Public Housing Repositioning

A Planning Checklist for Small PHAs

October 2, 2026

Applicable to Conversions under the Rental Assistance Demonstration (RAD), including the RAD/Section 18 Small PHA Blend



1: INTRODUCTION/PURPOSE

This checklist is designed to help plan your conversion from public housing to Section 8 (also known as "repositioning"). It includes a list of key tasks and considerations, which are divided into nine sections:

- Financial Considerations
- Voucher Administration
- Ownership and Control
- Resident and Public Notifications
- Resident Programs and Protections
- Funding the Transaction
- Physical and Environmental
- Organizational
- Miscellaneous

The idea is to use this checklist to better identify, or take stock of, what's needed to ensure a successful conversion.

You may also want to use this checklist to prepare a conversion timetable, examples of which are included in Attachment A.

As a small PHA (76-250 units), you are most likely to convert under either (1) a standard Rental Assistance Demonstration (RAD) transaction or (2) a RAD/Section 18 Small PHA Blend. (Please see NCHM's list of webinars and on-demand courses for more information on the different conversion options to determine which option best meets your needs – Repositioning Landing Page) As such, your transaction will be processed by HUD's Office of Recapitalization. Under RAD, there is little that is required to apply (to get an award). The bulk of the work – from physical needs assessments to preparation of financing plans – happens after you are admitted to the program. However, you can better prepare for your transaction, and get a jump on things, by planning ahead. This checklist should help you with those planning efforts.

You may also find helpful the various Financing Plan Guides that the Office of Recapitalization has prepared for RAD awardees. These financing plan guides tell you what, specifically, you must submit for HUD to process your transaction (and the timing of those submissions). This checklist here is more global in that it also considers larger organizational considerations beyond what HUD requires for processing. Consequently, it is better suited for early conversation planning, (These financing plan guides can be located under the Document Library of the RAD Resources Desk – https://www.radresource.net/doclibrary.cfm.)

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A Word About Converting to PBV or PBRA

Under a standard RAD transaction, PHAs have the option of converting to two forms of long-term project-based Section 8 assistance – Project-Based Vouchers (PBVs) or Project-Based Rental Assistance (PBRA). PBVs are administered by Housing Choice Voucher agencies. PBRA is administered by HUD's Office of Multifamily Housing.

Prior to the most recent RAD Notice (PIH Notice 2025-03), if you were converting under the RAD/Section 18 Small PHA Blend, the units receiving Section 8 Tenant Protection Vouchers (TPVs) could only be converted to PBVs. You were not able to convert those TPVs to PBRA. Further, you would have had separate HAP contracts and Use Agreements for the RAD units and the Section 18 units. Under the new RAD Notice, PHAs can now choose to convert the Section 18 units under the Small PHA Blend to PBRA. Additionally, HUD will now issue one PBRA HAP contract and Use Agreement, making it, administratively, much easier for PHAs to convert to PBRA, if desired.

Anyway, if you convert to PBVs, and if you do not operate a voucher agency, you will need to identify a voucher agency as your contract administrator (listed in the Checklist). Instead, if you convert to PBRA, HUD will serve as your contract administrator (and will handle the PBRA on-boarding process once your Financing Plan is approved).

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CONVERSION PLANNING CHECKLIST FOR SMALL PHAs

DATE: October 2, 2026

SECTION/ITEM	APPLICABILITY	AMOUNT OR COMMENT
SECTION 1 - Financial Considerations		
1. Do you have any outstanding debt under the Energy Performance Contracting (EPC), Capital Funding Financing Program (CFFP), the Operating Fund Financing Program (OFFP), or any other debt related to your public housing program? Most small PHAs do not have any existing debt, but for those that do, you have to decide how you will honor or satisfy that debt obligation when you convert. Do you plan to pay off that debt at conversion? Or do you plan to continue with these obligations post-conversion? If so, have you communicated with the holders of that debt to determine if there are any special provisions or restrictions on that debt once you leave the public housing program?	☐ YES ☐ NO	
2. Do you expect to have any operating reserves at the time of conversion? Under both standard RAD, and the Small PHA Blend, you can contribute any and all public housing funds to the transaction (as a "Source" in the Development Budget). But you should begin thinking about how much unspent public housing funds you have and how they will be used in the transaction.	☐ YES ☐ NO	
3. Do you expect to continue to be subject to a Payment in Lieu of Taxes (PILOT) following conversion? The current PILOT arrangement is something that is tied to the public housing program and your local Cooperation Agreement. But when you convert to Section 8, that Cooperation Agreement is no longer applicable. In most states, as long as a PHA continues to own the land, the property is exempt from the payment of real property taxes, although many PHAs continue to honor the former PILOT arrangements. Each PHA should seek appropriate legal counsel to determine the tax status of the property following conversion.	☐ YES ☐ NO	

