Preparing for Section 811 RAD: A Preservation Agenda

The recently enacted 21st Century ROAD to Housing Act raised the cap on public housing units eligible to convert under the Rental Assistance Demonstration (RAD) by 100,000 to 555,000.[1] But there was arguably a more interesting change for RAD made back in 2022 that has received comparatively less attention. The Fiscal Year 2022 appropriations bill authorized HUD to incorporate a RAD option for the preservation of Section 811 properties with existing project rental assistance contracts (PRACs).[2]

Compared to the millions of households served by the public housing and housing choice voucher programs, the Section 811 program is modest, serving a little over 38,000 very or extremely low-income individuals with long-term disabilities.[3] The risks associated with the loss of this portfolio of housing, however, are significant. The average household income for a Section 811 PRAC resident is just $14,937, and the vast majority rely on non-wage income like Supplemental Security Income (SSI).[4] According to the Technical Assistance Collaborative, there is no housing market in the United States where SSI alone would be enough to afford the rent for a typical one-bedroom apartment, let alone one that is accessible and located near services and supports.[5] Losing these affordable homes, therefore, would put Section 811 households at risk of homelessness or institutionalization.

All of this makes managing the rollout and implementation of RAD to preserve the Section 811 portfolio critically important. HUD is still developing the framework for conversion of these properties, but the portfolio's successful preservation will require coordinated action across HUD, Congress, state health and housing agencies, and owners.

Preservation will require more than just transferring existing rental assistance contracts to a more stable, long-term platform. Many Section 811 properties are small, aging, and may be difficult to finance through traditional programs like the Low-Income Housing Tax Credit (LIHTC). Owners may need support to assess capital needs, scope and undertake accessibility improvements, and meaningfully engage residents. Access to voluntary services is a crucial component of Section 811 resident wellbeing and stability, but could be disrupted in the process of rehabilitation and conversion. Each actor in the system has an important role to play:

Congress should provide dedicated preservation funding: capital investment to support properties that may have insufficient cash flow to take on commercial debt or are too small to

[1] 2026. 21st Century ROAD to Housing Act, Pub. L. No. 119-101, § 212(2), 140 Stat. 845, 884. U.S. Government Publishing Office.
[2] 2022. Consolidated Appropriations Act, 2022, Pub. L. No. 117-103, div. L, tit. II, § 236, 136 Stat. 49, 763–764. U.S. Government Publishing Office.
[3] Data reported by HUD via "Picture of Subsidized Households," 2025 data: Section 811 PRAC and Section 811 PRA, "Number of people: total." Accessed October 2026.
[4] Ibid. "% households where wages are a major source of income"
[5] 2026. "Priced Out: The Housing Crisis for People with Disabilities." Technical Assistance Collaborative (TAC).

merit LIHTC; supplemental rental assistance to support operating costs and additional leverage where feasible; predevelopment and technical assistance for small nonprofit owners; and dependable resources for service coordination to help properties manage the transition conversion and rehabilitation will require.

HUD, through the RAD Notice and associated guidance, should establish workable conversion procedures and financing rules suited to small properties, allow portfolio conversions that enable consolidating or aggregating contracts, issue clear accessibility and integration guidance, and enforce resident protections with sufficient capacity to ensure adherence through implementation.

States, particularly Housing Finance Agencies (HFAs) and health and human services/Medicaid agencies, have an opportunity to proactively prepare. HFAs can assist with aggregating individual RAD conversions to access suitable financing and coordinate gap subsidies where available. Close coordination between state housing agencies and state health and Medicaid agencies, health systems, and service providers can help maintain continuity of services and promote resident stability. State and local leadership is even more important in light of the current administration's retreat from enforcement of the Americans with Disabilities Act, and in particular its position that the integration requirements for people with disabilities, upheld by the Supreme Court in Olmstead v. L.C. are not required by federal law.[6] This does not absolve states or property owners from their underlying legal obligations; rather, in the absence of clear guidance from HUD or enforcement by the Department of Justice (DOJ), it will likely fall to states to determine what Olmstead compliance looks like in the context of an 811 RAD conversion and it may be incumbent on states to encourage conversions that promote integrated and supportive settings.

In the remainder of this report, we provide an overview of the Section 811 program and portfolio, identify priorities for Congress and HUD, and outline actions state agencies can take now to prepare. A summary of those recommendations, broken out by key actor can be found at the end of this report. Ultimately, federal investment and state coordination must advance together to preserve these properties and support the residents who call them home.

Understand your state's PRAC portfolio

To facilitate coordination, CPE created **an online tool** to allow you to explore the existing Section 811 PRAC and PRA portfolios. Our hope is that the tool can be a starting point for states to engage on this topic by identifying the location of properties and key management agents across the state.

[6] 1) 1999. "Olmstead v. L. C., 527 U.S. 581. Supreme Court of the United States; 2) 2026. DOJ. Clarification on Department of Justice Guidance Titled, "Statement of the Department of Justice on Enforcement of the Integration Mandate of Title II of the Americans With Disabilities Act and Olmstead v. L.C.". U.S. Department of Justice.

A brief overview of the Section 811 program

In 1990, the Cranston-Gonzalez National Affordable Housing Act created the Section 811 program, formally splitting off housing for persons with disabilities from the Section 202 program, which provides housing for the elderly and which had previously included some set-asides for people with disabilities.

Under the traditional Section 811 capital advance program, HUD provides interest-free capital advances to nonprofit sponsors to develop housing. Those capital advances are forgiven as long as the properties remain operated as supportive housing for people with disabilities and affordable to very low-income households (50% of AMI and below) for at least 40 years. Alongside the upfront capital funding, HUD also provides a one-year renewable Project Rental Assistance Contract (PRAC) which makes up the difference between what a tenant can afford to pay and what it costs to operate the unit, similar to the Section 8 project-based voucher program.[7]

In 2010, the Frank Melville Supportive Housing Investment Act updated the 811 program and created the Section 811 Project Rental Assistance (PRA) program. PRA separates rental assistance from the provision of a capital advance, providing only the rental contract. State housing agencies apply to administer the assistance in partnership with state health and human services or Medicaid agencies with a goal of placing assisted households in larger affordable housing developments as opposed to segregating individuals with disabilities into purpose-built projects. Under the PRA program, no more than 25% of units in a given project can be assisted by PRA, be used as supportive housing for persons with disabilities, or carry a disability occupancy preference. This encourages integration of people with disabilities into non-disability specific housing, and also encourages pairing PRA assistance with existing sources of housing capital like LIHTC and HOME funds.[8]

Section 811 PRA contracts **are not** eligible for RAD, but they provide a useful example of how the federal government's approach to supporting people with disabilities has shifted to prioritize rental assistance only, and as part of larger, integrated properties. Section 811 PRACs, by contrast, represent an earlier era and a unique preservation challenge: a large number of small, aging, and fully-assisted properties.

Figure 1. *811 PRAC and 811 PRA Summary Table*

[7] 2016. Perl, L. Section 811 and Other HUD Housing Programs for Persons with Disabilities. Congressional Research Service, pgs. 10-12, 14.

[8] 2026. "Programs of HUD." U.S. Department of Housing and Urban Development (see "2026. Supportive Housing for Persons with Disabilities (Section 811) and the Section 811 Project Rental Assistance (PRA) program"); 2) 2011. Frank Melville Supportive Housing Investment Act of 2010. Pub. L. No. 111-374. 124 Stat. 4089. U.S. Government Publishing Office.

	Section 811 PRAC	Section 811 PRA
Structure	HUD capital advance award plus a project-specific operating subsidy.	Rental assistance attached to units in otherwise larger multifamily developments.
Setting	Small, disability-designated properties, including group homes, targeted at up to 50% AMI.	Integrated developments, generally subject to a 25% concentration limit and targeted to 30% AMI.
Administration	HUD contracts directly with a third-party, nonprofit sponsor to develop and operate housing.	HUD provides rental assistance funding to a state housing agency in partnership with the state Medicaid agency.
Units	32,720	7,156
RAD eligible	Yes	No
Median assisted units (median total units)	10 (10)	6 (52)

Source: U.S. Department of Housing and Urban Development, "Multifamily Assistance & Section 8 Database," contract and property files current as of 10/06/2026; CPE analysis. Program properties and units count Section 811 PRAC ("PRAC/811") and PRA ("811 PRA DEMO") contracts. Total units at property is HUD's property_total_unit_count, which for PRA includes the non-PRA units in the development.

