Public Housing Repositioning

A Planning Checklist for Very Small PHAs

October 2, 2026

Applicable to Very Small PHAs Converting to Section 8 under either
(1) Streamlined RAD or (2) Section 18 for Very Small PHAs (75 or fewer units)



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 very small PHA (75 or fewer units), you are most likely to convert under either (1) the Rental Assistance Demonstration's (RAD's) streamlined processing for very small PHAs ("Streamlined RAD") or (2) Section 18 for Very Small PHAs (75 or fewer units). (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.)

- If you convert under RAD, 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 – preparing a financing plan – happens after you are admitted to the program.
- If you convert under Section 18, your transaction will be processed by HUD's Special Applications Center (SAC). Under Section 18, the work is essentially all front-loaded, i.e., your Section 18 application must include all the material needed for HUD to review/approve your request.

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Either way, 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, whether you convert via RAD or Section 18.

You may also find helpful the various Financing Plan Guides that the Office of Recapitalization has prepared for RAD awardees as well as the Section 18 Checklist the SAC has prepared for Section 18 applicants, which list, specifically, the required submissions for HUD to process your transaction (and the timing of those submissions). The checklist contained 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 conversion planning.



RAD financing plan guides can be located under the Document Library of the RAD Resources Desk

The Section 18 checklist can be found on the SAC's website

2: A WORD ABOUT CONVERTING TO PBV vs PBRA

If you are converting under Streamlined RAD, you have the option to choose between 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.

If you are converting under Section 18 '75 or Fewer', and you choose to project base the assignment of Section 8 Tenant Protection Vouchers (TPVs), you can only convert to PBVs (there is no way to convert to PBRA). If you would prefer to convert to PBRA, but you find that the contract rents will be higher with TPVs, you may want to consider the RAD/Section 18 Small PHA Blend, where you will only be eligible for 90% TPVs (as opposed to 100% under '50 or Fewer'), but where you are now permitted (under PIH Notice 2025-03) to convert to PBRA.

CONVERSION PLANNING CHECKLIST FOR VERY 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), 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 public housing funds, e.g., operating reserves or unspent Capital Funds, at the time of conversion? • If you are converting via RAD, you are allowed to use your operating reserves to contribute to the transaction. • But if you are converting via Section 18, you cannot use any public housing funds to contribute to the transaction. And, since these will be the last public housing units that you convert, any unspent public housing funds must be returned to the U.S. Treasury upon conversion. Hence, if you fall in this latter group, you want to spend your public housing funds (on eligible public housing activities) prior to conversion – and may need significant lead time to identify that work, bid out that work, and get it spent prior to conversion.	☐ YES ☐ NO	

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SECTION/ITEM	APPLICABILITY	AMOUNT OR COMMENT
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	
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 actual conversion action.	☐ 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	

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SECTION/ITEM	APPLICABILITY	AMOUNT OR COMMENT
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 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	
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, you are exempt from competitive solicitation. • If you are converting via Section 18 For Very Small PHAs, and you plan to project base the award of TPVs, you are also exempt from competitive solicitation (on the basis that the project was "previously assisted."	☐ YES ☐ NO	
5. Will the converting project be exempt from income-mixing requirements under the PBV program? • If you are converting under RAD, you are exempt from PBV income-mixing requirements. • If you are converting via Section 18 For Very Small PHAs, and you plan to project base the award of TPVs, you are also exempt from income-mixing PBV requirements (the 2016 HOTMA legislation – Housing Opportunity Through Modernization Act – exempted previously assisted projects from income-mixing.)	☐ YES ☐ NO	

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SECTION/ITEM	APPLICABILITY	AMOUNT OR COMMENT
6. Will your 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, the converting units are exempt from the program cap. • Projects converting under Section 18 For Very Small PHAs are also exempt from the program cap (HOTMA exempted "previously assisted units").	☐ 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, the 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	
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 Section 18 For Very Small PHAs, the property must actually be transferred or disposed. 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	

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SECTION/ITEM	APPLICABILITY	AMOUNT OR COMMENT
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, 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). • For Section 18, where you plan to project-base the TPVs, the length of the term is really up to you (and your lender or investor, as applicable). Also remember that, under the PBV program, no initial contract can exceed 20 years; however, a PHA can immediately extend a contract for a second term (thus, a 20-year contract can become, with renewal, a 40-year contract).	☐ YES ☐ NO	
4. Use Agreements • Under RAD, you will execute a RAD Use Agreement, which will run concurrently with the HAP contract. • Under Section 18, you will also enter into a Use Agreement; however, the SAC does not have a standard Use Agreement form. You are free to propose a Use Agreement for SAC to review, generally for a term of not less than 30 years.	☐ YES ☐ NO	
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 Section 18, you will need to submit with your application a "local government consultation" letter.	☐ YES ☐ NO	

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SECTION/ITEM	APPLICABILITY	AMOUNT OR COMMENT
2. Resident Notification and Consultation • Under RAD, 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 prior to closing). • But under Section 18, the Board cannot approve your application until you have held a resident meeting and the board certifies that it considered the resident comments prior to approving the application.	☐ 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 18, you must provide evidence, at time of application, that your Section 18 plans were included in an approved Annual Plan or Amendment.	☐ YES ☐ NO	
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 2025-03) 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 (https://www.hud.gov/sites/dfiles/OCHCO/documents/2025-01hsgn.pdf). • Similarly, under Section 18, if a PHA is converting the TPVs to PBVs, there are more opportunities to finish out the current grant. You should talk with your local field office regarding which programs "carry over" when you convert.	☐ YES ☐ NO	

