Expanding HUD's Rental Assistance Demonstration to Include Section 202 Communities with Project Rental Assistance Contracts

"RAD for PRAC"

Goal:
- Expand HUD's Rental Assistance Demonstration Program (RAD) to Include Project Rental Assistance Contracts (PRACs) (RAD for PRAC).

Status:
- RAD for PRAC expansion is in both the House and Senate FY18 HUD appropriations bills.
- The Senate bill also includes a needed $4 million to ensure successful conversion of the most at-risk communities to the Section 8 subsidy platform.

Message:
- Include RAD for PRAC expansion and $4 million for PRAC conversion assistance in any final FY18 HUD funding bill.

Between 1990 and 2012, Congress funded the creation of approximately 2,800 properties serving over 120,000 households headed by very low income seniors. These apartments were produced by construction funds from HUD's Section 202 Supportive Housing for the Elderly program. These homes continue to receive their ongoing rental subsidies from HUD's PRACs.

In theory, the PRAC subsidy provides Section 202 sponsors, all of whom are nonprofits, with the difference between what communities' very low income older adult tenants can afford to pay for rent and the actual operating and maintenance costs of the community. Over the years, it has become clear that many PRAC communities have greater capital repair needs than can be met by PRAC funding.

Besides funding from Congress, PRAC-funded communities currently have no mechanism that allows them to bring in new capital to make needed repairs and improvements.

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Most of those Section 202 communities are still operated by the nonprofit owners that built them, but as the older adults who call these communities home have aged, the buildings themselves have become older and in need of repairs and upgrades to meet the needs of their buildings and the changing needs of their residents.

The lack of access to adequate funding to preserve Section 202 communities with PRACs (202/PRACs) is a problem. Without additional resources, many 202/PRACs will be unable to sustain their communities over the long term.

According to HUD, only 34% of very low income older adult renter households eligible for housing assistance receive it. The majority of older adults who do not receive rental assistance pay more than 50% of their incomes for housing. The number of very low income renter households paying more than half of their incomes for rent is increasing and senior households comprised 66% of those households.

The Section 202 program serves these very low income seniors. The average annual income of a Section 202 household is $13,300. Given the tremendous need for affordable housing for older adults, we must do everything we can to preserve 202/PRAC communities.

LeadingAge and Stewards of Affordable Housing for the Future ("SAHF") urge Congress to address this problem by making PRAC properties eligible for HUD's RAD program, which is currently providing for the recapitalization of thousands of public housing and privately-owned, HUD-assisted properties at no additional cost to the government. While the RAD program will not address the preservation needs of all of HUD's housing for seniors, this is an important start that we strongly support.

For fiscal year 2018, HUD requested Congress to expand the RAD program to include PRAC communities. We are pleased that both the House-passed HUD appropriations bill and the Senate Appropriations Committee-passed HUD appropriations bill include this needed expansion of RAD for PRAC. In addition to providing RAD for PRAC, the Senate bill also provides $4 million to allow for the successful conversion of some PRAC communities to the Section 8 subsidy platform.

Including the RAD for PRAC preservation tool, which is currently in both the House and Senate HUD FY18 bills, and the $4 million in the Senate's FY18 HUD bill to ensure successful conversion of PRACs to the Section 8 platform, is a key priority for LeadingAge and SAHF.

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