Congress appropriated $256.7 million to the Section 811 program account in FY2025, and $287 million in FY2026 - despite the President's budget calling for an elimination of the program in favor of a block grant to state and local governments.[9] The vast majority of that funding, however, goes toward renewals of PRAC and PRA rental assistance contracts. Money for new units and/or contracts has been sporadic over the years. HUD released NOFOs for the 811 Capital advance/PRAC program through 2010, but then stopped, and Congress provided no new capital advance funding again until FY2018. HUD issued a smaller 811 capital advance/PRAC NOFO in 2019, and followed that up with a larger $106 million NOFO in 2023, drawing upon funds appropriated in FY2022 and FY2023.[10]

The PRA program launched in 2012 with an initial round providing $98 million in contracts to 13 states. A second round of funding was awarded in 2015 to 25 states for approximately $150 million.[11] Apart from a smaller FY2019 NOFO, the program was largely dormant for the rest of the decade. PRA was revived in 2023 with a $106 million NOFO, a $140 million award cycle in 2024,

[9]1) 2025. FY 2026 Congressional Justifications: Housing for Persons with Disabilities (Section 811). U.S. Department of Housing and Urban Development, pg. 23-1; 2) 2026. FY 2027 Congressional Justifications: Housing for Persons with Disabilities (Section 811). U.S. Department of Housing and Urban Development, pg. 22-1; 3); 2026. DiLorenzo, G., K. Klurfield. "Appropriations Update: Final FY2026 THUD Funding Summary." Bipartisan Policy Center.
[10]2025. Gonzalez, A. Section 811: Supportive Housing for Persons with Disabilities Program. National Low Income Housing Coalition, pg. 2.
[11]2018. Pinkett, R. et al. HUD Section 811 PRA Project Rental Assistance Program Process Evaluation. U.S. Department of Housing and Urban Development, Office of Policy Development and Research, pg. 15.

and most recently a $158 million NOFO that closed in July of 2026, with $150 million in awards made on October 20, 2026 to 21 state housing agencies.[12]

The Current Portfolio

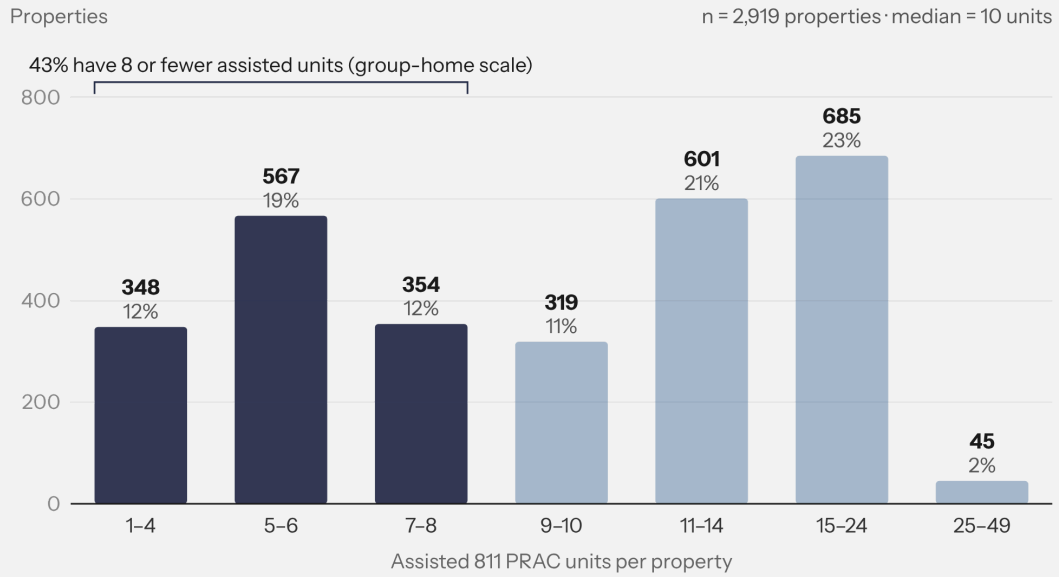
The nature and characteristics of the existing Section 811 PRAC portfolio point to some immediate challenges to its eventual recapitalization and preservation, and why state and federal coordination is likely to be key.

Public data provide an imperfect but revealing sketch of the portfolio. HUD's Multifamily Assistance and Section 8 Contracts database identifies 2,919 properties with Section 811 PRAC contracts, encompassing 32,720 assisted units. The same data identify 955 properties receiving Section 811 PRA assistance, encompassing another 7,156 units.[13] HUD itself cautions that this data may not be 100% accurate; the file pulls data from multiple sources and may not include the full universe of properties. HUD's Picture of Subsidized Households, for example, reports 33,372 subsidized PRAC units.[14] The contracts database, however, includes detailed property and unit count information, and serves as the basis for the analysis in this report.

Several key features of the 811 portfolio stand out, the most defining being the size of the individual assisted properties. The median 811 PRAC property has only 10 assisted units, and roughly 43% of 811 PRAC properties have eight or fewer assisted units. Many of these smaller properties are structured as group homes, often in large single-family homes where each tenant has an individual bedroom but shares kitchens, bathrooms, and common areas. Larger configurations tend to be focused on supporting residents in independent living.

[12] 2025. Gonzalez, A. Section 811: Supportive Housing for Persons with Disabilities Program. National Low Income Housing Coalition and 2026. U.S. Department of Housing and Urban Development. "HUD Announces More Than $150 Million in Section 811 Project Rental Assistance Awards."
[13]Data reported by HUD via the Multifamily Assistance and Section 8 Contracts database, Accessed October 2026.
[14]Data reported by HUD via HUD Picture of Subsidized Households: Section 811 PRAC, "Number of subsidized units total," Accessed October 2026.

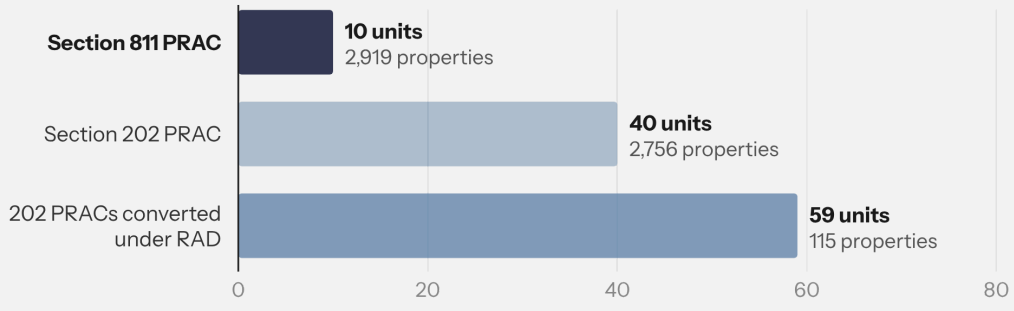
Figure 2. *811 PRAC property distribution by assisted unit count*



Source: HUD Multifamily Assistance & Section 8 Contracts database (current as of 10/06/2026); CPE analysis. publicenterprise.org

This stands in stark contrast to the Section 202 PRAC portfolio, which serves elderly households and has a median assisted unit count of 40. A RAD conversion option for Section 202 PRAC properties was authorized in 2018. For those Section 202 PRAC properties that have already been converted under RAD, the size is even larger, with a median of 59 units.

