



# Rental Assistance Demonstration (RAD) Resident Protections and Engagement in Public Housing Conversions



# BACKGROUND

# Why RAD?

## The Problem

- The nation's public housing inventory has a large and growing backlog of capital repair and replacement needs. In 2010, it was estimated at \$26 Billion.
- Most properties are over 50 years old
- Public housing properties are almost completely reliant on funding from Congress through the public housing Operating Fund and Capital Fund to sustain existing housing

***RAD was created in 2011 to preserve and bring new resources to this critical stock of affordable housing by “converting” properties to subsidy under a long-term Project-Based Section 8 contract***

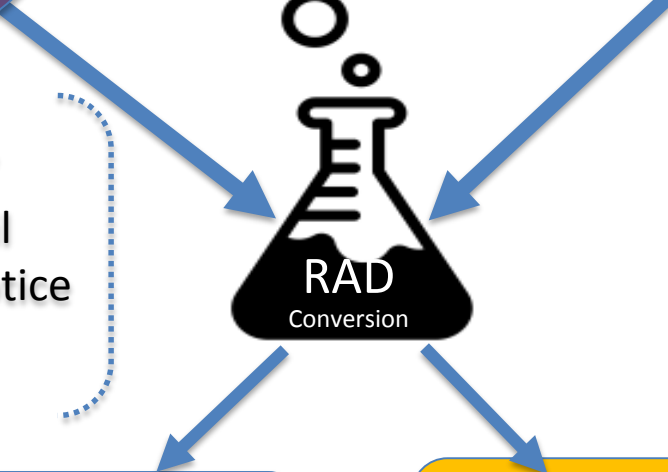
Under project-based Section 8 contract the rental assistance is tied to the property, tenants pays 30% of adjusted income in rent, and HUD pays the difference between “Contract Rent” and the tenant's rent

# RAD Notice: Housing 2019-09/PIH 2019-23

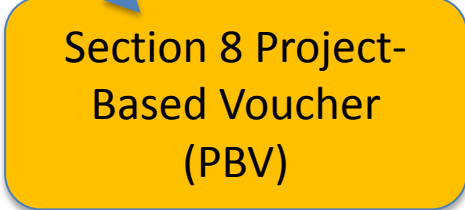
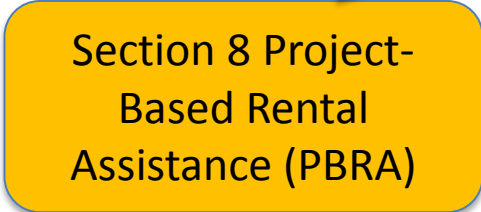
“First Component”



