

RAD Supplemental Notice Presentation

Housekeeping Notes

1. Please remain self-muted upon entrance.
2. During the presentation, put any questions you have in the chat and we will answer them as we go along.
3. We will also take questions at the end of the presentation, at which point you can raise your hand to ask your question live.

This webinar will be recorded. Both the recording and a copy of the slides will be made available in the days following the call at [HUD.gov/RAD](https://www.hud.gov/RAD).

Contact us at RAD@HUD.gov



OFFICE OF HOUSING

RAD Supplemental Notice 4B

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August 9th, 2023

Background on the RAD Notice

- On July 27th, 2023, HUD announced the release of a supplement to the RAD Notice, which makes discrete edits to Notice Revision 4 (Housing 2019-09/PIH 2019-23). **The changes will take effect when HUD publishes an accompanying Federal Register notice, anticipated in the coming weeks.**
- HUD has posted a marked-changes version of the Notice with the edits embedded for ease of use: “RAD Notice Rev. 4 as amended by Supplemental 4B.”

Agenda



What's New?

202 PRAC Conversions

1. Initial Contract Rent Setting

Public Housing Conversions

2. Changes to Resident Engagement
3. Energy Efficiency & Climate Resiliency
4. "Zero-HAP" Families
5. Faircloth-to-RAD
6. Housing Quality Standards (HQS)
7. RAD/Section 18 Blends

All Conversions (Public Housing, Mod Rehab, PRAC)

8. Radon

Note: *This notice doesn't include the conversion of 811 PRAC, which will be implemented through a separate Notice revising Section 4 of the Notice.*



OFFICE OF HOUSING

RAD for Section 202 Project Rental Assistance Contracts (PRAC)

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RAD for PRAC Initial Contract Rent Setting

Background

- RAD rents are set based on the PRAC budget-based rent, which is often too low to support a recapitalization transaction.
- Unlike PBRA rents (capped at 120% of FMR), PRACs have uncapped budget-based rents in part because service coordinator funding is included in the rent.

RAD for PRAC Initial Contract Rent Setting

RAD Supplemental Notice Changes

1. Section 8 contract rents can exceed 120% of FMR when the existing budget-based PRAC rents are already above 120% of FMR.
2. Describes how to access funding provided by Appropriation Acts* to increase contract rents at the time of conversion, particularly for energy and water efficiencies, and aging-in-place design.
3. HUD will increase contract rent by 75% of the utility savings where improvements result in a reduction in tenant paid utilities.

**FY22 and FY23 Appropriations Acts*

Effective upon publication of the Federal Register Notice

202 PRAC: Preservation Rent Increase

- \$12M combined made available under FY22 and FY23 appropriations bills to increase RAD conversion rents.

Up to \$250
PUPM
Increase

Hard construction costs must exceed 60%
of the Housing Construction Costs

Up to \$100
PUPM
Increase

Hard construction costs must exceed 30%
of the Housing Construction Costs

Project Owner must demonstrate that the construction or substantial rehabilitation will enhance climate resilience, energy and water efficiency, and/or appropriate design for the elderly residents to age-in-place and is financially necessary.

202 PRAC: Preservation Rent Increase

How to Access Preservation Rent Increases

- Funds are reserved and rent increases are approved first-come, first-served based on the Owner's PRAC conversion application and completion of the "Preservation Rent Increase Request" on the Resource Desk.
- The Preservation Rent Increase will be approved at Conversion Plan after determining that the amount is necessary for the viability of the transaction.
- It will be included in the closing documents. For active deals that have not closed, owners will also be able to fill out the Preservation Rent Increase request.
- For projects eligible for the Preservation Rent Increase, initial contract rents will be capped at 120% of FMR or Small Area FMR.

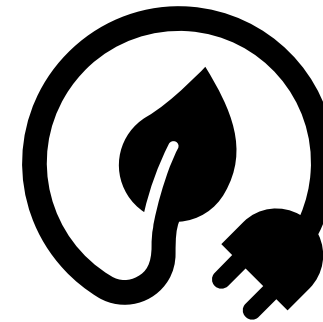
For more information see "202 PRAC Preservation Rent Increases FAQ" on the RAD Resource Desk to be posted with the FR Notice publication.

202 PRAC: Utility Savings

Tenant-Paid Utility Savings

Under this Supplemental Notice, when conversion will result in a reduction in one or more components (e.g., gas, water & sewer, electric) used to establish the Utility Allowance → **HUD will increase the contract rents by 75% of the approved reduction in Utility Allowance.**

	Pre-Rehab	Post-Rehab	Notes
Contract Rents	\$800	\$875	+75% of utility allowance reduction
Utility Allowance	\$200	\$100	-\$100 reduction
Gross Rents	\$1,000	\$975	



Utility Allowance projections must be performed by a third-party professional engineer.

Effective upon publication of the Federal Register Notice

202 PRAC: Utility Savings

How to Request Tenant Paid Utility Savings Contract Rent Increases

1. Submit a request for an increased contract rent as part of the Conversion Plan.
 - The Conversion Plan should include a narrative discussion of the energy and water savings that are anticipated as a result of rehab and the basis for those estimates.
2. Upload utility allowance projections. Projections must be performed by a third-party professional engineer.
 - Both the narrative and projections can be uploaded under “Other” under the Application Documents on the Application/Project Summary page in the Resource Desk.
3. The Office of Recapitalization will review and approve or deny the request.
4. If approved, the HAP Contract Term Sheet will include a pre- and post-rehab rent schedule.



