

FACT SHEET



Attention:

Owners of **Moderate Rehabilitation (Mod Rehab) and Mod Rehab Single Room Occupancy (Mod Rehab SRO)** properties regarding **streamlined conversions**

U.S. Department of Housing and Urban Development
Office of Recapitalization



Did you know?

Owners of **Mod Rehab properties, including SRO units**, may convert their existing Section 8 Mod Rehab rental assistance contract to a long-term **Housing Assistance Payment(s) (HAP)** contract through the U.S. Department of Housing and Urban Development's (HUD's) Rental Assistance Demonstration (RAD) program, **without refinancing or performing rehabilitation**, using the streamlined conversion option.

This fact sheet is part of a HUD outreach initiative intended to further understanding of the RAD conversion process and encourage Owner participation in the RAD program.

Read on to learn how a RAD streamlined conversion can help you!

What is RAD?

The RAD program is administered by HUD's Office of Recapitalization (Recap).

The second component of RAD allows Owners of Mod Rehab and Mod Rehab SRO properties with a Section 8 Mod Rehab contract to convert to a long-term Section 8 HAP contract.

RAD Conversion

- Facilitates preservation of Mod Rehab properties and Mod Rehab SRO units.
- Safeguards the availability of rental assistance for the long term.
- Places projects on a better financial footing.

A full and complete explanation of RAD program requirements can be found in Section II of RAD Notice REV-4, H-2019-09 PIH-2019-23 (HA), as amended by the RAD Supplemental Notices, all of which can be found here:

[Statutes, Notices, Regulations & Tools | HUD.gov](#)

December 2025



What is a streamlined conversion?

The streamlined conversion process simplifies and/or eliminates some of the requirements that Mod Rehab Owners must satisfy to qualify for RAD conversion.

What are the advantages of a streamlined conversion?

- No Capital Needs Assessment (CNA) required in most cases.
- Limited Environmental Review in most cases.
- Streamlined Accessibility and Relocation checklist.
- No financing commitments.
- No development budget.

Are all Mod Rehab/Mod Rehab SRO properties eligible for streamlined conversion?

A Mod Rehab project is eligible for streamlined conversion, if all the following are true:

- The project has an active Section 8 Mod Rehab contract;
- The project has 20 or fewer Mod Rehab/Mod Rehab SRO units;
- The Owner is in good standing with HUD and the Public Housing Authority (PHA);
- The property is in good physical condition; and
- The Owner is not currently considering redevelopment or recapitalization of the project.

How does RAD conversion benefit Owners of Mod Rehab/Mod Rehab SRO properties?

The new HAP contract has a term of up to 20 years and is renewable.

Owners choose the type of HAP contract they prefer:

- A Project-Based Voucher (PBV) contract administered by a PHA; or
- A Project-Based Rental Assistance (PBRA) contract administered by HUD.

How long does it take to complete a streamlined RAD conversion?

The time required to complete a RAD conversion varies from project to project. Major steps in the conversion process and the estimated time needed to complete these steps are shown below.

- Submission of Interest to RAD Resource Desk (1 day).
- Meetings and Consultations
 - Conduct at least two resident meetings;
 - Identify PHA willing to administer contract, (if PBV); and
 - Consult with local Continuum of Care (CoC) (if SRO).
- Develop and submit RAD Conversion Plan (3-4 months).
- HUD review and approval (1-2 months).
- Close conversion (1-2 months).



What is a Conversion Plan?

To qualify for RAD conversion, Owners must submit information and documentation demonstrating that the project meets all RAD program eligibility requirements and feasibility benchmarks.

This information is referred to as the Owner's Conversion Plan.

What purpose do these feasibility benchmarks serve?

RAD feasibility benchmarks are intended to help ensure that converting projects will remain physically and financially viable over the term of the new HAP contract.

What information and documentation must Owners submit to qualify for RAD Conversion?

A complete list of all requirements can be found in Attachment 2A of the [RAD Notice, REV-4, H-2019-09 PIH-2019-23 \(HA\)](#).

Is technical assistance available?

Yes. HUD has made available a limited amount of funding for RAD technical assistance.

Email HUD at RAD2@hud.gov for more information.

Who administers my new HAP contract?

Owners converting to PBV will have their HAP contract administered by a PHA. Owners must identify a PHA willing to administer the contract.

The new vouchers will be added to the PHA's Annual Contributions Contract (ACC) and the PHA will receive a fee for administering the contract.

The PHA will also be responsible for:

- Initial contract rent setting;
- Rent re-determinations;
- Performing tenant certifications; and
- Ensuring that units meet Housing Quality Standards (HQS).

Owners converting to PBRA will have their HAP contract administered by HUD.

How can PHAs help?

PHAs that administer Mod Rehab contracts can provide Owners of Mod Rehab and Mod Rehab SRO properties with a copy of this fact sheet to ensure that Owners are aware of the RAD program and the streamlined conversion option.

