project Based Rental Assistance (PBRA) occupancy rate**