OFFICE OF HOUSING

Resident Engagement and Protections

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Residents Engagement & Protections

RAD Supplemental Notice Changes

- Amends resident engagement requirements for PHAs to ensure residents are better informed and engaged throughout RAD conversion process.
- Allows for HUD to better monitor engagement.
- Enhances descriptions of resident engagement that must be submitted with RAD application.
- Modifies resident meeting requirements to provide for more frequent and meaningful updates to residents.
- Outlines additional resident engagement requirements for PHAs undertaking Faircloth-To-RAD conversions.
- Increases items to be provided in the Application and Financing Plan to demonstrate engagement with residents so that HUD can better monitor resident engagement.

Effective 30 days after publication of the Federal Register Notice

Residents Engagement - Meetings

	Before Application	Before Concept Call	Before Closing
Old Notice	Two meetings prior to application	One meeting before Concept Call One meeting before Financing Plan Submission	N/A
Supplemental	Two meetings prior to application	Two meetings prior to Concept Call	One meeting post-RCC but before Closing

Additional meetings with residents are required following a substantial change to the conversion plan (“substantial change” is defined in the Notice).

Resident Engagement - Documentation

Documentation Requirement	RAD Application	Financing Plan
Certification that the RIN and notice of tenant meetings have been provided	✓	
Summary of meeting attendees	✓	✓
Descriptions of efforts to promote tenant participation (schedules, residents with disabilities, residents who are LEP, etc.)	✓	✓
Meeting agenda(s) and copies of handouts or presentation materials	✓	✓
A summary of questions and comments asked in the meeting or submitted by residents to the PHA, and responses provided by the PHA	✓	✓
Description of how residents who were unable to attend meetings could access materials or submit questions or comments and receive responses	✓	✓
Identification of materials that were shared with residents to communicate resident protections	✓	✓
Where there is a duly elected resident organization, contact information for at least one elected leader of such organization	✓	✓

Resident Engagement – Requirements

Participation & Accessibility

- Communication effective for persons with disabilities, in accordance with Section 504 of the Rehabilitation Act and the ADA.
- Meetings must be held in facilities accessible to persons with disabilities, in the most integrated setting.
- Must provide meaningful access to programs with Limited English Proficiency (LEP) including language assistance to ensure meaningful access to notifications and meetings.
- May not restrict attendance at the meeting unless necessary for the effective conduct of the meeting (e.g., size constraints)

Resident Engagement – Best Practices

Participation & Accessibility

- What times of day and days of the week are meetings offered?
- Are all residents able to meaningfully participate in an electronic or hybrid meeting format?
- Is meeting attendance as unrestricted as possible?
- Are the right representatives from the management/development there to provide useful answers to residents?
- What opportunities exist to include resident preferences or opinions into the project design?
- How are we providing regular updates to residents outside of regular meetings?

Resident Engagement

What does this mean for PHAs?

- Resident engagement changes in the notice take effect 30 days after publication in the Federal Register.
- If a transaction has progressed beyond the point that changes apply, transaction will be held to the previous provisions of the RAD Notice.
- Updated documentation requirements must be uploaded via the Resource Desk at RAD Application or Financing Plan submission
- PHAs will certify that the meeting between RCC and closing occurred in the Consolidated Owners Certification.
- Questions can be directed to rad@hud.gov.



OFFICE OF HOUSING

Energy Efficiency and Climate Resilience in Public Housing Conversions

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Energy Efficiency & Climate Resilience

Background:

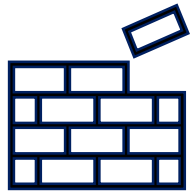
The RAD Notice Rev 4 had multiple provisions regarding energy, water, and environmental hazards, but did not address climate resiliency specifically.

RAD Supplemental Notice:

- Adds a new section addressing climate resiliency, making RAD among the leaders in HUD's response to these issues.
- Specifically, Owners will be required to do the following as part of a RAD conversion:
 - Adhere to greater energy efficiency requirements.
 - Analyze and address climate hazard risks.
 - Create property-wide disaster response plans.
 - Adhere to new elevation requirements for new construction building design.

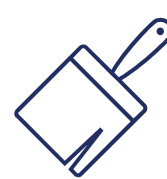
Energy Efficiency

ALL NEW CONSTRUCTION CONVERSIONS



- Updated IECC and ASHRAE Building Requirements:
 - ✓ Requires **2021 International Energy Conservation Code (IECC)** for single family or low-rise multifamily properties (three stories or fewer); or
 - ✓ **ASHRAE 90.1-2019** standard for mid to high-rise multifamily projects.
- Expanded list of encouraged green certifications.

ALL OTHER CONVERSIONS



- No Changes! Still requires:
 - ✓ Energy Audit, Energy Star®, WaterSense® or Federal Energy Management Program (FEMP)-designated products and appliances replacements.



BEST PRACTICES!

- Consider viability and other potential cost savings of renewable energy sources for the site.
- Try out the National Renewable Energy Laboratory (NREL) [REopt](#) tool to evaluate the economic viability and cost savings of multiple renewable energy options.