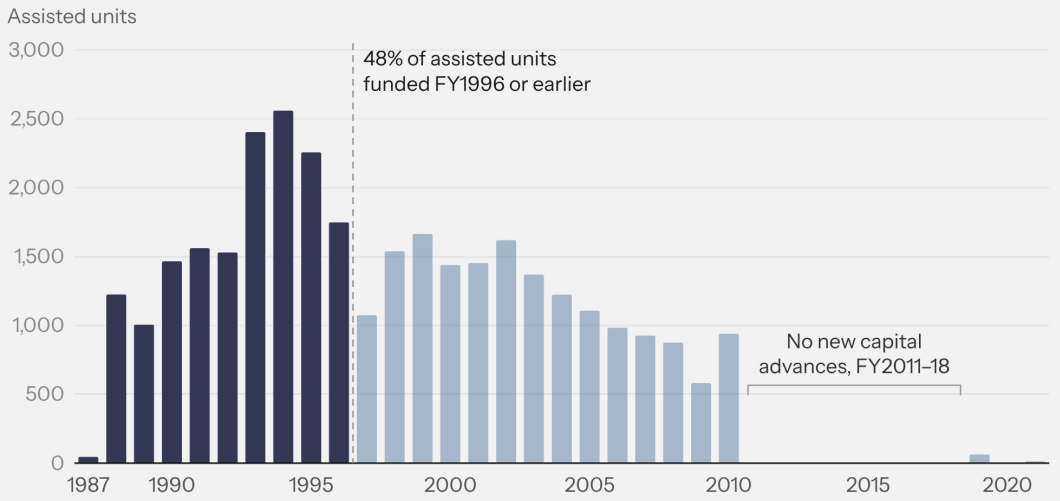
Figure 3. *811 PRAC, 202 PRAC, and RAD-converted 202s by median assisted unit size*



Source: HUD Multifamily Assistance & Section 8 Contracts database (current as of 10/06/2026); CPE analysis. publicenterprise.org
Median assisted units per property (HUD program types PRAC/811, PRAC/202, RAD PRAC Conv).

The Section 811 portfolio's history also warrants attention to building age and condition. Properties developed in the program's early years are now more than three decades old and reaching the point at which major building systems require investment.[15] Based on an analysis of the funding fiscal year in HUD's contract database, approximately 48% of assisted units were funded in FY1996 or earlier. The funded year likely pre-dates the actual year of occupancy or construction in the case of newly built properties, but it remains a helpful proxy for gauging the age across the portfolio. In addition to routine or deferred maintenance, properties built decades ago may also not meet today's standards and expectations for accessible housing, necessitating further investment.

Figure 4. *811 PRAC estimated age distribution based on funding year*



Source: HUD Multifamily Assistance & Section 8 Contracts database (current as of 10/06/2026); CPE analysis. Units by fiscal year of capital advance fund reservation (contract number characters 6–7; 1 contract not coded). Occupancy typically followed about three years later. FY1987–90 reservations likely began under Section 202's disability set-aside.

publicenterprise.org

A capital needs assessment is the foundation for any RAD conversion and would be necessary before recapitalization of these properties. Absent existing data on capital needs, a rough approximation can help policymakers scope the size of the challenge. For example, if you assume a modest $25,000 per unit average hard rehabilitation costs across the PRAC portfolio, that would result in roughly **$818 million nationally** in hard capital needs. A high-end estimate of $100,000 per unit for hard costs (closer to an approximated baseline for public housing capital needs in projects 20-39 years old), would result in roughly **$3.3 billion nationally** in hard capital

[15] HUD acknowledges as such in the latest Congressional budget justification: 2026. Department of Housing and Urban Development 2027 Congressional Justifications. U.S. Department of Housing and Urban Development, pg. 70.

needs.[16] Data on costs related to existing Section 202 PRAC conversions might provide a closer point of comparison. HUD does not publish detailed data on those transactions, but communication from HUD suggests $544 million in hard costs across "more than 10,000 affordable housing units," which would work out to roughly $54,000 in per unit hard costs.[17] Hard costs typically represent about 70%-80% of total development costs, with soft costs such as design, engineering, financing, and legal costs making up the rest.

Figure 5. *Illustrative hard cost estimate for portfolio rehabilitation*

Illustrative average hard rehab cost	Portfolio-wide hard cost
$25,000 per assisted unit	$818 million
$50,000 per assisted unit	$1.6 billion
$100,000 per assisted unit	$3.3 billion

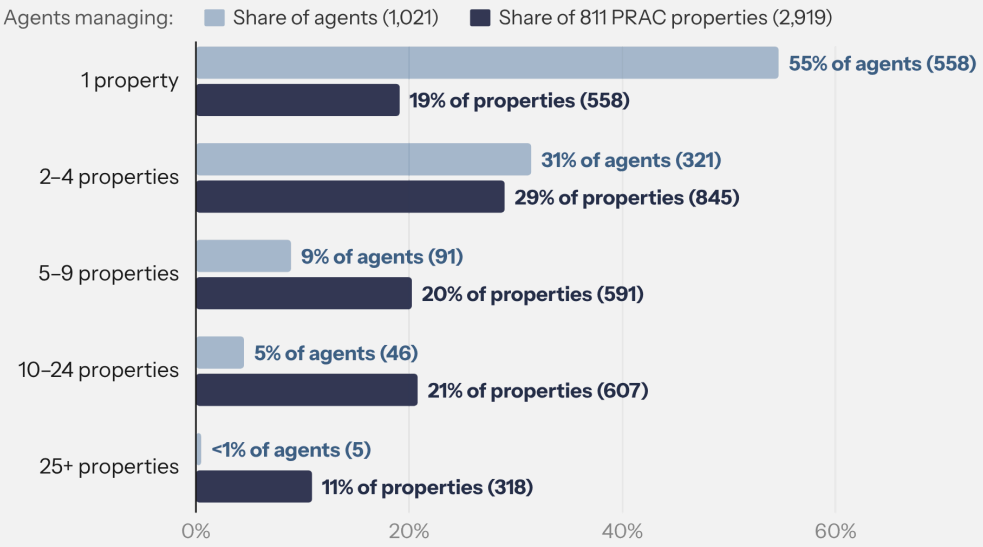
Note: Based on the listed hard cost estimate multiplied by the number of assisted PRAC units in the MF contract database (32,720) as of October 2026. Does not include any soft or transaction costs.

Not all properties will require intensive rehab, and the per-unit cost estimates are at best approximations when considering the congregate and group home setting of many 811 properties. Nonetheless, this type of early scoping is important to help place in context the scale of resources that may need to be mobilized to support a portfolio of small, aging properties.

HUD's data includes information on listed owners; however its immediate use is limited - each Section 811 PRAC property is held by its own single-purpose owner entity, so ownership records alone say little about which organizations control multiple properties. HUD's data does, however, identify each property's management agent, the entity responsible for day-to-day management. These entities are the ones actually operating the properties and frequently, but not always, correspond with the ownership entity. The 2,919 811 PRAC properties are managed by roughly 1,021 distinct management agents. Of the 1,021 agents, 55% manage just one property, and the median property agent manages five Section 811 PRAC properties.

[16]2025. McElwain, K. et al. Estimating the Cost to Preserve the Nation's Public Housing Stock. Pg 24. Public and Affordable Housing Research Corporation (PAHRC) provides a $105,865 per unit estimate, likely a high-end estimate given the nature of public housing properties relative to 811.
[17]2026. Ardovini, J. et al. "Presentation by Hampden Park Capital & Consulting & CSI Support & Development," pg. 37

Figure 6. *811 PRAC management agent distribution, number of properties by agent*



Source: HUD Multifamily Assistance & Section 8 Contracts database (current as of 10/06/2026); CPE analysis. Agents (HUD mgmt_agent_participant_id) grouped by the number of 811 PRAC properties each manages. publicenterprise.org

There can be significant variation across states. In North Carolina, for example, a single operator - the Arc of North Carolina - manages 144 of the state's 185 properties (78%).

