



ROADMAP TO THE REVISED RENTAL ASSISTANCE DEMONSTRATION (RAD)

NOTICE: PIH NOTICE 2012-32, REV-2 MOD REHAB/SRO

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Presenters

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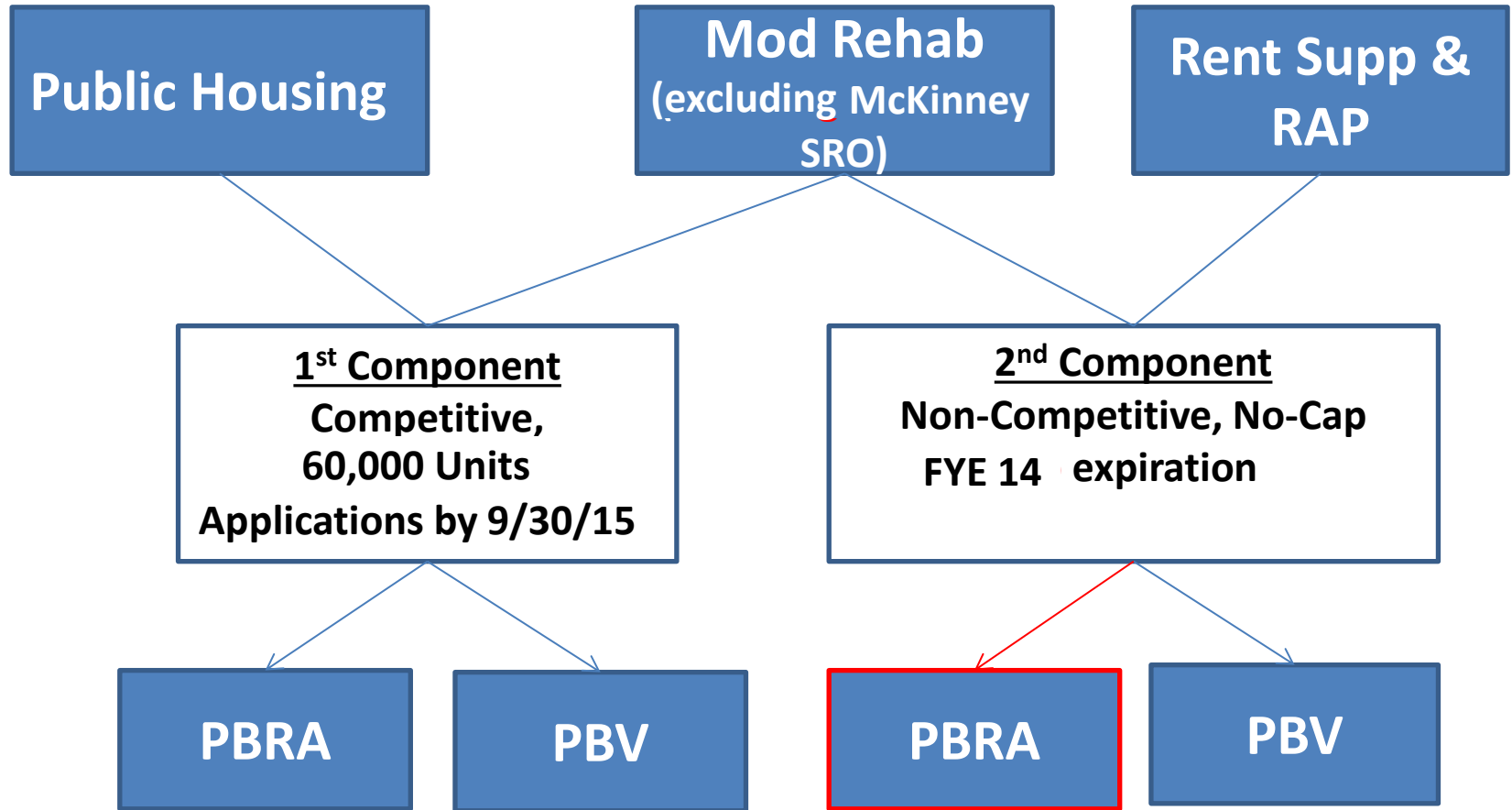
WHY A REVISED NOTICE?