Effective 30 days after publication of the Federal Register Notice

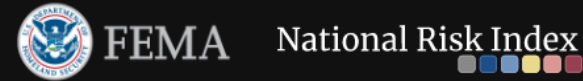
Energy Efficiency

What does this mean for PHAs?

Submission Requirements

- Owner certifies as part of the Conversion Overview Narrative in the Financing Plan submission that energy efficiency standards are met.

Climate Resiliency – New Requirements



Identify hazards deemed "relatively high" or "very high" for their census tract in FEMA's National Risk Index (NRI).

Provide a description of how the scope of work addresses or mitigates against the identified climate hazard risks.

Informed by hazards, Owners must also create a property-wide disaster plan including an evacuation plan.

Climate Resiliency

Submission Requirements

- Property Hazard Risks and Mitigation
 - Owner will submit a description of how the SOW address hazards as part of the Conversion Overview Narrative.
 - Owner must include any mitigation measures in the CNA eTool.
- Disaster Plan
 - Owner will certify as part of the Consolidated Closing Certification that they have created a property-wide disaster plan.

Climate Resiliency – Flood Prevention

For all **new construction** (and gut rehab, where physically and financially feasible) located in the FEMA 500-year floodplain (or 100-year floodplain where FEMA has not mapped the 500-year floodplain).

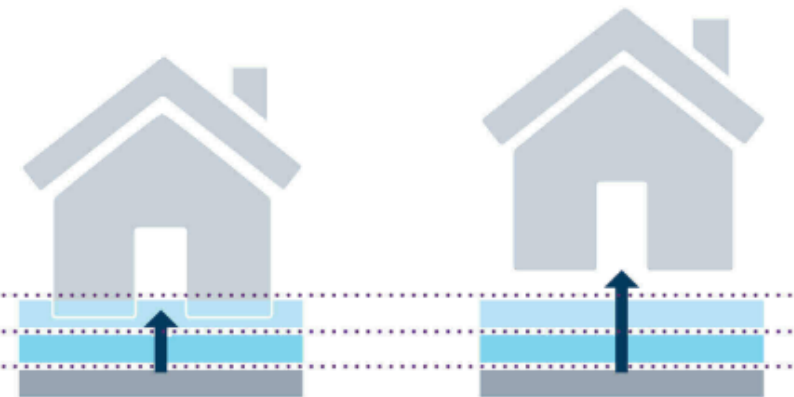
Requirements

- All relevant building mechanicals and all residential units must be designed to be at a height no less than the greater of the 500-year floodplain or two feet above the 100-year floodplain based on FEMA Flood Insurance Rate Maps (FIRMs).
- Any interior non-residential spaces – such as common areas, community centers, and lobbies – that are not elevated to this level must at a minimum be floodproofed to at least two feet above the 100-year floodplain.
- Note: This requirement will eventually be replaced by the new Federal Flood Risk Management Standard rule and apply to all HUD-assisted projects (PBRA and PBV).



No less than the 500-year floodplain or 2ft above the 100-year floodplain

500-year flood elevation
100-year flood elevation
Ground surface



Climate Resiliency – Flood Prevention

Submission Requirements

- Goes into effect 30-days following Federal Register Notice publication; applies to new construction and gut rehab.
- As part of the Financing Plan:
 - Upload FEMA Flood Map and Site Survey
 - Upload a signed architect's certificate stating the new construction meets the Notice requirements and addresses the site's flood risk.



Energy Efficiency & Climate Resilience

Notice Changes	Requirements of Owner
New Construction: Energy Efficiency Building Standards	<ol style="list-style-type: none">1. Certify in the Conversion Overview Narrative that the appropriate energy and building standards will be met.
All Conversions: Property Hazard Risks and Mitigation	<ol style="list-style-type: none">1. Identify and describe hazards based on FEMA's National Risk Index in the Financing Plan Conversion Overview Narrative2. Include mitigation efforts in CNA eTool
All Conversions: Disaster Plan	<ol style="list-style-type: none">1. Certify in Consolidated Closing Certification
New Construction/Gut Rehab: Floodplain Management Requirements	Submit as part of Financing Plan: <ol style="list-style-type: none">1. FEMA Flood Map2. Site Survey3. Signed Architect's Certificate



OFFICE OF HOUSING

Zero-HAP Residents

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Treatment of Zero-HAP Families

Background

- Public housing RAD “contract rents” are frequently below market rents. Sometimes, during conversion a family paying 30% of their income would exceed the contract rent amount.
- **Tenant Rent:** The current RAD Notice Rev 4 requires tenants to pay 30% of their income – without a cap – which can be significantly more than other Section 8 residents.
- **New Admissions After Conversion:** Standard PBRA and PBV rules restrict the admission of zero-HAP families (where 30% of income, or Total Tenant Payment (TTP), exceeds the gross rent), preventing eligible low-income families from moving in.

Effective 10 days after publication of the Federal Register Notice

Treatment of Zero-HAP Families

Previously, under RAD Notice Rev 4:

Required tenants to pay 30% of their income – without a cap

Adjusted Family Income	\$30,000
Calculated TTP	\$750
RAD Gross Rent	\$650

RAD family pays **\$750**

Non-RAD PBV family pays **\$650**

Only admit residents where at least \$1 of HAP would be paid.