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SECTION/ITEM	APPLICABILITY	AMOUNT OR COMMENT
4. Do you expect to own any excess public housing property at the time of conversion? Any property paid for with public housing funds should today be subject to a Declaration of Trust, or DOT. If, when you leave the public housing program, you still have some excess land that is covered by a DOT, you should first work with your Board to determine what the agency would like to do with that land. If you would like to use it for affordable housing (not for the development of public housing), you will need to submit a request to HUD's Special Application Center (SAC) for such approval. Any request to remove the DOT for the excess land must be handled separately from your RAD transaction.	☐ YES ☐ NO	
SECTION 2 - Voucher Administration (Applicable only if you convert to PBVs)		
1. If you currently operate a voucher agency, and you are converting under the Small PHA Blend, do you administer at least 250 HCV units? If not, you will need your Field Office to determine that you have sufficient capacity to administer the PBV contract. Please see Section III.B.2 of the PIH Notice 2024-40 for more details (https://www.hud.gov/sites/dfiles/OCHCO/documents/2024-40pihn.pdf).	☐ YES ☐ NO	
2. If you do not currently operate a Housing Choice Voucher Program, who will be your voucher administrator? HUD is not allowing PHAs who do not operate voucher programs to become new voucher administrators. Consequently, if you do not currently operate a voucher program, you will need to find an existing voucher agency to administer the PBVs. HUD doesn't just assign you an agency out of the blue – you actually get to choose who you want as your voucher administrator. Your local HUD office will simply undertake the equivalent of a background check to determine if the selected agency has any performance issues that would prevent it from taking on these units.	☐ YES ☐ NO	

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3. Do you (or the alternative voucher administrator) need to modify your Section 8 Administrative Plan to accommodate project-based vouchers? Voucher agencies are permitted to implement PBV programs; however, they need to spell out how those PBVs will be administered in their admin plan.	☐ YES ☐ NO	
4. Do you (or the alternative voucher administrator) need to competitively solicit for PBVs? If you are converting under RAD, including the Small PHA Blend, you are exempt from competitive solicitation.	☐ YES ☐ NO	
5. Will the converting project be exempt from income-mixing requirements under the PBV program? If you are converting under RAD, including the Small PHA Blend, you are exempt from PBV income-mixing requirements.	☐ YES ☐ NO	
6. Will the converting project be exempt from the PBV "program cap"? Generally, the PBV program limits the number of vouchers that can be project-based to 20% of the PHA's overall voucher authority, with certain exemptions. Under RAD, including the Small PHA Blend, the converting units are exempt from the program cap.	☐ YES ☐ NO	
7. HQS and Rent Reasonableness Determinations All PBV units, before they can be placed under a Section 8 Housing Assistance Payments (HAP) contract, are required to substantially pass HQS. Additionally, their rents must be determined to be reasonable. Moreover, if the PHA that will administer the vouchers has some ownership interest in the converting project (as defined under the voucher program), then the voucher administrator will need to secure a third-party to perform the initial (and on-going) HQS inspections and determinations of rent reasonableness.	☐ YES ☐ NO	

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SECTION/ITEM	APPLICABILITY	AMOUNT OR COMMENT
SECTION 3 - Ownership and Control		
1. Will the property be disposed (to another entity) upon conversion? • Under RAD, there is no requirement that the property, upon conversion, be disposed or transferred to another entity. • Under the RAD/Section 18 Small PHA Blend, the PHA may be required to transfer or dispose of the property (check latest instruction on this matter with HUD). Even when not required by HUD as a condition of conversion, PHAs often transfer their properties at conversion to a related non-profit (typically for $1). Additionally, if you are recapitalizing the property at conversion, and therefore using private debt or tax credit equity, the lender or investor will likely require you to place the ownership of the property under a new "single purpose entity." You should seek appropriate legal counsel to determine the best ownership arrangements.	☐ YES ☐ NO	
2. Can you locate the current Declaration of Trust (DOT) on the property? The DOT, which should be recorded with the land, ties the property to the public housing program. As such, you will need to remove this DOT when you convert. You should locate this DOT early in the conversion process so as not to delay any closing.	☐ YES ☐ NO	
3. Term of Section 8 Housing Assistance Payments (HAP) Contract Under RAD, including the Small PHA Blend, the initial term of the HAP contract must be not less than 15 years (for a PBV contract) or 20 years for a PBRA contract (except in the case of tax credit projects, where HUD will allow 15-year PBRA contracts). However, at conversion, you can immediately extend the contract for another term.	☐ YES ☐ NO	
4. Use Agreements • Under RAD, including the Small PHA Blend, you will execute a RAD Use Agreement at conversion, which will run consecutively within the HAP contract.	☐ YES ☐ NO	