Figure 7. *Section 811 PRAC portfolio and management concentration, 15 states with the most properties.*

State	Properties	Assisted units	Median assisted units	Management agents	Largest management agent		
					Name	Properties	Share
CA	193	2,494	12	79	Home Ownership Made Easy	13	7%
NC	185	1,411	6	16	The Arc of North Carolina, Inc.	144	78%
NJ	157	925	5	54	Community Enterprises Corporation	30	19%
NY	148	1,751	11	66	Options for Community Living, Inc.	15	10%
OH	144	1,729	11	65	Preferred Properties Inc	14	10%
MA	135	915	5	43	Association Properties Group	30	22%
PA	120	1,184	9	48	Housing and Neighborhood Development Service	17	14%
IL	113	1,596	14	51	The Thresholds Inc	11	10%

State	Properties	Assisted units	Median assisted units	Management agents	Largest management agent		
					Name	Properties	Share
FL	109	1,477	13	29	The Columbia Property Group, Inc	27	25%
MD	107	1,166	10	35	Way Station Inc	18	17%
VA	105	682	5	55	Rappahannock Area CSB	9	9%
TX	90	1,205	14	26	Making a Difference in Property Management LLC	17	19%
SC	88	1,045	12	21	Southern Development Management Company Inc	21	24%
GA	85	691	6	30	Special Needs Cobb, Inc.	21	25%
MO	70	1,071	14	41	FKGibbs Company, LLC	5	7%

Source: CPE analysis of HUD Multifamily Assistance and Section 8 Contracts data (Current as of October 2026). Properties are HUD property IDs with an 811 PRAC contract.

All of this points to the need for states to better understand the owners and management agents of properties within their jurisdictions to identify where a single operator could serve as a focal point for outreach versus where a more concerted effort is needed to coordinate across multiple operators.

Section 811 & RAD

While HUD has not yet established the final rules for the Section 811 RAD conversion, the Section 202 process (outlined in Section IV of the current RAD Notice) provides a likely outline. An owner assesses the property's physical needs; develops a preservation plan and notifies tenants; establishes the approved project-based assistance level; converts to a long-term project-based Section 8 contract; and uses the converted revenue, together with reserves and outside capital, to finance any rehabilitation.[18] The same logic would apply to Section 811 properties, although the implementation would arguably be more challenging than under any previous RAD component.

Most people who have heard of RAD are most familiar with it in the context of public housing; it is a process by which a property moves from relying on fluctuating Congressional appropriations for capital and operating funding to a more stable, long-term project-based subsidy contract.

That contract may take the form of project-based vouchers (PBV), administered by a public housing agency, or project-based rental assistance (PBRA), a direct contract between HUD's Multifamily Office and the owner. Regardless, the stable source of funding, along with regulatory flexibility enabled through conversion, allows the project to leverage other capital sources like the Low Income Housing Tax Credit (LIHTC) and borrow money needed for long overdue repairs.

Section 202 provides the closest precedent for applying that model to Section 811. Since 2018, there has been a RAD conversion option for Section 202 properties, which serve seniors and

[18] 2021. U.S. Department of Housing and Urban Development (HUD). PRACtical RAD: Conversion Milestones — Transcript.

similarly receive capital subsidies for construction as well as a PRAC contract for operating subsidy directly from HUD. The ultimate goal is the same: provide aging properties with a stable and predictable source of rental assistance revenue from which to undertake needed repairs and modernization.

While Section 202 can provide a blueprint, ultimately HUD's framework will need to be adapted for Section 811 properties and address at least four interrelated issues: resident engagement and protections, financing, integration and accessibility, and coordination of services.

Key considerations for HUD and Congress

Resident engagement, choice, and protections

Section 811 offers an opportunity to establish a stronger baseline for resident engagement within RAD. Existing RAD requirements provide for notice to and consultation of residents, but Section 811 residents may need accessible materials, alternative communication formats, interpreters, trusted advocates, and/or additional time relative to other RAD programs to identify necessary accommodations or gather informed consent.

Ideally, engagement would be initiated in close consultation with service providers, and begin as early as possible while the owner is still evaluating options to permit residents the ability to influence the choice between rehabilitation in place, temporary relocation, replacement housing, or a proposed permanent relocation. Relocation, in particular, stands out as a critical concern. There may be few permanent or temporary options for resident relocation if the property is located in less dense, rural areas with fewer properties that meet accessibility needs.

A key question for 811 conversions will be accountability. Thus far, some of the main complaints and issues raised with the RAD program have concerned uneven implementation of resident protections and the ability of HUD to provide appropriate oversight, particularly with regard to public housing conversions.[19] Such gaps will be magnified in 811 conversions, where a plan that may be presented as satisfactory through the conversion process may still fail if residents cannot maintain steady access to their services or disruptions continue post-conversion.

The Section 811 conversion process will test the capacity of HUD to accurately screen for competent conversion plans as well as provide ongoing oversight and follow up - one of the reasons states should be prepared to closely monitor the progress and outcomes of 811 conversions in their states.

[19] 1) 2026. "Rental Assistance Demonstration (RAD)." National Housing Law Project; 2) 2018. Rental Assistance Demonstration: HUD Needs to Take Action to Improve Metrics and Ongoing Oversight, GAO-18-123. U.S. Government Accountability Office.

Recommendation

HUD | Strengthen resident engagement and oversight. Require early, accessible engagement while preservation options are still open, and set a clear process for reviewing resident protections and following up on relocation, service disruptions, and post-conversion outcomes.

Financing preservation & conversion

The approved post-conversion rent in a RAD transaction is central to feasibility because it determines how much operating expense, replacement-reserve funding, and debt service a property can support. Under both the Section 202 and Section 811 programs, property owners can request an annual budget-based rent increase when the existing PRAC contract is insufficient to cover reasonable operating costs. For a Section 202 RAD conversion, the owner completes a capital-needs assessment (CNA) and incorporates the cost of eligible capital needs into a final budget-based rent request as part of the replacement reserves. That adjusted rent is then carried over into the new Section 8 contract.[20]

Figure 8. *Rent-setting process in 202 RAD conversion illustration.*

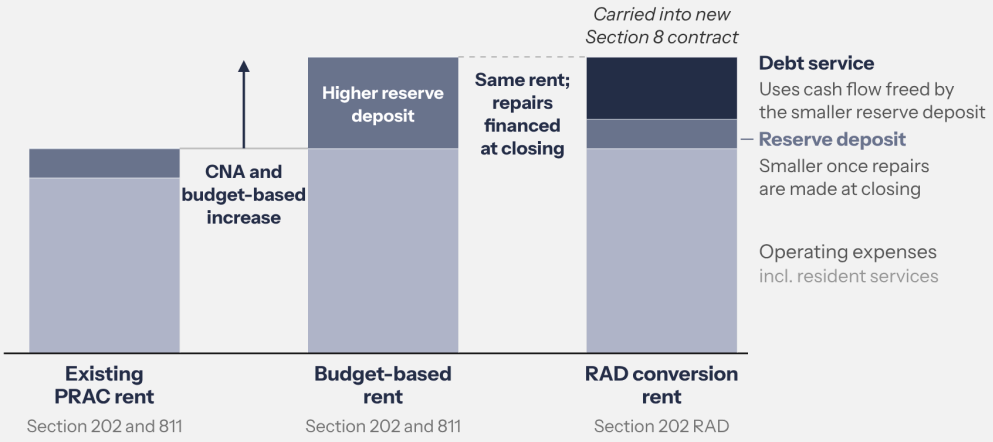


Chart: Center for Public Enterprise · Illustrative; not to scale. **Source:** HUD, *PRACtical RAD* video series: *Capital Needs Assessments* (November 2021) and *Financial Strategies* (June 2022); CPE analysis.

[20] 2025. U.S. Department of Housing and Urban Development. Rental Assistance Demonstration – Final Implementation, Revision 4, as Amended by Supplemental Notice 4B and Supplemental Notice 4C (Notice H-2019-09/PIH-2019-23, Tracked Changes Version), Section IV. U.S. Department of Housing and Urban Development (HUD). If a property elects to convert as PBV, it is typically governed by a 110% FMR and/or rent reasonableness standard. PBRA permits rents exceeding 120% FMR if it enables service provision at the property.

The resulting rent is crucial because it determines how much debt, if any, the property can support to undertake repairs. But the rent increase alone will not make every transaction feasible. With the median 811 PRAC property containing only 10 assisted units, it is likely that property rental income will be insufficient to leverage conventional debt or to absorb all of the costs of the conversion: the capital needs assessment, legal fees, environmental review, relocation planning, etc.