How are my new HAP contract rents established?

Rules for determining contract rents vary depending on whether a property is converted to PBV or PBRA and are summarized in the table below.

	PBRA	PBV
Initial Contract Rents	<p>Are established in accordance with the requirements of Section 8(c)(1) of the U.S. Housing Act of 1937, at the lesser of:</p> <ul style="list-style-type: none"> • Comparable market rent, as determined by a Rent Comparability Study (RCS); • 110% of the applicable Fair Market Rent (FMR)^{1,2}, less any utility allowance, or • 120% of the applicable FMR^{1,2}, less any utility allowance, if the project (i) preserves project based rental assistance in a community with a high percentage of rent-burdened households where it is particularly difficult to utilize tenant-based assistance, (ii) serves to expand housing opportunities in a community with poverty rates of less than 30%, and/or (iii) supports revitalization activities that are resulting in material private investment in the surrounding neighborhoods. 	<p>Are established in accordance with 24 CFR Part 983 Subpart G, at the lesser of:</p> <ul style="list-style-type: none"> • An amount determined by the PHA², not to exceed 110% of FMR (or any exception rent payment standard approved by the Secretary); • The reasonable rent; or • The rent requested by the Owner.
Adjustments	<p>Contract rents are adjusted by an Operating Cost Adjustment Factor (OCAF) at each anniversary of the HAP Contract, subject to (a) availability of appropriations, and (b) Maximum Rent.</p> <p>Maximum Rent is the higher of 120% of FMR (less any utility allowances) or market rents, as demonstrated by an RCS. Where the Owner uses an RCS to justify an OCAF adjusted rent above 120% of FMR, the RCS is valid for 5 years, the Max Rent limitation does not apply, and rents are adjusted by OCAF for the next four rent adjustments.</p>	<p>Contract Rents are redetermined in accordance with 24 CFR 983.302. Rent re-determination is required if FMRs decrease, if requested by the Owner, or may be automatically adjusted by an annual operating cost adjustment factor if agreed to by the Owner and PHA in the HAP Contract.</p> <p>Re-determinations are subject to reasonable rent limits.</p>

¹Project Owners may use the applicable Small Area FMR in place of the FMR in the computation of rents.

²The applicable FMR for SRO units is the zero-bedroom (efficiency) FMR.

What rights and protections does RAD provide existing residents?

Residents enjoy the following rights and protections under RAD:

- Residents must be notified of the Owner's intent to participate in RAD.
- Owners must conduct at least two resident meetings and provide residents with an opportunity to comment on the Owner's proposed conversion plan.
- At conversion, Owners may not exclude current households from occupancy based on any rescreening, income eligibility, or income targeting.
- Any person who is legally on the lease or otherwise in lawful occupancy of an assisted unit at the property, at or after submission of the Conversion Plan, has a right to remain in or return to an assisted unit at the converted property. Permanent involuntary displacement may not occur because of RAD conversion.
- Any relocation directly resulting from acquisition, demolition, or rehabilitation is subject to the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA).
- HUD requires Owners of properties converting to PBRA to provide a Choice-Mobility option to residents in accordance with RAD requirements.

Are Mod Rehab SRO properties required to serve homeless individuals after RAD conversion?

Yes, the goal of RAD conversion is to place the SRO property on a more sustainable financial footing while retaining and preserving the SRO property's original purpose of serving homeless individuals.

All converted properties must establish an admissions preference for homeless individuals or families that falls within the definition of homelessness established by the McKinney-Vento Homeless Assistance Act and contained in the Continuum of Care Interim Rule at 24 CFR §578.3.

For PBV conversions, the PHA establishes the preference, in accordance with their Administrative Plan.

For PBRA conversions, the Owner establishes the preference consistent with 24 CFR §5.655(c)(5), Housing Handbook 4350.3, and Notice H 2013-21.

The preference shall not apply to current residents but will otherwise be an absolute preference with higher priority than any other preference adopted by the Owner or established by the PHA.



For more information:

For additional information and assistance, please visit the following:

- RAD Notice, Rev-4, H-2019-09 PIH 2019-23 (HA) at: [Statutes, Notices, Regulations & Tools](#)
- RAD Resource Desk at: www.radresource.net

HUD's Office of Recapitalization (Recap) administers the RAD program. You can email Recap at: Rad2@hud.gov

This material is supported by funding under an award from the U.S. Department of Housing and Urban Development. Neither the U. S. Government, nor any of its employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the material. No references contained herein imply an endorsement of the material by the U.S. Department of Housing and Urban Development, its employees, or the U.S. Government. Any opinions contained within the material are those of the author(s) and/or contributor(s) and do not necessarily reflect the views or policies of the U.S. Department of Housing and Urban Development or the U.S. Government.