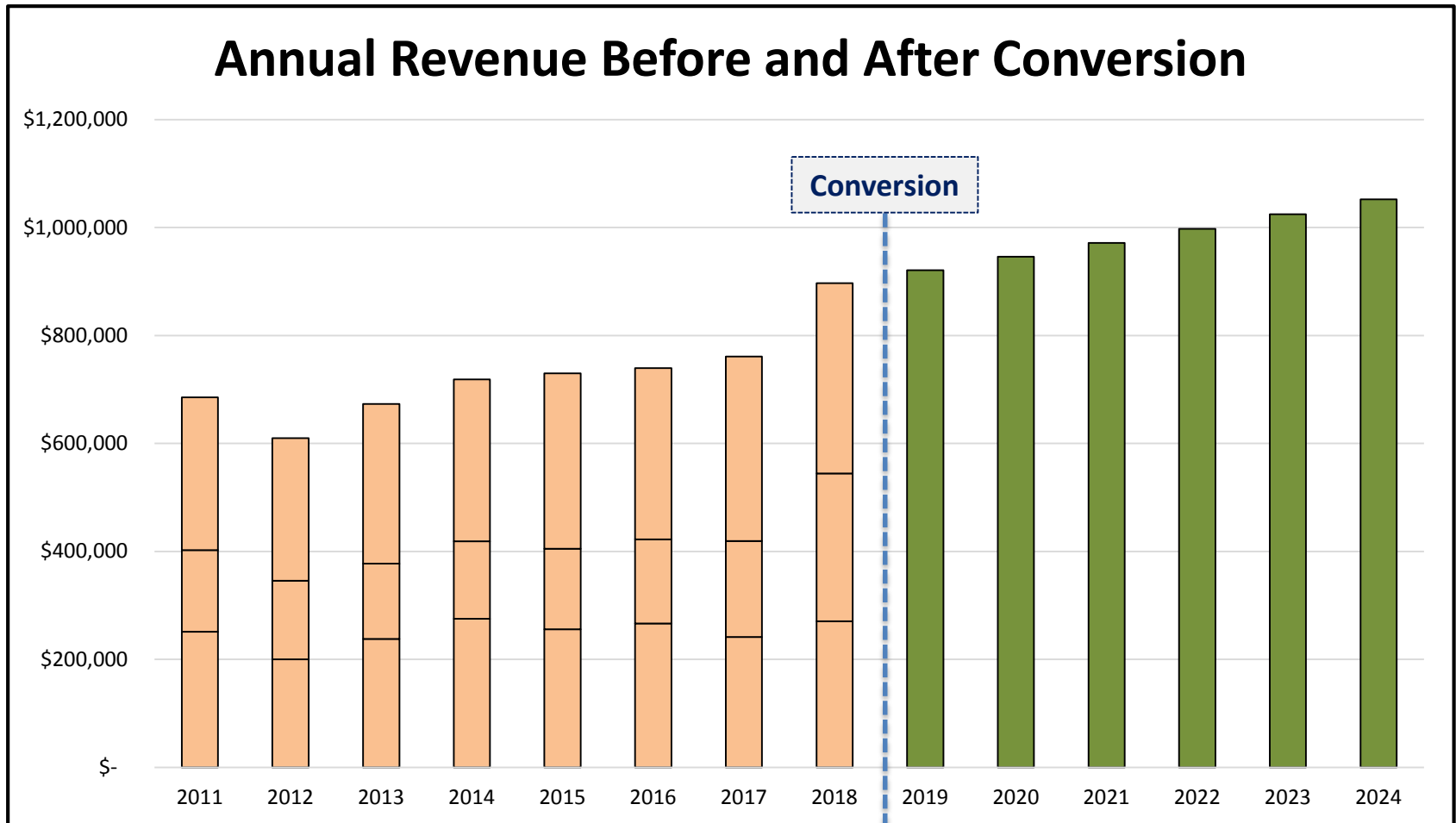
“Second” Component



*Also applicable:*  
**Housing/PIH 2016-17**  
RAD Fair Housing, Civil Rights, and Relocation Notice for Public Housing Conversions



# “Conversion” of Subsidy



Funding under the  
**Public Housing Program**

Funding under the  
**Section 8 Program**



# How RAD Is Used

**Public housing agencies (PHAs) use RAD to preserve affordable housing in their communities by:**

- Stabilizing funding for properties
- Financing repairs and improvements
- Demolishing and replacing obsolete housing
- Transferring the assistance to properties in lower poverty neighborhoods with access to schools, jobs, and transportation.

# Common RAD Financing Sources

- Debt
- Low Income Housing Tax Credits
- Public Housing Funds
- Other grants or soft-loans

# RAD Core Principles

## ***#1 RAD is designed to secure the long-term affordability of converting properties***

- Long-term (20 years) Section 8 HAP contract ensures residents pay an affordable rent and must be renewed at the end of every term (in perpetuity)
- RAD Use Agreement recorded on land, superior to all liens
- Capital Needs Assessment performed upfront to ensure current and future repairs can be supported
- One-for-one replacement of deeply affordable units (with certain minor exceptions)



# RAD Core Principles

## ***#2 Properties converted under RAD must be owned or controlled by a public or non-profit owner***

- In most RAD conversion, the PHA continues to own the property directly or through an affiliate
- When Low-Income Housing Tax Credits are used, the ownership changes but a public or non-profit must retain control

# RAD Core Principles

## ***#3 Ensure current residents benefit from the conversion***

- Resident meetings and notices
- Right to Remain in or return to the property
- No Rescreening as a result of RAD
- Relocation assistance