Congress recognized this challenge for Section 202 properties and in the FY22 and FY23 appropriations bills set aside $12 million for "preservation rent increases," which allowed converting properties to boost their rent contracts by up to $200 or $300 per unit per month (depending on the scale of rehab) or alternatively up to 120% of FMR for properties under 20 units.[21] HUD and Congress should expect similar support will be needed for 811 properties.

More generally, HUD will need to allow for flexible financing pathways for converting properties. Light rehabs may be supportable through reserves and soft debt, while larger ones may be significant enough to justify LIHTC or other loan or grant programs. There may also be situations where on-site rehabilitation does not make sense and transferring the rental assistance to a new property is the preferred or only workable option.

Each path would need support before closing. Small nonprofit owners may lack the cash to commission physical needs assessments or hire a development partner. Congress should fund–and HUD should administer–predevelopment assistance and technical support to 811 owners. The underwriting of the transaction should account for not just the physical needs of the property, but also what it will take to provide necessary accessibility upgrades, resident engagement, and service coordination which are crucial to resident wellbeing and stability.

Aggregation will also be important. HUD should allow owners to coordinate conversions and, where appropriate, transfers or ownership changes across a portfolio, with a predictable review process. Pooling transactions can spread fixed costs and improve access to lenders and investors. The experience with RAD converting Section 202 properties, which permits combining contracts across properties, is once again instructive. For example, Christian Care Cottonwood in Cottonwood, Arizona was a campus of eight Section 202 PRAC properties built between 1996 and 2006 with 87 units across the properties. The properties underwent a RAD conversion in 2022 that consolidated the eight contracts into one under a single ownership entity. Instead of eight separate audits and eight annual contract renewals, the post-conversion property now only has a single long-term contract, and the combined cashflow enabled the property to secure an FHA-insured Section 223(f) loan to conduct roughly $54,000 per unit in rehabilitation.[22]

[21] 2025. Capital Advance Preservation Rent Increase for 202 Project Rental Assistance Contracts (PRACs). U.S. Department of Housing and Urban Development.
[22] 2024. RAD for PRAC Case Study - Christian Care Cottonwood. U.S. Department of Housing and Urban Development (HUD) / RAD Resource Desk.

Aggregation is not a silver bullet. One of the essential compromises of RAD is that it is intended to be budget neutral - there is no new capital funding that comes by right with a RAD conversion. This is short-sighted. The federal government will be recommitting to multi-decade project-based rental contracts on these properties. It is in its own best interest to provide owners the financial support necessary to undertake the depth and level of investment necessary now to sustain the properties for that period, and not simply scale rehab to fit what they can finance through our existing fragmented system of tax credits and gap subsidy.

The Section 811 portfolio provides a test case. Congress should establish a dedicated Section 811 preservation fund, administered via HUD's Office of Recapitalization to enable deeper rehabs and accessibility improvements. The original Green and Resilient Retrofit Program, housed within the Office of Recapitalization and authorized by the Inflation Reduction Act in 2022, provided for grants and low-cost loans to enable climate resiliency improvements in HUD-assisted housing.[23] A Section 811 preservation fund could apply a similar approach but focus on extending the useful life of properties alongside improving accessibility. Assistance could fit within the existing RAD conversion process and be sized based on a project's projected capital needs. Ideally, the program would provide a viable preservation pathway for properties that does not require LIHTC, reducing competition for tax-credit resources and shortening the time needed to assemble financing.

Recommendations

Congress | Fund Section 811 preservation rent increases. Appropriate supplemental rental assistance for Section 811 conversions, building on the $12 million provided for Section 202 PRAC conversions in FY2022 and FY2023.

Congress | Establish a dedicated Section 811 preservation fund. Provide grants and low-cost loans, administered by HUD's Office of Recapitalization, for deeper rehabilitation and accessibility improvements, including for properties that cannot support conventional debt or LIHTC.

Congress | Fund predevelopment and technical assistance. Help small nonprofit owners pay for physical and financial assessments, preservation planning, and development expertise before closing.

HUD | Set financing rules suited to small properties. Align eligibility and underwriting for preservation rent increases with limited cash flow, and allow flexible financing pathways, from reserves and soft debt to LIHTC and transfers of assistance.

HUD | Enable coordinated portfolio conversions. Provide a predictable review process for grouped conversions, contract consolidation, transfers, and ownership changes.

[23] 2023. Green and Resilient Retrofit Program for Multifamily Housing (GRRP), Notice H 2023-05. U.S. Department of Housing and Urban Development, pgs. 1-4.

Integration and accessibility standards

HUD will need to address how conversion will address the legacy of disability-designated properties and group homes within the Section 811 portfolio. The PRA program implemented integration primarily by limiting disability-targeted assistance to no more than 25% of the units in a property. Later versions of Section 811 capital advance and PRAC NOFOs followed that approach, but through the early life of the program there were no such limitations. The current 811 PRAC portfolio includes many 100% assisted properties (excluding group homes, which HUD still permits, serving up to eight people), which may not conform to the existing integration standards HUD has applied. So, for example, if a 14-unit, 100% assisted property seeks to convert under RAD, HUD may need to decide the extent to which rehabilitation in place is an acceptable outcome or whether it would require efforts at achieving the integration standards it has used for PRA and elsewhere. Roughly 1,575 properties contain greater than eight units with all, or all but one, of their units assisted, representing more than 24,000 assisted units.

Transfers of assistance, in which the rental assistance contract attached to a property is moved to another location, are a common feature of RAD and will be an important tool in this regard. A transfer of assistance could enable households to be relocated to more integrated settings with the financial security and support of a long-term project-based rental assistance contract. It also offers a solution for properties that are beyond reasonable rehabilitation, or poorly sited away from services and amenities.

Ultimately, caps on assisted units are a blunt and one-dimensional instrument for assessing integration, underscoring the need for a robust process and system for soliciting, weighing, and honoring resident autonomy. Transfer of assistance should be available as a mechanism for enabling outcomes that best provide for residents and reflect their preferences.

All of this occurs in the shadow of Olmstead v. L.C. (1999) the Supreme Court case which held that the unjustified segregation of people with disabilities is a form of discrimination under Title II of the Americans with Disabilities Act. In the decades since, courts and the Department of Justice (DOJ) have understood Olmstead to require that states provide services in the most integrated setting appropriate to individuals' needs. The federal government, through the DOJ, has historically been an important catalyst to enacting state level changes to remediate segregated settings through the use of consent decrees - legally binding commitments on states to resolve issues identified by the DOJ and move toward community-based services.[24] Recent actions by the Trump administration, however, have questioned that authority. In June of 2026, the DOJ withdrew guidance concerning the enforcement of Olmstead, asserting that the

[24]2025. Dinerstein, R. "The Olmstead Decision at 25: Federal Enforcement of the Integration Mandate for People with Disabilities." American Bar Association.

Americans with Disabilities Act and Section 504 of the Rehabilitation Act do not require states to provide services in community-based settings.[25]

These actions change federal enforcement priorities, not the underlying law.[26] The DOJ itself acknowledged that this reading of Olmstead "is out of step with the common understanding of that decision within the federal courts."[27] The current administration's stance regarding Olmstead compliance suggests that there may in fact be little in HUD's revision to the RAD Notice regarding integration and accessibility requirements, but that would not relieve PRAC owners, as recipients of federal financial assistance, from their obligations under Section 504, or state agencies that fund services from their obligations under Title II of the ADA. Even if DOJ pulls back from Olmstead enforcement, individuals can still sue to vindicate their rights under Section 504 and the ADA.

Nor would HUD's silence on these topics provide safe harbor. Though it may appear to make the conversion process simpler, the lack of clear guidance would require owners, lenders, and states to judge whether a property's configuration, services plan, and tenant selection could withstand a legal challenge. That uncertainty could raise legal costs, discourage participation, and delay preservation of the portfolio.