- **Incorporate key expansion changes authorized by the FY 15 Appropriations bill, including:**
 - Increase of the cap on public housing conversions from 60,000 to 185,000 units (15% of the public housing stock)
 - Conversion eligibility for Mod Rehab McKinney SROs (about 400 properties with 14,000 units)
- **Incorporate lessons from the previous two years:**
 - Policy gaps
 - Processing and management of transactions
- **Clarifying common questions**



CHANGES TO RAD CONVERSION ELIGIBILITY





SECTION II: MODERATE REHABILITATION



IMPLEMENTATION

- **Generally, unless otherwise noted, the revisions to Section 2 of the Notice are effective for all transactions that have not yet closed**
 - Mod Rehab projects that applied previously under the First Component will be allowed to switch to the Second Component upon publication of the Notice





ELIGIBILITY

- **Mod Rehab SROs will now be allowed to convert under RAD**
- **Project must qualify as existing housing in order to convert**
 - **PHA must determine project substantially complies with HQS through an initial inspection**
- **Projects that are currently in their initial contract term that terminate early will be limited to PBRA conversions only**





SECOND COMPONENT PROCESSING





STREAMLINED PROCESSING

- **Eliminates the need for a Mod Rehab “Application” and replaced with a simpler submission of basic property information**
- **Eliminates the use of a RAD Conversion Commitment for Mod Rehab conversions**





FINANCING PLAN REQUIREMENTS – PCA/CNA



- **Replaces Physical Condition Assessment (PCA) with Capital Needs Assessment (CNA), following transition period and grandfathering provision**
- **Clarifies conditions under which CNA is not required**
 - Projects built within the last 5 years
 - Projects that will be financed with LIHTC
- **Clarifies Environmental Review Requirements**
- **Clarifies applicability of Davis-Bacon for all rehabilitation or construction activity**
- **Reaffirms ability to reconfigure units, and establishes process for rent setting for reconfiguration**



FINANCING PLAN REQUIREMENTS – ENVIRONMENTAL REVIEW



- HUD will not accept nor approve an applicant’s Financing Plan unless the required environmental review has been completed for the applicant’s proposed conversion project
- RAD transactions will either be reviewed under Part 50 or Part 58.
- All PBRA and FHA transactions require Part 50 reviews
- Non-FHA PBV transactions require Part 58 Reviews, except in accordance with 24 CFR 58.11, when HUD may determine to conduct the review under Part 50



REHABILITATION – DAVIS BACON

- For those projects with 9 or more assisted units where development will occur, Davis-Bacon will apply
- Davis-Bacon will apply to both PBV and PBRA conversions
- For more information please see: “Applicability of Davis-Bacon Labor Requirements to Projects Selected as Existing Housing Under the Section 8 Project-Based Voucher Program – Guidance” in 80 Fed. Reg. 12511 dated March 9, 2015





REHABILITATION – RECONFIGURATION OF UNITS

- **Owners will be allowed to reconfigure their units as part of a Mod Rehab conversion**
- **For Mod Rehab SRO projects, owners must get permission from their local Continuum of Care in order to reconfigure**
- **Rents for reconfigured units will be determined based on the applicable FMR for that unit size for PBV conversions.**
- **For PBRA conversions, the project will retain the subsidy attributable to those units and the contract rents for the dwelling units will increase by a share of the foregone subsidy and will be increased subject to the 120% of FMR cap**





CONTRACT RENTS – INITIAL RENTS (PBV)

- **PBV Rents = Lower of:**
 - **An amount determined by the PHA, not to exceed 110 percent of the applicable fair market rent (or any exception payment standard approved by the Secretary) for the unit bedroom size, minus any utility allowance**
 - **The reasonable rent**
 - **The rent requested by the owner**





CONTRACT RENTS – REDETERMINED RENTS (PBV)

- Rent to owner will be redetermined in accordance with 24 CFR 983 Part G
- Rent to owner may be redetermined at the owner's request for a rent increase at the annual anniversary date of the HAP contract
- Rent to owner may also be redetermined at such time when there is a five percent or greater decrease in the published FMR





CONTRACT RENTS – INITIAL RENTS (PBRA)

- **PBRA Rents = Lower of:**
 - **Current funding**
 - **120% of FMR, less Utility Allowance**





CONTRACT RENTS – REDETERMINED RENTS (PBRA)

- **Contract rents will be adjusted by HUD’s OCAF at each Anniversary of the HAP Contract**
- **Cap on OCAF Adjustments: For the term of the HAP contract, rents will be adjusted by OCAF, but cannot exceed the “Maximum Rent,” defined as higher of 120% of FMR (less utility allowances) or the market rents (as determined by an RCS)**





RESIDENT PROVISIONS – RIGHT TO REMAIN OR RETURN



- Any resident residing in the property prior to conversion has a right to remain in, or in the event that rehabilitation will result in the relocation of residents, return to the Covered Project
- Current households may only be screened at the time of conversion for the mandatory screening requirements established by statute