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2. Are any existing household over-income or otherwise ineligible for Section 8? • Under RAD, all residents are guaranteed an absolute right to return and are, essentially, grandfathered in. • Under Section 18, all households must be eligible to receive Section 8 assistance. For any household that is not eligible, you will need to provide that household with "comparable assisted housing", generally for three years. Many PHAs, in these circumstances, allow the over-income or otherwise ineligible household to remain in the unit, paying the same rent as in public housing, for three years, after which the household will be expected to pay the market rent.	☐ YES ☐ NO	
3. Will any households experience an increase in tenant rent as a result of conversion? It's not that common that the tenant rents will increase upon conversion because the public housing and Section 8 programs have very similar methods for calculating tenant rents, including income inclusions/deductions. However, in case rents may increase: • Under RAD, a PHA can decide to phase-in those rent increases over a three-to-five year period. • Under Section 18, there is no special phase-in provision.	☐ YES ☐ NO	

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SECTION/ITEM	APPLICABILITY	AMOUNT OR COMMENT
SECTION 6 - Funding the Transaction		
1. Do you expect to recapitalize the property at conversion and, if so, what will be the sources of funding? • If you are converting under Streamlined RAD, you are self-certifying that the property (1) doesn't have any exigent health and safety hazards and (2) can be sustained for 20 years as decent, safe, and sanitary housing at the published RAD rents and with whatever initial deposit, and annual deposits, you intend to make to the replacement reserve account. In order for HUD to streamline the review and processing, you may not propose any construction or rehab (or any relocation or transfer of assistance) at the time of closing. Basically, you will be contributing any/all public housing funds to "Sources", less any funds you feel are needed to close out your public housing program. Streamlined RAD doesn't preclude you from undertaking a recapitalization event sometime down the road, as you feel appropriate. • If you convert under Section 18 'For Very Small PHAs', you are under no obligation to present to HUD how you plan to recapitalize the property, if applicable. If you decide to project-base the TPVs, you will of course be required to demonstrate that all units substantially meet HQS prior to entering into a HAP contract. But any decision about the level of repairs, the timing of those repairs, or the sources of financing for those repairs, is really a local determination. Although the requirements under Streamlined RAD and Section 18 For Very Small PHAs are quite minimal with respect to future plans for the recapitalization of your property, you should nonetheless give careful thought to what you want to do, and what you need to do, to the property. Can you preserve the property as, essentially, a no debt transaction? Or, following conversion, do you feel that you would like to undertake a larger recapitalization of the property, using either debt or tax credits? To the extent that you feel that you need to leverage debt or tax credit equity, you also need to consider bringing on other development partners, including development consultants, lenders, development partners, etc.	☐ **YES** ☐ **NO**	

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SECTION/ITEM	APPLICABILITY	AMOUNT OR COMMENT
SECTION 7 - Physical and Environmental		
1. Physical Needs Assessment (PNA) • Under Streamlined RAD, you are not required to undertake a third-party PNA. • Under Section 18 for PHAs with 50 or Fewer Units, there is no requirement for a PNA. Even though no PNA is required by HUD for either Streamlined RAD or Section 18 For Very Small PHAs; most PHAs still undertake some form of PNA to better understand the capital needs at their properties and to plan for those needs.	☐ YES ☐ NO	
2. Environmental Review All conversions – whether RAD or Section 18 -- require an environmental review. The type of environmental review will differ, however, depending on whether it's a RAD conversion or a Section 18 conversion: • Under Streamlined RAD, HUD has streamlined the requirements for an environmental review (see Section 1.5.3 of the RAD Notice for more detail). Additionally, pursuant to the new RAD Notice (PIH Notice 2025-03), all RAD transactions will now be conducted 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. • Under Section 18, the environmental review will be conducted under 24 CFR Part 58, i.e., a "Part 58 Review." The earlier you can start on the environmental review, the faster you sooner that you will be able to close your transaction.	☐ YES ☐ NO	

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SECTION/ITEM	APPLICABILITY	AMOUNT OR COMMENT
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 one subsidy program for another. The impact on staffing mostly comes into play when a PHA is simultaneously recapitalizing the property using low-income housing tax credits and either the tax credit agency or 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 (or the voucher administrator) 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	
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.	☐ YES ☐ NO	

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SECTION/ITEM	APPLICABILITY	AMOUNT OR COMMENT
2. Faircloth Will you have any "Faircloth" units when you convert your last units that you plan to develop before you close-out your public housing program. Or, will the conversion action – say, Section 18 for PHAs with 50 or Fewer Units – create for you new Faircloth Authority? 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. Additionally, PHAs can also now "park" or set-aside public housing funding (say, operating reserves) when they remove their last units for possible public housing development under Faircloth.	☐ YES ☐ NO	
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.	☐ YES ☐ NO	

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The overall timeframe to convert a project under Streamlined RAD or Section 18 For Very Small PHAs is about the same, or what should be around 12-15 months. What's different, however, is the sequencing. Under RAD, there is little required for you to submit the application whereas, under Section 18, all the work is upfront, i.e., before you submit your application.

On the following two pages, we present sample conversion timetables, one each for Streamlined RAD and Section 18 For Very Small PHAs. These timetables assume that you are not undertaking any major recapitalization at the time of conversion.

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

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TIMETABLE OF KEY MILESTONES STREAMLINED 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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TIMETABLE OF KEY MILESTONES SECTION 18 FOR PHAs WITH 50 OR FEWER UNITS

120 DAYS



PRE-APPLICATION

- Resident Meetings
- Local Government Consultation
- Environmental Review
- Annual Plan or Amendment



APPLICATION

- Board Approval
- Submission

30 DAYS

60 DAYS



HUD APPROVAL



PRE-CLOSING ACTIVITIES

- 90-day Resident Notification
- Request for Section 8 Tenant Protection Vouchers (TPVs)
- Receipt of TPVs

120 DAYS

60 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)

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