Another place where clear guidance could make a difference would be on accessibility standards. Section 811 properties are already subject to numerous and occasionally overlapping accessibility requirements: for example, Section 504 of the Rehabilitation Act, the Fair Housing Act, and the Americans with Disabilities Act, not to mention state or local codes that may impose additional requirements. Clear guidance on property accessibility requirements that apply to these properties can make scoping rehabilitation easier. There are also opportunities to point owners toward more comprehensive approaches: organizations such as The Kelsey have developed inclusive design standards that could inform owners on how to think about accessibility beyond minimum code compliance.[28]

[25] 2026. DOJ. Clarification on Department of Justice Guidance Titled, "Statement of the Department of Justice on Enforcement of the Integration Mandate of Title II of the Americans With Disabilities Act and Olmstead v. L.C.". U.S. Department of Justice.
[26]2026. Dilworth, J.. "DOJ Opinion on Olmstead Threatens the Right of People With Disabilities to Live in the Community." The Arc of the United States.
[27]2026. "Application of the Rehabilitation Act and Americans with Disabilities Act to State Institutionalization of Patients with Severe Disabilities." U.S. Department of Justice, pg. 11.
[28]2026. Inclusive Design Standards. The Kelsey, Mikiten Architecture, and the Inclusive Design Council.

Recommendations

HUD | Clarify integration and transfer requirements. Explain how conversion requirements apply to existing disability-designated properties and group homes, including rehabilitation in place, replacement housing, and transfers of assistance.

HUD | Provide practical accessibility guidance. Explain how Section 504, the Fair Housing Act, the ADA, and state and local codes interact so owners can scope and price required work.

Coordinating housing and voluntary services

Section 811 sits at the intersection of federal housing assistance and state systems of health care and home- and community-based services. HUD administers the rental assistance contract, but residents may receive services through a separate system of funding – including Medicaid and state disability systems – and provider networks. Rehabilitation to a property or relocation can disrupt those relationships even when rental assistance continues without interruption. Disruptions in services can threaten residents' wellbeing and housing stability.

HUD should require early coordination among owners, residents, and service providers to clearly outline a services-continuity plan for the property that could cover any temporary relocations as well as the property's new permanent state. This type of coordination already shows up in other HUD programs. For example, the 811 PRA program requires interagency partnership agreements that mandate clear articulation of outreach and referral systems and commitment to long-term services.[29] RAD conversion of Mod Rehab Single Room Occupancy projects that serve homeless individuals requires owners to meet with their Continuum of Care to align conversion plans with the existing coordinated entry system.[30] A similar built-in coordination process for 811 properties would recognize the fact that a conversion may be more than a financial transaction or construction project and could result in the reconfiguration of a property with impact on residents' day-to-day lives.

Financing services is a separate challenge. Section 811 PRAC properties do not receive separate funding for services as part of their initial award; however, owners are expected to provide to HUD a plan that outlines how residents will have access to needed services. HUD's Section 202 RAD framework provides a useful precedent for how this has been handled: service coordinator salaries, benefits, and some related expenses may be included in the property's approved operating budget and reflected in the PRAC rents used to establish the post-conversion Section 8 contract rents. Separately, HUD also allows up to $27 per unit per month in an increase in the rental assistance contract of RAD-converting properties (compared with $15 for a

[29] "Section 811 PRA Service Partner: State Medicaid and Human Services Agencies." HUD Exchange.
[30] 2025. U.S. Department of Housing and Urban Development. Rental Assistance Demonstration – Final Implementation, Revision 4, as Amended by Supplemental Notice 4B and Supplemental Notice 4C (Notice H-2019-09/PIH-2019-23, Tracked Changes Version), Section 2.7 Special Provisions Affecting Conversions of SROs.

non-converting PRAC) to help cover the costs of providing supportive services at a property.[31] In the past, Congress has also funded a program for Service Coordinators in Multifamily Housing (SCMF) to provide funding for staff to connect residents to community services. However, this program explicitly excludes 811 PRAC and PRA properties.

Taken as a whole, what presents is a somewhat murky and fragmented system. On the one hand, supportive services are generally acknowledged as an essential component of resident wellbeing, satisfaction, and housing stability at Section 811 properties. When it comes time for conversion, however, there are limited means for funding those services. In part, this is to avoid HUD funding straying into providing the type and level of services that is more typically provided by Medicaid or health care funding. That is why HUD-funded programs focus on "service coordination" rather than direct provision of services. Nonetheless, there should be a middle ground, and a legible pathway for a RAD converting property to use the process to put more resources toward strengthening supportive service delivery to better serve residents.

HUD should pair the implementation of RAD for Section 811 with service-funding options already implemented under Section 202: allow reasonable service coordinator costs in property operating budgets and provide a separate allowance for supportive services, with corresponding adjustments to rental assistance at conversion. These pathways could help accommodate shared service coordinators across small properties and preserve residents' autonomy and choice of providers.

Congress should complement these changes with dedicated, renewable grant funding available to both converting and non-converting Section 811 properties. Grants could supplement support where property budgets are insufficient and cover needs that fall outside rent-funded expenses. Together, these approaches would give owners a more dependable means of sustaining service coordination alongside the physical rehabilitation of the property.

Recommendations

HUD | Adapt the Section 202 service-funding pathways. Allow reasonable service coordinator costs in operating budgets and a supportive-services allowance at conversion, and require early services-continuity planning.

Congress | Provide renewable service-coordination grants. Make dedicated funding available to both converting and non-converting Section 811 properties, including for shared staff across small properties.

[31] U.S. Department of Housing and Urban Development. 2025. *Rental Assistance Demonstration – Final Implementation, Revision 4, as Amended by Supplemental Notice 4B and Supplemental Notice 4C (Notice H-2019-09/PIH-2019-23, Tracked Changes Version)*, Section IV. U.S. Department of Housing and Urban Development (HUD).

The role for states

It is worth acknowledging that a larger state role in 811 PRAC properties represents a shifting of responsibilities away from the federal government. 811 PRAC properties were originally funded through awards and contracts between HUD and private nonprofit sponsors. Without dedicated federal support, the practical and fiscal burden of preservation will fall to the states and the LIHTC program, potentially producing uneven results across jurisdictions based on state technical and fiscal capacity. Nonetheless, states have a crucial role to play. In this section we highlight two: convening the broad ecosystem of health and housing partners to chart the necessary steps for successful preservation; and in particular, coordinating the pipeline and capital sources that can successfully finance conversion and preservation.

Convening & planning

States that have not already begun to build partnerships between their health and housing agencies should use this impending change as an opportunity to do so. For those states that have previously applied for and received PRA funding, the framework for collaboration already exists. HUD lists 35 states as Section 811 PRA grantees, and participation in the program requires a memorandum of understanding between the state Medicaid and health and human services and the state housing agencies.[32] These partnerships are extensive; PRA administration has required agencies to organize identification and outreach, referrals, landlord relationships, and access to services.[33]

In Maryland, for example, the Department of Housing and Community Development works through an interagency committee which includes the Maryland Department of Health and the Maryland Department of Disabilities, to award PRA funds to rental projects receiving existing federal or state funds. Residents are referred to units via the Department of Disabilities, which also helps provide services in partnership with the Department of Health.[34]

An existing PRA program does not guarantee a functional or easily transposable structure, however. Early evaluations of the PRA program identified challenges states faced in administration, including: coordination across agencies, the payment levels associated with contracts being insufficient in certain markets, and difficulty finding owners willing to accept PRA contracts.[35] States should assess how those relationships and systems can support preservation of the legacy PRAC portfolio, which involve a different set of owners and are dealing with aging properties.

[32] "Section 811 PRA Program Grantees." HUD Exchange, U.S. Department of Housing and Urban Development.
[33] For a description of the initial efforts to establish these partnerships see: Northrop, R. et al.. 2018. HUD Section 811 PRA Program Case Studies. U.S. Department of Housing and Urban Development, Office of Policy Development and Research.
[34] "Section 811 Project Rental Assistance Program." Maryland Department of Housing and Community Development.
[35] 2018. Pinkett, R. et al.. HUD Section 811 PRA Project Rental Assistance Program Process Evaluation. U.S. Department of Housing and Urban Development, Office of Policy Development and Research. Pgs, 22, 57-58.