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SECTION/ITEM	APPLICABILITY	AMOUNT OR COMMENT
SECTION 4 - Resident and Public Notifications		
1. Local Government Consultation • Under RAD, there is no requirement for any specific consultation with local government. • However, under Small PHA Blend, you will need to obtain a "local government consultation" letter, which will need to be submitted along with the Financing Plan.	☐ **YES** ☐ **NO**	
2. Resident Notification and Consultation • Under RAD, including the Small PHA Blend, you will need to show evidence of two meetings with the residents of the converting project prior to submitting a RAD application (and then three more meetings once your application is approved – two prior to concept call and one before closing). • Under the Small PHA Close-out Blend, the above RAD resident meetings satisfy all Section 18 resident notice requirements.	☐ **YES** ☐ **NO**	
3. Annual Plan or Amendment to Annual Plan • Under RAD, you must include your RAD conversion plans in your Annual Plan or Amendment to the Annual Plan, which must be submitted with the Financing Plan (not required at time of application). • Under Section RAD/Section 18 Small PHA Blend, you must additionally include in your Annual Plan or Amendment your planned Section 18 activity.	☐ **YES** ☐ **NO**	

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SECTION/ITEM	APPLICABILITY	AMOUNT OR COMMENT
SECTION 5 - Resident Programs and Protections		
1. Do you currently receive funding under the Family Self-Sufficiency, ROSS, JOBS-Plus, or Congregate Housing Services Programs? • The new RAD Notice (PIH Notice 2025-03, Revision 4, dated January 16, 2025) makes it even easier for PHAs, when they convert, to continue their grants under the above resident programs. But you should consider the circumstances under each program, as applicable. Please see Section III, Resident Services Programs, of the new RAD Notice for more details.	☐ YES ☐ NO	
2. Are any existing households over-income or otherwise ineligible for Section 8? Under RAD, including the Small PHA Blend, all residents are guaranteed an absolute right to return and are, essentially, grandfathered in. Still, although all public housing residents are protected and will have an absolute right to return, it is a good idea for you to identify now how many households would be over-income and to be ready to answer any questions that they may have about the impact of conversion on their tenancy.	☐ YES ☐ NO	
3. Will any households experience an increase in tenant rent as a result of conversion? While it is uncommon for tenant rents to increase upon conversion (the public housing and Section 8 programs have very similar methods for calculating tenant rents), under RAD, including the Small PHA Blend, a PHA can decide to phase-in those rent increases over a three-to-five year period.	☐ YES ☐ NO	

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SECTION/ITEM	APPLICABILITY	AMOUNT OR COMMENT
SECTION 6 - Funding the Transaction		
There are basically three types of RAD deals – no debt, debt, and tax credit. The history of RAD is that most small PHAs have converted as no-debt deals, which is a reflection of both the relatively lower physical needs of smaller vs larger PHAs but also the desire of smaller agencies to keep things simple (not involve debt or tax credits). At the early stage in the planning process, do you already have a sense of the type of transaction you are contemplating? Ultimately, this decision will be driven by your physical needs assessment (see below). But if you have a strong indication now that the needs of the property are greater than what you can assemble in current agency funds (primarily, operating reserves or unobligated Capital Funds), then you might want to begin the process of securing various development partners, as applicable, which might include: • A development consultant (to assist you in how best to structure the transaction but also help you in negotiations with other development partners), • A lender, • Legal counsel, • A/E services, and • A development partner, especially for any tax credit project.	☐ YES ☐ NO	
SECTION 7 - Physical and Environmental		
1. Physical Needs Assessment (PNA) Under both standard RAD and the Small PHA Blend, an independent PNA is required. Although the PNA is technically not required to be submitted until the Concept Call, the information from the PNA is critical for planning your transaction. Therfore it is a good idea to solicit the PNA early in the process.	☐ YES ☐ NO	