Very Low-Income Limit	\$35,000
Adjusted Family Income	\$30,000
Calculated TTP	\$750
RAD Gross Rent	\$700

TTP exceeds RAD rent – Zero HAP paid;

Family cannot be admitted

Treatment of Zero-HAP Families: Tenant Rent

PBV Example

Requires tenants to pay 30% of their income – capped at 110% of FMR

Adjusted Family Income	\$30,000
Calculated TTP	\$750
RAD Gross Rent	\$650
Non-RAD PBV Rent (@110% of FMR)	\$700

RAD family pays **\$700**

Non-RAD PBV family pays **\$700**

Current Residents pay 30% of adjusted gross income, less utility allowance, but **not to exceed the** “Zero HAP Rent Cap” -- 110% of FMR less utility allowance (100% of FMR for PBRA) or the maximum allowed LIHTC or HOME rent if the unit is restricted by those funds. Then:

- **PBRA**: Unit remains under contract.
- **PBV**: Unit is removed from the contract after 180 days of the resident paying the Zero-HAP Rent. Unit re-instated (or substituted for partially assisted properties) if family leaves. If the family remains and their income decreases, the PHA shall re-admit the family.

Treatment of Zero-HAP Families: Tenant Rent

For families that are currently paying more than the Zero-HAP Rent Cap, the PHA/owner must inform the family by notice of the amount of the new alternate rent to be paid to the owner and the date the change shall go into effect, which must be no later than ninety (90) days after the issuance date of this notice.

Admission of Zero-HAP Families

New Admissions After Conversion

- **PBRA**: owners shall admit any income-qualified household and otherwise eligible families even if their TTP is greater than the gross rent (and they won't receive any subsidy).
- **PBV**: PHAs can admit any income-qualified household if they obtain a waiver at the time of conversion (w/ Recap) or after conversion (w/ PIH) to permit admission of income-qualified families even if their TTP is greater than gross rent. Generally, the 2-bedroom rent must be below an affordable rent at 40% of AMI (midpoint between ELI and VLI income limits).

PBRA Example

May admit any income-qualified household.

Very Low-Income Limit	\$35,000
Adjusted Family Income	\$30,000
Calculated TTP	\$750
RAD Gross Rent for 2BR	\$700

Family qualifies as Very-Low-Income;

Family can be admitted.

Admission of Zero-HAP Families

Applying for a Waiver to Admit Zero-HAP Residents for RAD PBV

- You will be advised during the CHAP application process via the RAD Resource Desk that the PHA **may** be eligible for a waiver if converting to PBV, and you will be given opportunity to confirm.
- After eligibility is confirmed, the Office of Recapitalization will include a provision in the RCC approving the waiver to admit Zero-HAP residents for the term of the contract (no waiver is necessary for PBRA).
- Closed PBV conversions that wish to receive a waiver to admit new zero-HAP residents, must submit the request through the standard PIH waiver process (Notice PIH-2018-16), through the field office (A waiver is not needed for PBRA conversions).

Admission of Zero-HAP Families

2-BR RAD Gross Rent < Midpoint between 30% of VLI (Very Low Income) & ELI (Extremely Low Income) HUD Income Limits

Example – King County, WA

		Annual Income Limit	Monthly Income	30% of Monthly Income	Midpoint	2-BR RAD Rent
4-person Household	Very Low- Income	\$68,500	\$5,708	\$1,712	\$1,369	<u>\$882</u>
	Extremely Low- Income	\$41,100	\$3,425	\$1,027		

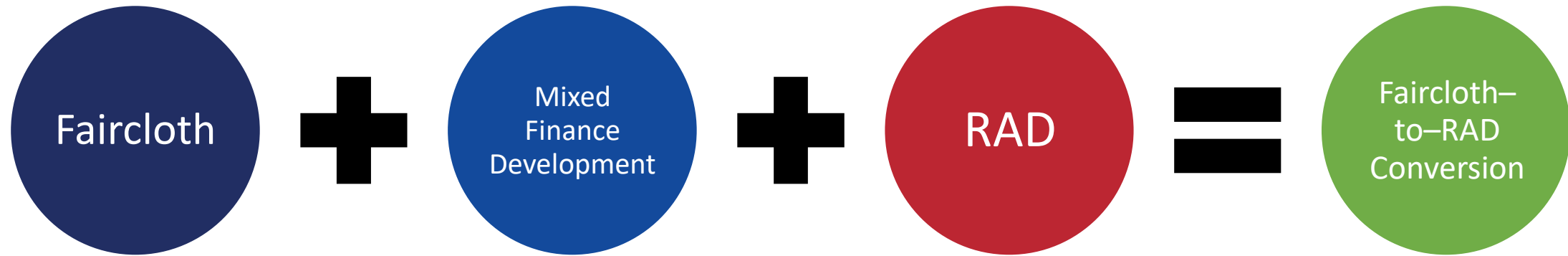


OFFICE OF HOUSING

Faircloth-to-RAD

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Faircloth-to-RAD: Background



- “Faircloth-to-RAD,” implemented in April 2021, offers underwriting certainty to overcome barriers to the development of new deeply rent-assisted units.
- RAD provides predictable rents and pre-construction approval to convert to Section 8 following completion of a mixed-finance public housing development process.
- The streamlined process removes duplicative reviews.