The opportunities to strengthen partnerships between health and housing agencies are plentiful. For example, the Money Follows the Person (MFP) demonstration provides states opportunities to transition individuals from institutional to community-based settings and has helped states develop housing and services coordination capacity. States can elect to cover certain housing-related services using a variety of Medicaid authorities, including pre-tenancy and tenancy-sustaining services. Many states have received approval from Centers for Medicare & Medicaid Services (CMS) to cover those and other housing services, though this is currently on a case-by-case basis.[36] New guidance is expected on what services may or may not be approved under the current administration. The federal government has previously helped enable this type of coordination through efforts like the Housing and Services Partnership Accelerator, which assisted states in pairing Medicaid housing supports with health and service interventions.[37] However, the CMS framework for health-related social needs on which that program was based has since been rescinded.[38]

North Carolina: establishing housing and a services partnerships

North Carolina illustrates the administrative capacity a durable health and housing partnership can create. In 2002, North Carolina's Housing Finance Agency (NCHFA) began a partnership with the Department of Health and Human Services (NCDHHS) to encourage developers applying for LIHTC to set aside units targeted toward individuals with disabilities, known within the state as the "targeting program." NCHFA would provide bonus points through the scoring process to encourage development of units accessible to individuals with disabilities. In 2004, NCHFA converted that scoring incentive into a threshold requirement: every development receiving an allocation of LIHTC had to target 10% of its units to eligible households. In 2016, the requirement was extended to tax-exempt bond-financed developments.[39]

Importantly, developers with set aside units are required to receive referrals from NCDHHS staff who work in close collaboration with service providers. NCDHHS works directly with owners to maintain property-specific waiting lists, and they are typically the first point of contact should any issues arise in tenancy in order to help bring in appropriate services and providers to avoid any loss of housing.[40]

Units under the targeting program must be affordable to individuals whose income may be through Supplemental Security Income (SSI), which typically falls well below traditional area

[36] 1) 2025. Bridging Medicaid Short-Term Rental Assistance to Permanent Housing Resources. Housing and Services Resource Center (HSRC), Administration for Community Living (ACL); 2) Orris, A. et al.. 2024. States Can Use Medicaid to Help Address Health-Related Social Needs. Center on Budget and Policy Priorities; 3) 2026. KFF "Medicaid Waiver Tracker: Approved and Pending Section 1115 Waivers by State."
[37] 2024. Housing and Services Partnership Accelerator Program Overview. Administration for Community Living (ACL), U.S. Department of Health and Human Services.
[38] 2025. Snyder, D.. Rescission of Guidance on Health-Related Social Needs. Centers for Medicare & Medicaid Services, Center for Medicaid and CHIP Services.
[39] 2023. Targeting Program Manual. North Carolina Housing Finance Agency (NCHFA), pg. 9.
[40] 2023. Targeting Program Manual. North Carolina Housing Finance Agency (NCHFA), pgs. 15, 24.

median income (AMI) measures.[41] Since 2004, the state has made available a separate source of rental assistance, known as Key Rental Assistance to support units under the targeting program and to make up the difference between what SSI will cover and what it costs to rent the unit. The result is a statewide pipeline of small numbers of disability-targeted apartments embedded in ordinary affordable developments.

Separately, North Carolina developed Transitions to Community Living (TCL) to implement its 2012 Olmstead settlement agreement with the U.S. Department of Justice. TCL helps eligible adults with serious and persistent mental illness transition from institutional settings through a combination of housing assistance, transition planning, community-based services, and tenancy support often in close coordination with Medicaid managed care entities. TCL is distinct from the targeting program and represents an added layer of coordination between health and housing agencies, albeit one that came about via a federal enforcement mechanism. In September 2026, the DOJ and North Carolina filed a joint motion to terminate court oversight of the settlement, arguing the state had met the major requirements of the agreement.[42]

For Section 811 preservation, the lesson is the value of an established process: housing agencies secure housing opportunities and help build a pipeline of accessible units and cooperative owners, service partners make referrals and provide support, and property managers have a clear point of contact when issues that might jeopardize tenancy arise.

For those states without those pre-existing housing and health relationships, there are some natural first steps:

- **Convene** the relevant housing, Medicaid, health and human services, and disability agency leads to develop a working coordination team.
- **Review** the existing PRAC inventory and meet with owners and management agents to develop a verified list of properties and conduct listening sessions with residents and advocates. **CPE has developed an online tool mapping Section 811 PRAC and PRA properties across the country which can be accessed here.**
- **Assess** the state of the RAD-eligible 811 portfolio, with potential preliminary physical and financial assessments as well as resident engagement.
- **Coordinate** lenders, developers, service partners and public funding programs to identify a pathway and process to rehabilitation. An initial set of pilot transactions could

[41] "Priced Out: The Housing Crisis for People with Disabilities." Technical Assistance Collaborative (TAC).
[42] 1)"Transitions to Community Living." North Carolina Department of Health and Human Services; 2) 2026. "North Carolina Vows to Continue Prioritizing Community Inclusion for People with Serious and Persistent Mental Illness or Severe Mental Illness as U.S. Department of Justice Finds the State in Substantial Compliance with Longstanding Legal Settlement." North Carolina Department of Health and Human Services; 3) Jallow, A. 2026. "Federal Judge Ends North Carolina Mental Health Settlement after 14 Years." NC Newsline.

help the coordinating team work through exigent legal and policy challenges as they arise.

Recommendations

State HFAs | Organize a preservation partnership and verify the portfolio. Convene Medicaid, health, and disability agencies with owners, residents, and advocates, and confirm properties, contracts, and management relationships.

State HFAs | Build a pipeline of feasible transactions. Support preliminary assessments and identify an initial group of pilot conversions.

State Medicaid, health, and disability agencies | Plan for service continuity and identify service funding. Map existing supports, assign responsibility during temporary moves, and determine which housing-related services Medicaid and other state programs can fund.

Aggregation & aligning capital sources

Another role the state HFA could play would be to assist in aggregating smaller transactions that would not normally qualify for LIHTC or struggle to attract financing individually. With a strong working collaboration with the relevant health agencies, the state housing agency could lead on supporting portfolio-level conversions, common underwriting, pooled capital-needs assessments, standardized documents, or a single master developer or intermediary to facilitate the process. Given the small size of these properties, aggregation and coordinated capital may be necessary for seeing some of these projects move forward.

Georgia & Washington: financing preservation across a small, scattered portfolio

The challenges of financing 811 properties are similar in nature to those facing rural projects: small properties, scattered in nature that may not be large enough to warrant a LIHTC transaction or for whom individual bond issuance costs would be prohibitive.

In that regard, a program established by Georgia Department of Community Affairs (DCA) might offer a template for an HFA looking to accelerate and streamline the financing for this portfolio. Georgia DCA has established as part of its Qualified Allocation Plan (QAP) a set aside of $20 million in bond allocation to support the "portfolio" preservation of USDA Section 515 properties. The allocation is designed to support one development per year that is a large-scale, scattered site preservation project.[43]

An early transaction illustrates the benefits of this type of coordination. In 2018, Georgia DCA was able to support large-scale preservation of roughly 1,300 units spread across 17 counties throughout Georgia.[44] The properties were financed through a single tax-exempt bond issuance, federal 4% and state tax credits, and restructured USDA 515 and 538 loans, with a number of properties carrying USDA Section 521 rental assistance.

[43] 2026. State of Georgia 2026-2027 Qualified Allocation Plan: Georgia Housing Credit Program. Pgs. 16-17. Georgia Department of Community Affairs.
[44] 2019. Fogarty, M.. "Georgia: 1300 Unit Greystone Rural Portfolio." Tax Credit Advisor.

A similar, but older example is nonprofit Mercy Housing's acquisition and preservation of 30 rural properties in 2003 and 2004. In this case, the Washington State Housing Finance Commission issued 501(c)(3) bonds to support the ~$42 million project, while USDA Rural Development provided new Section 515 debt, subordination of existing Section 515 debt, and brought additional rental assistance to the properties.[45]

The Section 811 portfolio differs in ownership, subsidy structure, and resident needs, but a similar approach to financing as in these two examples could prove useful. An HFA could work to group small Section 811 properties under common underwriting and financing, address the treatment of any federal requirements under the program, and allocate bonds, credits, or other soft funding to the portfolio rather than expecting projects to be able to support a standalone transaction or for sponsors to individually apply under the existing LIHTC QAP. The example of Mercy Housing's acquisition demonstrates the importance of partnership with a willing federal agency–in that case USDA–with the power to deploy additional low-cost capital and rental assistance to work in tandem with states to find a workable solution.