PBRA

- Clarifies that, for PBRA conversions, 2530 clearance (previous participation) and Affirmative Fair Housing Marketing Plan must be submitted with Financing Plan
- Clarifies that “future changes” clause in MAHRA applies to RAD transactions





PBV

- **Strengthens Reserve for Replacement Account requirement**
- **Clarifies that only occupied units at the time of conversion will be included on PBV contract**





CLOSING

- **Removes the use of an RCC for Second Component Mod Rehab conversions**
- **Simplified approval letter will now establish all requirements for closing**





SPECIAL PROVISIONS FOR SRO CONVERSIONS



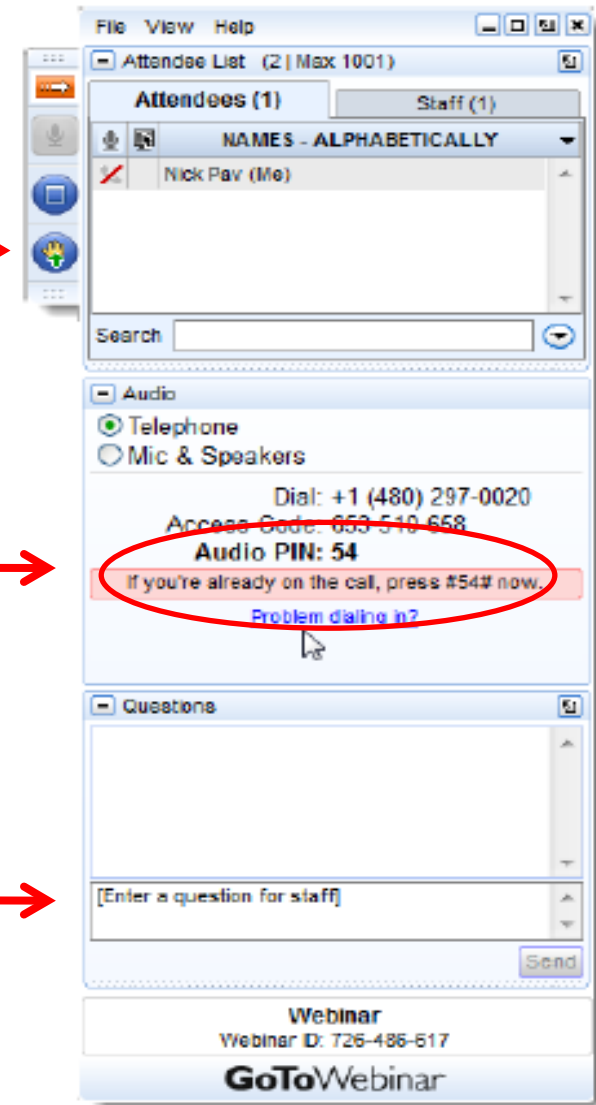
- For PBRA conversions, Mod Rehab SRO owners will be required to establish an absolute preference for homeless in their PBRA contract. For PBV conversions, the PHA will establish the preference for homeless in their administrative plan
- Mod Rehab SRO owners must consult with local Continuum of Care (CoC) on their conversion, coordinated entry for new tenants, rehab and reconfiguration of units
- Outreach to new homeless participants should follow the CoC's established coordinated entry process.
- Notice allows for PHAs to establish separate admission policies for former SRO PBV conversions (i.e., applying only statutory screening requirements for those being selected as a new admission to an SRO)
- Project will continue to be required to report under the CoC's homeless management information system (HMIS) and annual housing inventory count (HIC)

Ask questions! Here's how:

- “Raise your hand” by clicking on the hand icon and the presenter will un-mute your line so you can ask your question live

Note: To do this, you MUST call the dial-in number shown on your attendee control panel and input the audio PIN shown, which is unique to each attendee

- Send in questions via the “Question” feature or email them to rad@hud.gov; answers to those questions will be provided after the webcast and posted to the FAQs



The screenshot shows a GoToWebinar attendee control panel. At the top, it displays 'Attendee List (2 | Max 1001)' with a sub-tab for 'Attendees (1)'. Below this, a list shows 'Nick Pav (Me)' with a hand icon next to it. A search bar is located below the list. The 'Audio' section is active, showing 'Telephone' selected and 'Mic & Speakers' unselected. The dial-in information is: 'Dial: +1 (480) 297-0020', 'Access Code: 653-510-658', and 'Audio PIN: 54'. A red circle highlights the text 'If you're already on the call, press #54# now.' and a red arrow points to it. Below this is a 'Questions' section with a text input field containing '[Enter a question for staff]' and a 'Send' button. At the bottom, it says 'Webinar Webinar ID: 726-486-617' and the 'GoToWebinar' logo.