Effective immediately upon publication of the Federal Register Notice

Faircloth-to-RAD: Eligibility

Old Notice	RAD Supplemental Notice
<p>PHAs had to have a Portfolio Award reserving authority for a “portfolio” of their public housing stock or to partner with another agency in order to participate in Faircloth-to-RAD</p>	<p>PHAs can apply for Faircloth-to-RAD (by requesting a “Notice of Anticipated RAD Rents”) without a Portfolio Award. The PHA only needs to have available Faircloth authority.</p>

Additional Note: PHAs that have repositioned all of their public housing units under one of the repositioning tools that requires a PHA to “close-out” its public housing program -- Streamlined Voluntary Conversion, Small PHA RAD & Section 18 Blends, Section 18 “under 50”) -- may develop Faircloth-to-RAD units prior to closing out their public housing program

Faircloth-to-RAD: Resident Engagement

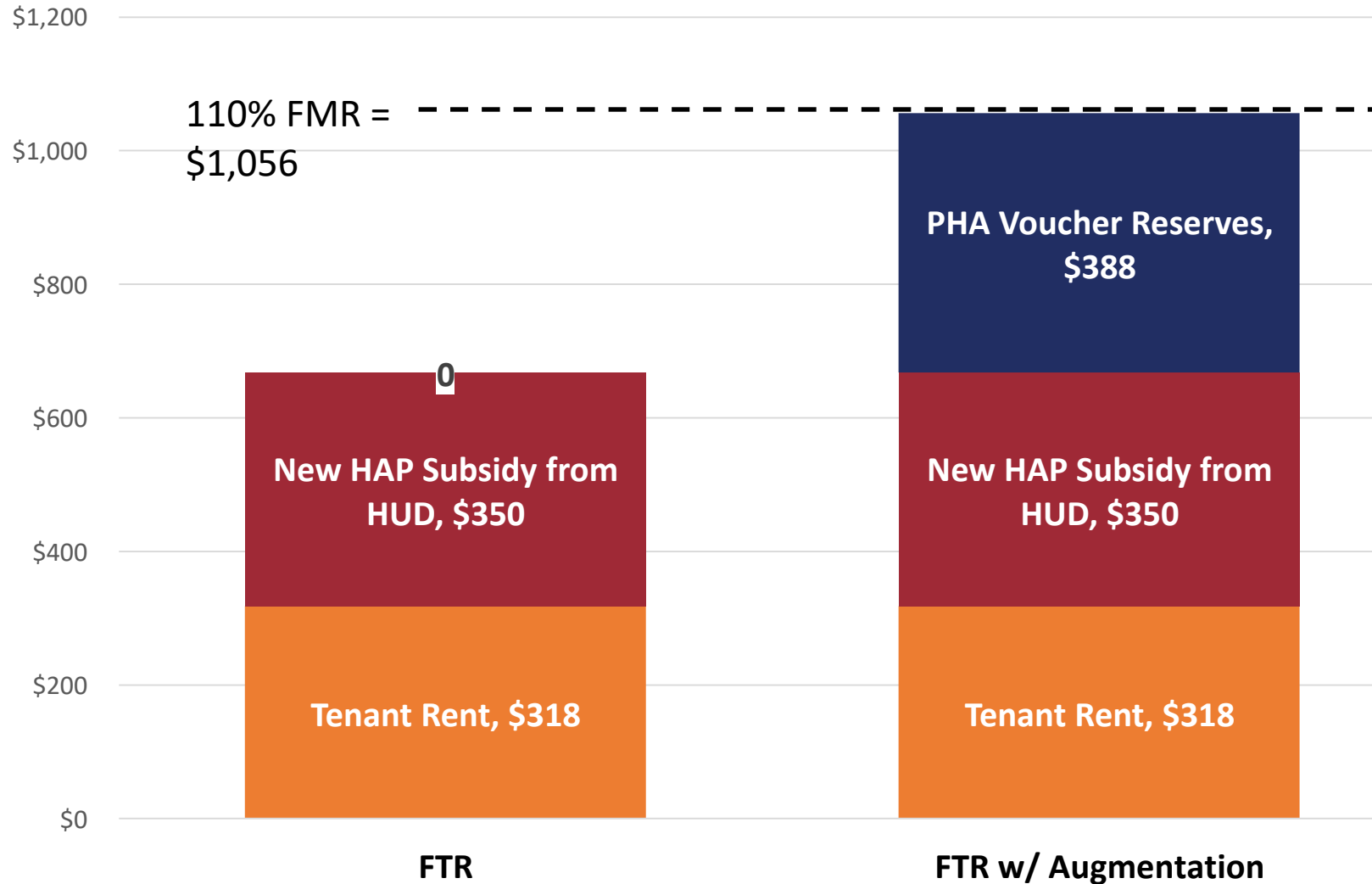
Old Notice	RAD Supplemental Notice
<p>Standard RAD resident notifications and engagement applied but didn't "fit" because they assume an existing occupied property</p>	<p>Specific engagement requirements if:</p> <ul style="list-style-type: none">• It is an existing property that is occupied at the time the PHA requests a Notice of Anticipated RAD Rents (rare) or• The PHA moves resident into project after construction completion, but before RAD closing