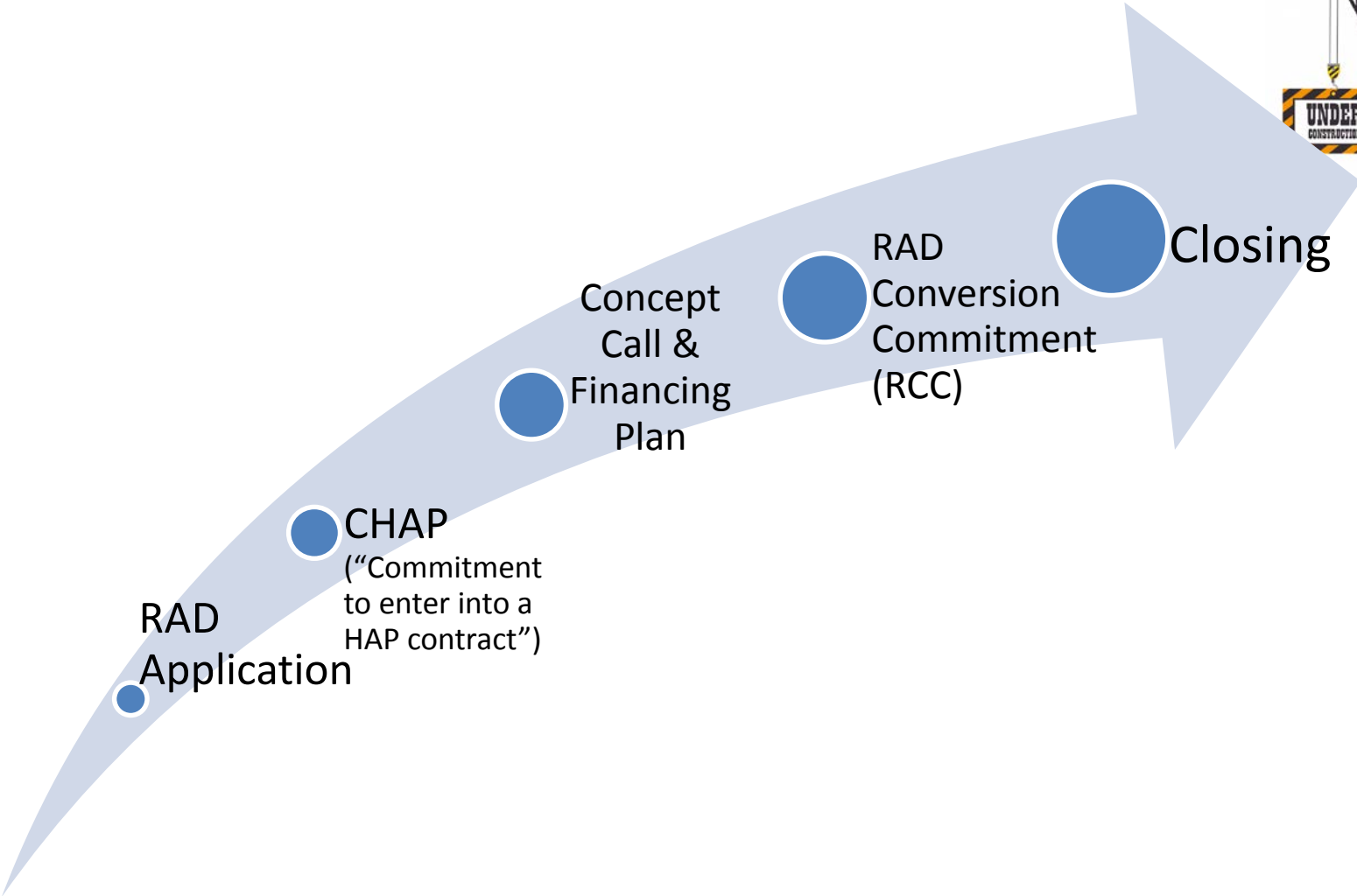
# RAD Core Principles

## ***#4 Retain and Strengthen Resident Rights***

- Ongoing right to organize and resident participation funding
- Carry over public housing procedural rights, including grievance and termination
- “Choice-mobility” option to request a tenant-based voucher

