



New Rental Assistance Demonstration (RAD) Notices to Implement Certain FY 18 Provisions and Supplement RAD Notice Revision 3

July 9, 2018

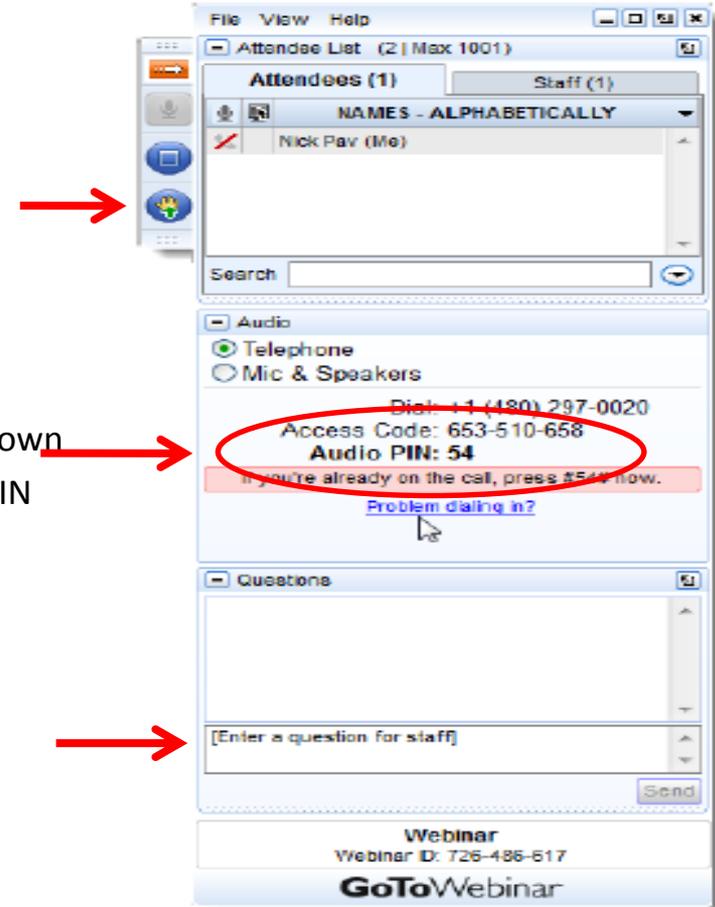
Welcome

Ask questions at the end! Here's how:

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- Send in questions via the “Question” feature



FR-6105-N-01, published July 3, 2018

**RENTAL ASSISTANCE DEMONSTRATION:
IMPLEMENTATION OF CERTAIN FISCAL YEAR (FY)
2018 APPROPRIATIONS ACT PROVISIONS**

Background

FY 18 Appropriations Act:

- Expanded public housing cap to **455,000 units** from 225,000 units
 - over 133,000 units were on the waiting list and can now be awarded
 - **~97,000 units remaining** (unreserved)
- Made certain changes to RAD's "second component" (Rent Supp/RAP, Mod Rehab, PRAC)
- Increased public housing Capital Fund appropriation over FY 17 levels

RAD Rent-Setting

- “Modified FY 16 RAD Rents” (published at www.hud.gov/rad):

	FY 16 Operating Fund
+	FY 16 Tenant Rents
+	FY 18 Capital Fund
=	Modified FY 16 RAD Rent

- Who will use “Modified FY 16 RAD Rents”?
 - All awards issued before the end of the year (i.e., those being awarded from the waiting list)
 - Pre-existing awards where PHA request an **amendment to their CHAP**

RAD Rent-Setting (continued)

- Awards issued on or after January 1, 2019 will have

“FY 18 RAD Rents:”

		FY 18 Operating Fund
	+	FY 18 Tenant Rents
	+	FY 18 Capital Fund
	=	FY 18 RAD Rent

- At any point prior to closing a PHA may withdraw an active award and request new RAD authority **without submitting a new Application**
 - Rents set based on the applicable RAD rent base year
 - HUD will treat this as a CHAP amendment
 - CHAP will retain original issuance date

RAD Rent Base Years based on Award Date

Properties Awarded RAD Authority:	RAD Rent Base Year	First OCAF Applied to CHAP Prior to Conversion In:	Eligible for CHAP Amendment to Update RAD Rent?
Under the original 60,000 unit cap	FY 12	2014	Yes
Above the original 60,000 unit cap but subject to the increased 185,000 cap	FY 14	2015	Yes
Above the 185,000 unit cap but subject to the increased 225,000 cap	FY 16	2017	Yes
Between 7/2/18 – 12/31/18	Modified FY 16*	2019	Yes
On or after January 1, 2019	FY 18	2019	Yes

Waiting List and Multiphase Awards

- Awards off of the waiting list:
 - HUD expects to make awards within **60 days of submission of application**
 - PHAs that had submitted **Letters of Interest** to reserve a place on the waiting list have until **September 4, 2018** to submit a RAD Application, Portfolio Award, or Multiphase Award
- For all Multiphase awards issued after March 22, 2018, PHAs will have until **September 30, 2024** to submit application for the final phase
 - For any previously awarded Multi-phase awards, HUD will permit extensions on a case-by-case basis.