Faircloth-to-RAD: Rent Augmentation

Old Notice	RAD Supplemental Notice
<ul style="list-style-type: none">• Allowed only for MTW agencies using MTW funds	<ul style="list-style-type: none">• MTW Agencies retain flexibilities• Non-MTW PHAs with HAP reserves can augment Faircloth-to-RAD Contract Rents for <u>PBV</u> conversions under certain conditions.• Allows FTR projects converting to PBRA to use other RAD rent flexibilities, including the Opportunity Zone rent boost (up to \$100 PUPM)

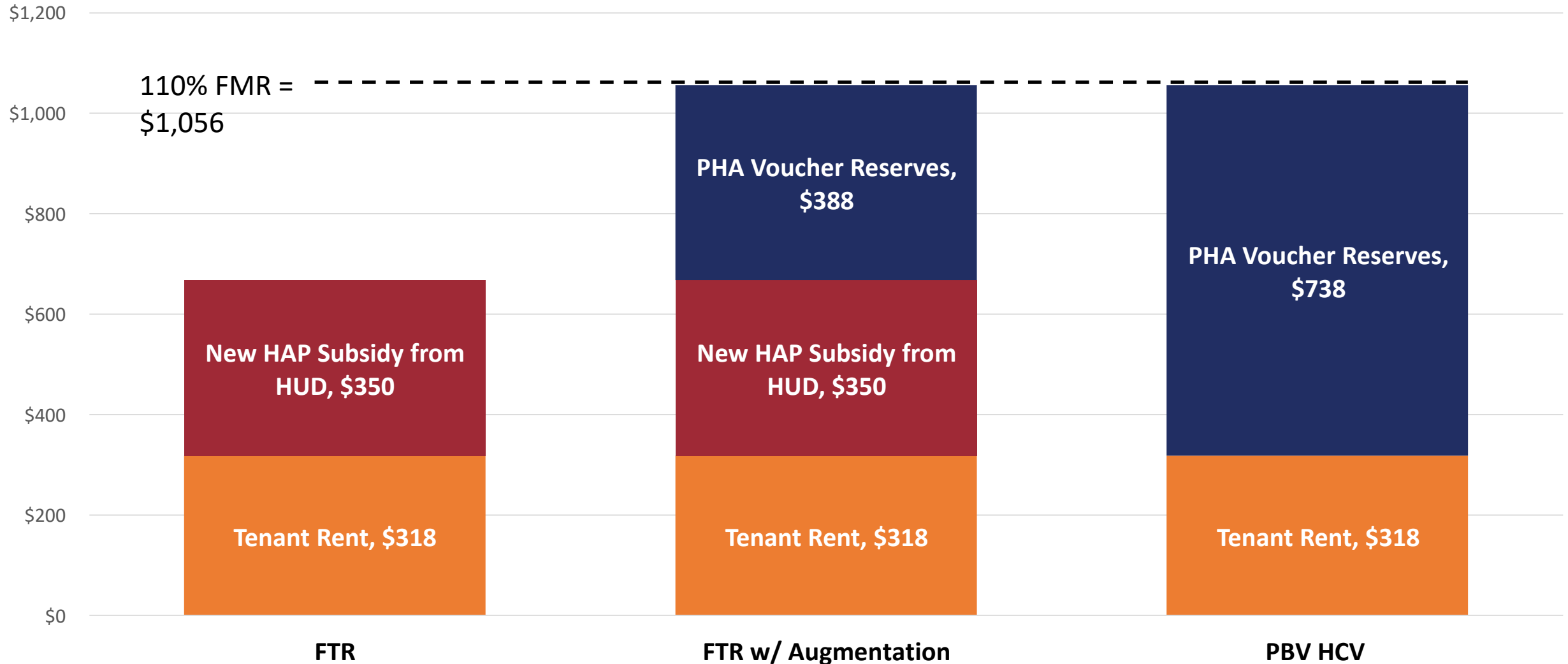
Faircloth-to-RAD Rent Augmentation

Faircloth-to-RAD Augmentation Example



Faircloth-to-RAD Rent Augmentation

Faircloth-to-RAD Augmentation vs. Conventional Project-Based Voucher Example



Faircloth-to-RAD – Rent Augmentation

Non-MTW PHAs can augment Faircloth-to-RAD Contract Rents if both conditions are met:

- 1. The Faircloth-to-RAD units do not make up more than:**
 - a) The greater of 25 units or 25% of the units in the project; or
 - b) The greater of 25 units or 40% of units in the project if it is in census tract where the poverty rate is no greater than 20%; or
 - c) The units are made exclusively available to people who are elderly, eligible for supportive services, or youth receiving HCV Family Unification Program assistance.
- 2. The Faircloth-to-RAD project is in one of the following locations:**
 - a) A Metropolitan Statistical Area, Micropolitan Statistical Area, or ZIP code where the rental vacancy rate is less than 4 percent; or
 - b) A ZIP code where 90 percent of the Small Area FMR is more than 110 percent of the metropolitan area FMR.

Faircloth-to-RAD - Rent Augmentation

Requesting Augmented Rents

Submit a request for a Notice of Anticipated RAD Rents (NARR) via the RAD Resource Desk by selecting the “Faircloth Conversion” option and providing HUD with specific information needed to calculate the estimated RAD rents for the project at the time of conversion.