States could also play an important role in coordinating and potentially sourcing gap subsidy sources to support transactions that cannot carry enough debt or secure equity on their own. This may include state housing funds[46] or credits, eligible federal grants, philanthropic support, or even hospital and health-system investment. New Jersey's Hospital Partnership Subsidy Program offers one precedent: it combines hospital investments with matching state HFA funds in 4% LIHTC projects to develop affordable housing with a supportive services component.[47] HFAs could also look to partnerships directly with Medicaid health plans and managed care organizations, which are increasingly making direct gap subsidy investments in supportive housing projects.[48]

Recommendations

State HFAs | Make aggregation practical. Support common underwriting, pooled assessments, standardized documents, and experienced intermediaries, and adapt allocation processes for small, scattered portfolios.

State HFAs | Coordinate capital and gap funding. Match properties with bonds, credits, grants, and soft loans, and tap state housing resources, philanthropy, and health-system investment alongside federal support.

[45] Wehrwein, C. 2006. "Testimony of Charles Wehrwein, SVP, Mercy Housing, Before the Committee on Financial Services, Subcommittee on Housing and Community Opportunity." U.S. House of Representatives.
[46] See: The National Low Income Housing Coalition's database of state housing trust funds; Center on Budget and Policy Priorities has cataloged state-funded rental assistance: Castaldi, M., U. Patel. 2025. States Should Fund Rental Assistance as a Frontline Strategy to Address the Housing Affordability Crisis. Center on Budget and Policy Priorities.
[47]1) 2024. "Pioneering Affordable Housing With Integrated Healthcare Services in Paterson, New Jersey." HUD USER, U.S. Department of Housing and Urban Development, Office of Policy Development and Research.2) 2018. "NJHMFA Seeking Hospitals Interested in $12M Supportive Housing Partnership." New Jersey Housing and Mortgage Finance Agency.
[48] 2026. Build Healthy Places Network. Association for Community Affiliated Plans. "Where Health Meets Place: A guide to community-driven health plan and community development collaboration." Pgs 27-35.

Conclusion

Section 811 RAD will affect a comparatively small number of homes, but it presents a much larger policy test: whether the federal government can modernize legacy supportive housing while advancing preservation, integration, resident autonomy, and long-term financial sustainability together. Long-term project-based rental assistance contracts, the bedrock of any RAD conversion, can make greater investment possible. But as this report makes clear, success will require coordinated effort from the individual resident and owner all the way up to Congress.

States already sit at the intersection of affordable housing finance, Medicaid, disability policy, and community-based services. If Congress gives them adequate support and tools, HUD gives them the framework and regulatory flexibility, and if states prepare before owners begin applying, they can turn a property-by-property conversion option into a coherent strategy for the preservation of this crucial supportive housing portfolio.

The table below summarizes the recommendations discussed in this report by the lead actor.

Lead actor	Priority	Recommended action
Congress	**Establish a dedicated preservation fund**	Provide grants and low-cost loans, administered through HUD's Office of Recapitalization, for substantial rehabilitation and accessibility improvements. Size assistance around assessed capital needs and sustainable financing, including a viable pathway for properties that cannot support conventional debt or a LIHTC transaction.
	Fund preservation rent increases	Appropriate supplemental rental assistance for Section 811 conversions, drawing on the Section 202 precedent. Additional assistance should support adequate operating budgets, replacement reserves, and debt service where borrowing is feasible.
	Provide renewable service-coordination grants	Make dedicated funding available to both converting and non-converting Section 811 properties. Grants should supplement property budgets where those budgets cannot sustain coordination and related supports, including shared staff serving multiple small properties.
	Fund predevelopment and technical assistance	Provide resources for technical assistance: physical and financial assessments, preservation planning, and development expertise before closing. Small nonprofit owners should be able to evaluate their options without first absorbing substantial costs they may be unable to recover.
HUD	**Strengthen resident engagement and oversight**	Require early, accessible engagement while preservation options remain open, including appropriate communication formats, interpreters, advocates, and time for participation. Establish a clear process for reviewing resident protections and following up on relocation, service disruptions, and post-conversion outcomes.
	Establish financing rules suited to small properties	Set eligibility and underwriting criteria for preservation rent increases that reflect limited property cash flow. Support financing through reserves, grants, soft loans, conventional debt, or tax credits as appropriate, accounting for accessibility work, engagement, relocation, and service coordination in transaction budgets.
	Administer preservation and predevelopment resources alongside RAD	Integrate any congressionally-funded preservation grants, loans, and technical assistance into the conversion process.

HUD	**Enable coordinated portfolio conversions**	Establish predictable review procedures for groups of properties, including coordinated conversions, transfers of assistance, and ownership changes where appropriate. Clarify opportunities to consolidate contracts and administrative requirements while retaining property-specific review and resident protections.
	Clarify integration and transfer requirements	Explain how conversion requirements apply to existing disability-designated properties and group homes, including rehabilitation in place, replacement housing, and transfers of assistance. Provide a workable process for evaluating receiving properties, resident preferences, accessibility, and access to services.
	Provide practical accessibility guidance	Explain how applicable federal accessibility requirements interact with Section 811 requirements and state and local codes. Give owners and their design teams sufficient guidance to identify required work, estimate costs, and consider inclusive design improvements beyond minimum requirements.
	Establish service-funding and continuity requirements	Adapt the Section 202 pathways for including reasonable service-coordinator costs and a supportive-services allowance in approved rents, with clear eligible expenses and funding conditions. Require early services-continuity planning with residents, owners, and service partners for rehabilitation, temporary relocation, and permanent moves.
State HFAs	**Organize a preservation partnership and verify the portfolio**	Convene Medicaid, health, and disability agencies alongside owners, residents, and advocates. Assess whether existing PRA partnerships can support PRAC preservation, and verify properties, contracts, ownership and management relationships, and immediate preservation concerns.
	Build a pipeline of feasible transactions	Support preliminary physical and financial assessments, resident listening sessions, and access to development expertise. Identify an initial group of potential conversions and bring lenders, developers, service partners, and public funders together to resolve financing and implementation gaps.
	Make aggregation practical	Identify properties that could benefit from coordinated financing or administration. Support common underwriting, pooled assessments, standardized documents, and experienced intermediaries or development partners; adapt allocation processes where appropriate to accommodate small, scattered portfolios.

	Coordinate capital and gap funding	Match properties with suitable bonds, credits, grants, and soft loans, coordinating with HUD's conversion process. Explore state housing resources, eligible federal funds, philanthropy, and health-system investment to supplement dedicated federal preservation support.
State Medicaid, health, and disability agencies	**Plan for service continuity**	Work with residents, owners, and providers to identify existing supports and how rehabilitation or relocation could affect them. Establish responsibilities for maintaining services during temporary moves and ensuring that necessary arrangements are in place at receiving properties.
	Identify available service funding and resolve gaps	Determine which housing-related supports can be funded through applicable Medicaid authorities and other state programs. Use existing referral and tenancy-support systems where appropriate, identify needs those systems cannot meet, and coordinate responses with housing agencies and providers.

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Note: The author previously worked in HUD's Office of Recapitalization on RAD and RAD for PRAC conversions. This report relies solely on public data, and its views are the author's own, not HUD's.

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Acknowledgements
The author is grateful to John Ardovini, Anna Bailey, Ayana Gonzalez, Ethan Handelman, Seth Leonard, Korey Lundin, Sarah Molseed, Caitlin Quinn, Garth Rieman, and Lisa Sloane for their thoughtful and insightful feedback on this report. Their inclusion does not imply endorsement of its findings or recommendations. Any errors, omissions, or misstatements remain the sole responsibility of the author.