RAD Second Component

- Rent-Setting for Rent Supp and RAP conversions
 - For properties in high cost areas, **rents will be set at comparable market** rent without regard to the HUD-published Fair Market Rent
 - “High cost area” are those identified in Housing Notice 2017–06
- **Prohibition against re-screening**
 - Conversion of Rent Supp, RAP, Mod Rehab, SRO, and 202 PRACs may not be the basis for re-screening or termination of assistance or eviction of any tenant family in a property participating in the demonstration, and such a family shall not be considered a new admission for any purpose, including compliance with income targeting
- *Conversion Requirements for 202 PRACs will be implemented in a forthcoming Revision 4 of the RAD Notice*

Housing Notice 2018-05/PIH 2018-11, published July 2, 2018

RENTAL ASSISTANCE DEMONSTRATION (RAD) –SUPPLEMENTAL GUIDANCE

Background

- Makes five changes to Section 1 (Public Housing) of RAD Notice Revision 3 to make RAD simpler and more effective
- Revision 3 Notice as amended by the Supplemental Notice is available at www.hud.gov/RAD/library/notices

Streamlined RAD Conversion for Small PHAs

Background

- Over 800 of the nation's 3,000 Public Housing Authorities have 50 or fewer public housing units under public housing ACC
- These agencies own approximately 27,000 units or about 2.5% of the total public housing stock
- Typically not staffed to undertake complex HUD program, but Section 8 platform still attractive
- Meanwhile, PIH 2018-04 authorizes Section 18 Disposition approval for PHAs with 50 or fewer units

Streamlined RAD Conversion for Small PHAs

Eligibility:

- PHAs with 50 or fewer public housing units
- PHAS score = 75 or higher, PASS = 30 or higher, & not PHAS substandard or Capital Fund troubled
- Not proposing construction, rehab, transfer of assistance, or relocation
- If converting to PBV, PHA voucher administrator must have at least 100 units under HCV ACC

Streamlined RAD Conversion for Small PHAs

- RAD Application simplified
- Exempt from CNA. Instead, certifications needed that
 - The PHA has assessed the property for any exigent health and safety hazards and, if applicable, has completed any necessary repairs.
 - The property can be sustained for 20 years as decent, safe, and sanitary housing at the published RAD contract rents.
 - PHA has provided the Owner the lead-related records and the Owner has agreed to evaluate and control lead-based paint hazards.
 - Site complies with accessibility standards
- Environmental Review: “Tiered review”
 - HUD will make program-wide compliance determinations and complete only a site-specific compliance review for limited set of laws and authorities

Streamlined RAD Conversion for Small PHAs

Financing Plan Requirements

- Conversion Overview
- Type of conversion
- Certifications in lieu of CNA
- Limited Environmental Review
- Fair Housing, Accessibility, and Relocation Checklist (confirming inapplicability)
- Sources & Uses carrying over PH funds
- Operating pro forma (with \$500 per unit Annual Deposit to Replacement Reserve)
- Estimated public housing funds available for HAP subsidy
- Resident Comments
- Title Report

Streamlined RAD Conversion

Next Steps

- Processing Guide for Small PHA Conversion + Training
- Environmental Review “Tiered Review”
- Repositioning Toolkit for Small PHAs (RAD, Section 18, etc.) + Training

Rent Bundling Between RAD and Non-RAD PBV

- Permits cost neutral rent bundling between RAD PBV and PHA’s non-RAD PBV contracts

	100 units RAD PBV Contract	100 unit non-RAD PBV Contract	Total Monthly Revenue
Standard Contract Rent	\$600	\$1,000	\$160,000
Contract Rent after Rent-Bundling	\$800	\$800	\$160,000

- “Donor” HAP contract must be executed before recipient HAP contract
- Owner with the non-RAD PBV contract must request decreases rent and must agree to OCAF-adjustments

PBV Tenant Paid Utility Savings and Site Specific Utility Allowances

- PHAs may elect to establish a **site-specific Utility Allowance for Project-Based Vouchers** instead of the standard Voucher program-wide utility allowance schedule
 - When project includes non-RAD PBV units, a waiver is still required and must be requested for both contracts
- When conversion will result in the reduction of one or more utility components (e.g., gas, water & sewer, electric) used to establish the Utility Allowance, HUD will permit the **RAD contract rent to be increased** by 75% of the projected utility savings.

Developer Fee Incentive For Preference for Households Exiting Homelessness or Permanent Supportive Housing

Provide a 25% increase in the maximum HUD-allowed developer fee for PHAs/owners that will adopt a waiting list preference for:

- a) Homeless applicants referred by the local Continuum of Care and/or
- b) Applicants exiting permanent supportive housing

Must evidence participation in coordinated entry operated by local CoC

Section 18 Applications and RAD

1. Closes a potential loophole in order to ensure the substantial preservation of assistance
2. Where PHAs are **blending RAD and Section 18** (as described in PIH Notice 2018-04. Also see “RAD and Section 18 Blend FAQs” on RAD Resource Desk), **all residents will be subject to the RAD relocation requirements** found in PIH/Housing Notice 2016-17
 - Resident notices and meetings
 - Right to return
 - Timing of relocation
 - URA assistance and payments

Materials

- FR-6105-N-01 “Implementation of Certain Fiscal Year (FY) 2018 Appropriations Act Provisions”
- Modified FY 16 RAD Rents
- Housing Notice 2018-05/PIH 2018-11 “RAD Supplemental Guidance”

Available at www.hud.gov/RAD/library/notices

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