- Any rent augmentation the PHA intends to make can be applied to the rents reflected in the NARR.
- If a PHA wishes to modify the rents with MTW funds or HAP reserves, it can request to do so by communicating to HUD how much additional funding per unit should be added to the rents up to initial contract rent setting limits (110% of FMR for PBV; and 120% of FMR for PBRA).

Faircloth-to-RAD - Resident Engagement

If tenants are admitted to the property in accordance with admissions requirements **after** issuance of an RCC and **prior** to the Closing of the RAD conversion, the PHA shall, **prior** to the execution of the lease:

- 1 Provide written notification in the form of a RAD Information Notice (RIN)
- 2 Provide written explanation of leasing & occupancy changes that will occur post move-in resulting from the RAD conversion
- 3 Meet with each resident household to discuss conversion, explain written materials and provide residents an opportunity to ask questions



OFFICE OF HOUSING

Housing Quality Standards (HQS)

OFFICE OF MULTIFAMILY HOUSING PROGRAMS

Housing Quality Standards (HQS)

Background

- Under the old Notice, non-RAD PBV units in a property with RAD unit had to pass HQS inspections **before** the HAP contract could be entered into.
- This caused difficulties when units were expected to undergo substantial rehab.
- E.g., an owner was required to address HQS deficiencies, only to then turn around and perform a more comprehensive rehab to the unit.

Housing Quality Standards (HQS)

RAD Notice Changes - Inspection

- Retains the RAD alternative requirement that when Work is occurring under RAD, all units must undergo inspection for HQS no later than the date of completion of the Work as indicated in the RCC ***and extends this provision to non-RAD PBV units replacing public housing units at the project.***
- Before units can be placed on the HAP Contract and assistance can be paid on behalf of a household, in lieu of an inspection, a PHA can rely on an owner certification that the owner has no reasonable basis to have knowledge that ***life-threatening conditions*** exist in the unit or units

Effective 10 days after publication of the Federal Register Notice

Housing Quality Standards (HQS)

RAD Notice Changes – HQS applicability during the period of work

- Clarifies HQS requirements during the period of the work for assistance to be paid on behalf of a household.
 - The PHA must conduct inspections when needed (e.g., in response to tenant complaints) and
 - Owners must correct any identified deficiencies within timeframes specified in the HAP Contract -- 24 hours for life threatening deficiencies, and 30 days or such longer time as agreed to by the PHA for non-life threatening deficiencies (i.e. the completion of the Work under the RCC)

Effective 10 days after publication of the Federal Register Notice

Housing Quality Standards (HQS)

What does this mean for PHAs?

Expected to ease administrative requirements for RAD/Section 18 blends, eliminate unnecessary work orders, and increase protections for residents in-place:

- PHAs will be able to add units without life-threatening deficiencies to the non-RAD PBV HAP contract and receive HAP payments for occupied units
- PHAs may need to inspect units during the rehab to ensure safe conditions for residents in-place



OFFICE OF HOUSING

RAD and Section 18 Blends

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RAD & Section 18 Blends

Background

- PHAs increasingly combine the use of RAD and “Section 18” disposition authority in a RAD transaction– a “RAD/Section 18 Blend.”
- Blends allows Tenant Protection Voucher revenue to be combined with generally lower RAD rents in order to increase property revenue.
- RAD features a standardized and streamlined blend structure for PHAs that perform a certain threshold of rehabilitation or that are small PHAs.
- PHAs also create informal blends by converting a portion of units at a property for which they have Section 18 approval

RAD & Section 18 Blends

RAD Supplemental Notice Changes

1. Supplements the definition of “high-cost areas” used to set eligibility for the highest blend level (20% RAD / 80% Section 18) to include conversions where per-unit construction costs exceed 200% of the national average Housing Construction Costs (\$304,653 in 2022)
2. For RAD/Section 18 Small PHA Blend, provides criteria for local field offices to approve PHAs with voucher program size under 250.
3. Exempts non-RAD PBVs in a RAD blend from the PBV program cap and PBV owner selection provisions in certain scenarios where they had not been previously exempt

Effective upon publication of the Federal Register Notice

RAD & Section 18 Blends – High-Cost Area

Original Definition

Areas where the Housing Construction Costs for the locality exceeds one hundred and twenty percent (120%) of the national average Housing Construction Costs.

OR

Additional Definition

A project where the amount of hard construction costs necessary to convert the units from their current condition to the condition proposed as a result of the Scope of Work would cost in excess of two hundred percent (200%) of the national average HCC (\$304,653 in 2022) .

A new “RAD Section 18 Blend and Opportunity Zone” Eligibility Workbook has been posted which includes the new “high-cost area” definition.

RAD & Section 18 Blends – Small PHA Blend

For a PHA to take advantage of the Small PHA Blend (20% RAD/ 80% Section 18) the proposed HCV contract administrator must have **at least 250 units** under its HCV Consolidated ACC prior to the creation of the PBV HAP contract **unless** the field office determines that the proposed contract administrator has sufficient capacity to administer the PBV contract.

PHAs must submit a narrative justifying exception to the RAD Resource Desk as part of the Concept Call Checklist before being scheduled for a Concept Call. Public housing field office will review and make determination through the Resource Desk.

