



April 9, 2021

## RAD PROGRAM NEWS

### HUD Issues Guidance on New Faircloth-to-RAD Conversions

Yesterday on the [RAD website](#) and also via RADBlast!, the Department of Housing and Urban Development ([HUD](#)) announced that it has issued [guidance](#) on the new Faircloth-to-RAD conversions that will allow PHAs to create new deeply rent-assisted housing through RAD.

According to the announcement, Faircloth-to-RAD conversions will establish a long-term, reliable rental subsidy contract for the new housing units, which will help PHAs and their partners to finance the development of the new properties more easily. Faircloth-to-RAD pathway represents an innovative solution to activate existing federal authority to tap into up to 220,000 units of deeply affordable housing that PHAs could develop. As the email states:

In a Faircloth-to-RAD transaction, PHAs will develop public housing units using HUD's public housing mixed-finance program with pre-approval to convert the property to a long-term Section 8 contract following construction. By providing early-stage RAD conversion approvals, specifically the revenue certainty and the market-familiarity of the Section 8 contract these RAD approvals represent, HUD will give lenders and investors the information they need to underwrite the construction of these projects. HUD has streamlined and merged the mixed-finance development and RAD conversion processes to eliminate duplicative steps and to maximize predictability.

The 51-page document, dated April 7, 2021, helps PHAs and their partners to understand the process and make the appropriate submissions to HUD. You can find the [guidance](#) and a [fact sheet](#) on Faircloth-to-RAD conversions on the [RAD website](#). HUD has also announced that it will host a webinar on Faircloth-to-RAD conversions on April 26, 2021, at 3:00 p.m. Eastern Time. Click [here](#) to register.

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