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SECTION/ITEM	APPLICABILITY	AMOUNT OR COMMENT
2. Environmental Review All conversions require an environmental review, which are often performed by the same firm that completes your PNA (or as a subcontract to your PNA provider). In the new RAD Notice (PIH Notice 2025-03), HUD has indicated that all RAD transactions will now be undertaken under 24 CFR Part 50, i.e., "Part 50 Reviews." (Previously, most PBV transactions were undertaken as "Part 58 Reviews.") What this means, in terms of processing, is that you will need to submit your environmental review documentation to HUD's Office of Recapitalization at the time of your Concept Call. As with the PNA itself, the earlier you can start on the environmental review, the faster you can process your transaction.	☐ YES ☐ NO	
SECTION 8 - Organizational		
1. Staffing Impacts Will conversion have any impact on agency staffing? On one level, simply converting from the public housing "platform" to the section 8 "platform" should have no impact on staffing levels. The agency is merely swapping out one subsidy program for another. The impact on staffing mostly comes when a PHA is simultaneously recapitalizing the property using low-income housing tax credits and either the tax credit agency or the investor requires a management company with tax credit experience. In this case, it is not any HUD repositioning requirement that is driving things but simply the act of recapitalizing the property. Either way, it's important to think through the staffing implications of conversion.	☐ YES ☐ NO	
2. Operating Systems As a PHA exits the public housing program, it also exits the Public Housing Assessment System (PHAS) and PIC (the Public Housing Information Center). If you are converting to RAD PBRA, then you will now be submitting your HAP vouchers through TRACS. If you are converting to PBV, then you will still be using PIC and the HUD-Form 50058 to certify/recertify households. Will you be ready for these changes in systems? What other system changes may also come as you convert?	☐ YES ☐ NO	

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SECTION/ITEM	APPLICABILITY	AMOUNT OR COMMENT
SECTION 9 - Miscellaneous		
1. Mixed-Finance Projects Were any of your units developed through the public housing mixed-finance program and owned by an entity other than the PHA? Although these projects are also eligible for conversion, a PHA cannot unilaterally convert these projects. A PHA needs the approval of the owner of the mixed-finance project to agree to convert (and agree on the terms of conversion). Also, there are specific contractual documents – including the Regulatory and Operating Agreement – that will need to be replaced when converting a mixed-finance project.		
2. Faircloth Do you have any "Faircloth" units when you convert your last units that you plan to utilize before you close-out your public housing program. Under a standard RAD conversion, your Faircloth Authority gets reduced accordingly. However, under the Small PHA Blend, you will retain Faircloth Authority for the units removed via Section 18. Recently, HUD has allowed PHAs, when they are converting their last units, to delay the close-out of their public housing program if the PHA has Faircloth Authority that it wants to use.		
3. Other Legal Obligations (lawsuits, IG audits, etc.) Finally, are there any other legal obligations that are outstanding at the time of conversion? For example, do you have an outstanding repayment program for a past IG Audit? You will need to honor or satisfy these obligations prior to conversion.		

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The overall timeframe to convert a project under a standard RAD transaction vs a Small PHA Blend are really no different. Both of these transactions are processed by HUD's Office of Recapitalization and the steps are basically the same, only that there are a few extra submissions if you are undertaking the Blend.

The main difference in the timing of a RAD conversion is more around whether you are planning a no-debt transaction vs a debt or tax credit transaction. In the case of a no-debt transaction, you can expect the process to take a little more than a year. In the case of a debt or tax credit transaction, you can expect to add three to four months to that timeframe to secure both the financing but also to secure your development partners.

Anyway, you can use the timeframes suggested below to develop your own conversion timetable.

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TIMETABLE OF KEY MILESTONES STANDARD RAD

30 DAYS



PRE-APPLICATION
- Resident Meetings



APPLICATION
- Board Approval
- Submission

30 DAYS

60 DAYS



HUD APPROVAL
- Receipt of CHAP (Commitment to Enter into Housing Assistance Payments contract)



KICK-OFF CALL WITH HUD TRANSACTION MANAGER

60 DAYS

120-240 DAYS



CONCEPT CALL WITH HUD TRANSACTION MANAGER
- Environmental Review
- Physical Needs Assessment
- Operating Pro-Forma
- Development Budget
- Funding Commitments



FINANCING PLAN SUBMISSION
- Environmental Review
- Physical Needs Assessment
- Operating Pro-Forma
- Development Budget
- Funding Commitments, etc.

30 DAYS



APPROVAL OF FINANCING PLAN AND RECIEPT OF RAD CONVERSION COMMITMENT (RCC)

30 DAYS



CLOSING
- Release of DOT,
- Execution of RAD Use Agreement and RAD HAP contract
- Removal of units from public housing
- Disposition of asset (as applicable)

60 DAYS

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