Factors Considered:

- SEMAP scores
- Recent HCV-related audit findings
- Updated Section 8 Administrative Plan
- Sufficient voucher authority to serve tenant-based waiting lists and provide mobility options for PBV residents

RAD/Section 18: PBV Percentage Limitation

Previously

RAD units and non-RAD PBV units replacing public housing units (e.g., through a RAD/Section 18 blend) **on-site** had previously been exempt from the percentage limitation applicable to the PBV program. RAD PBV units in a transfer of assistance were also exempt

Changes in the RAD Supplemental

This Notice now exempts non-RAD PBV units replacing public housing units (e.g., through a RAD & Section 18 Blend) from a PHA's PBV program cap when used in conjunction with a RAD Transfer of Assistance

Units preserved through RAD or RAD & Section 18 blends do not count against a PHA's PBV cap

RAD & Section 18 Blends: Owner Proposal Selection Procedures

Previously

RAD units have always been exempt from PBV competitive selection (i.e., “owner proposal selection procedures” under 24 CFR 983.51). Non-RAD PBV units replacing public housing where the PHA administering the contract has an ownership interest are also exempt from PBV competitive selection

Changes in the RAD Supplemental

This Notice exempts non-RAD PBV units in RAD Covered Projects from competitive selection even when the PHA administering the contract does not have an ownership interest (e.g., a PHA without a voucher program preserves units through a RAD/Section 18 blend and partners with another PHA to administer the vouchers).

Units preserved through RAD or RAD & Section 18 blends are not subject to PBV competitive selection requirements



OFFICE OF HOUSING

Radon Policies

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Harmonizing Radon Policies

Background

RAD Notice Rev 4 introduced requirements for radon testing for properties converting under RAD but exempted certain scenarios from the requirement.

RAD Supplemental Notice Changes

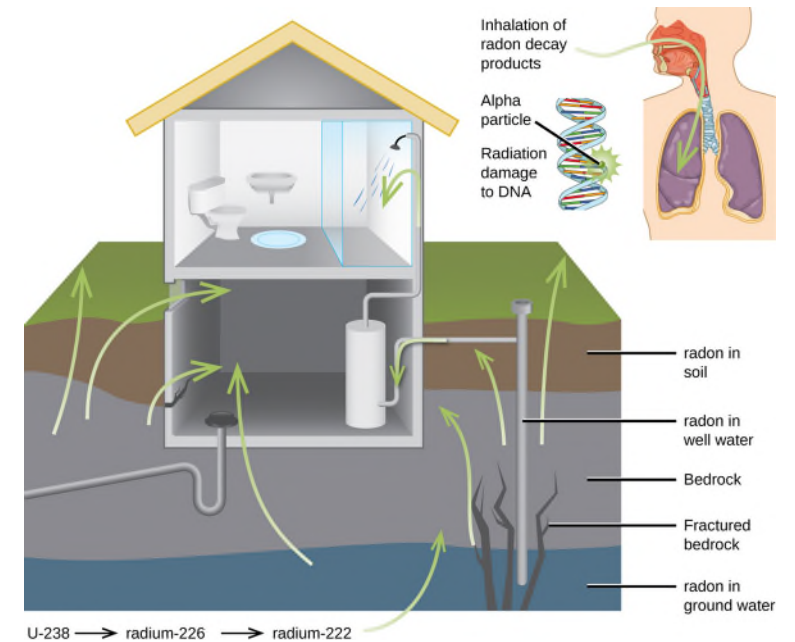
- Eliminates all previous exemptions for radon testing prior to RAD conversion.
- Standardizes the radon testing requirements across all parts of the programs (PBRA and PBV), ensuring that all properties converting through RAD are subject to testing and, when required, mitigation.
- Owners must submit a Radon Report consistent with the requirements of Section 9.6.3 of the MAP Guide (or successor provision) for HUD to review.

Effective for Conversion or Transaction Plans submitted 14 days after publication of the Federal Register Notice

Harmonizing Radon Policies

What does this mean for PHAs and Owners?

- Part 50: Environmental provider to include the radon report as part of the HEROS submission under the Related Laws & Authorities "Housing Requirements" for Transaction Manager review.
- Part 58: PHA/owner to upload a copy of the radon report to the Financing Plan or Conversion Plan for the Transaction Manager to review.
- Transaction Managers will include any necessary radon Special Conditions and/or Additional Provisions to the RCC or approval memo.



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OFFICE OF HOUSING

Effective Dates

OFFICE OF MULTIFAMILY HOUSING PROGRAMS

Program Area	Effective Date
RAD for PRAC Rents	Federal Register Publication
Faircloth-To-RAD	Federal Register Publication
Housing Quality Standards	10 days after Federal Register Publication
RAD/Section 18 Blends	Federal Register Publication
Zero-HAP Residents	10 days after Federal Register Publication. See 90-day implementation requirement for families paying above Zero-HAP Rent Cap
Radon	For transaction Plans or Conversion Plans submitted 14 days following Federal Register Publication
Energy Efficiency and Climate Resiliency	For Transaction Plans submitted 30 days following Federal Register Publication
Resident Engagement	30 days following Federal Register Publication. If a transaction has progressed beyond the point that changes apply, transaction will be held to the previous provisions of the RAD Notice.



Questions?