# **RAD PROCESS AND RESIDENT ENGAGEMENT**

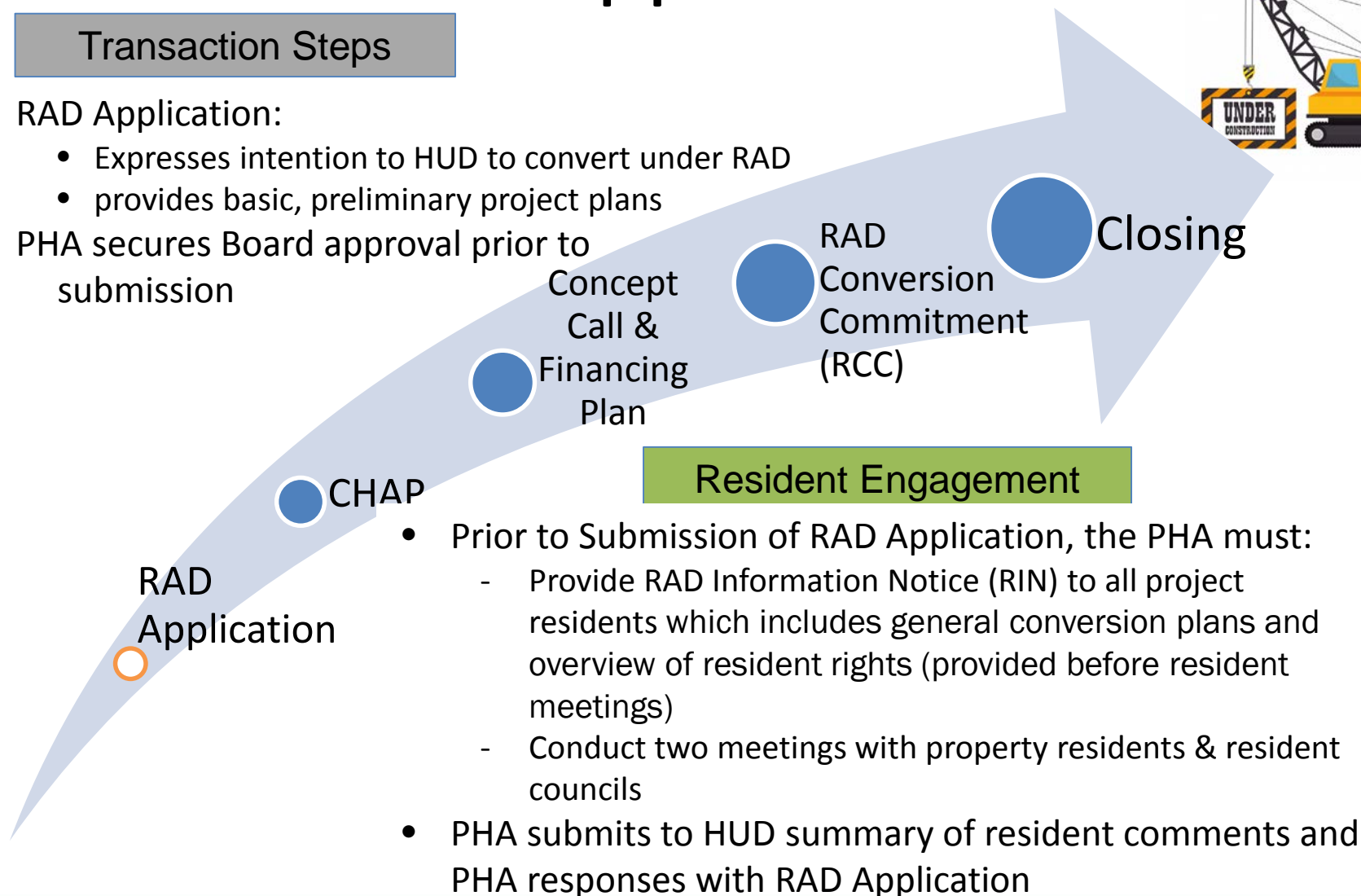
# RAD Process Illustrated



# RAD Application

## Transaction Steps

- RAD Application:
  - Expresses intention to HUD to convert under RAD
  - provides basic, preliminary project plans
- PHA secures Board approval prior to submission

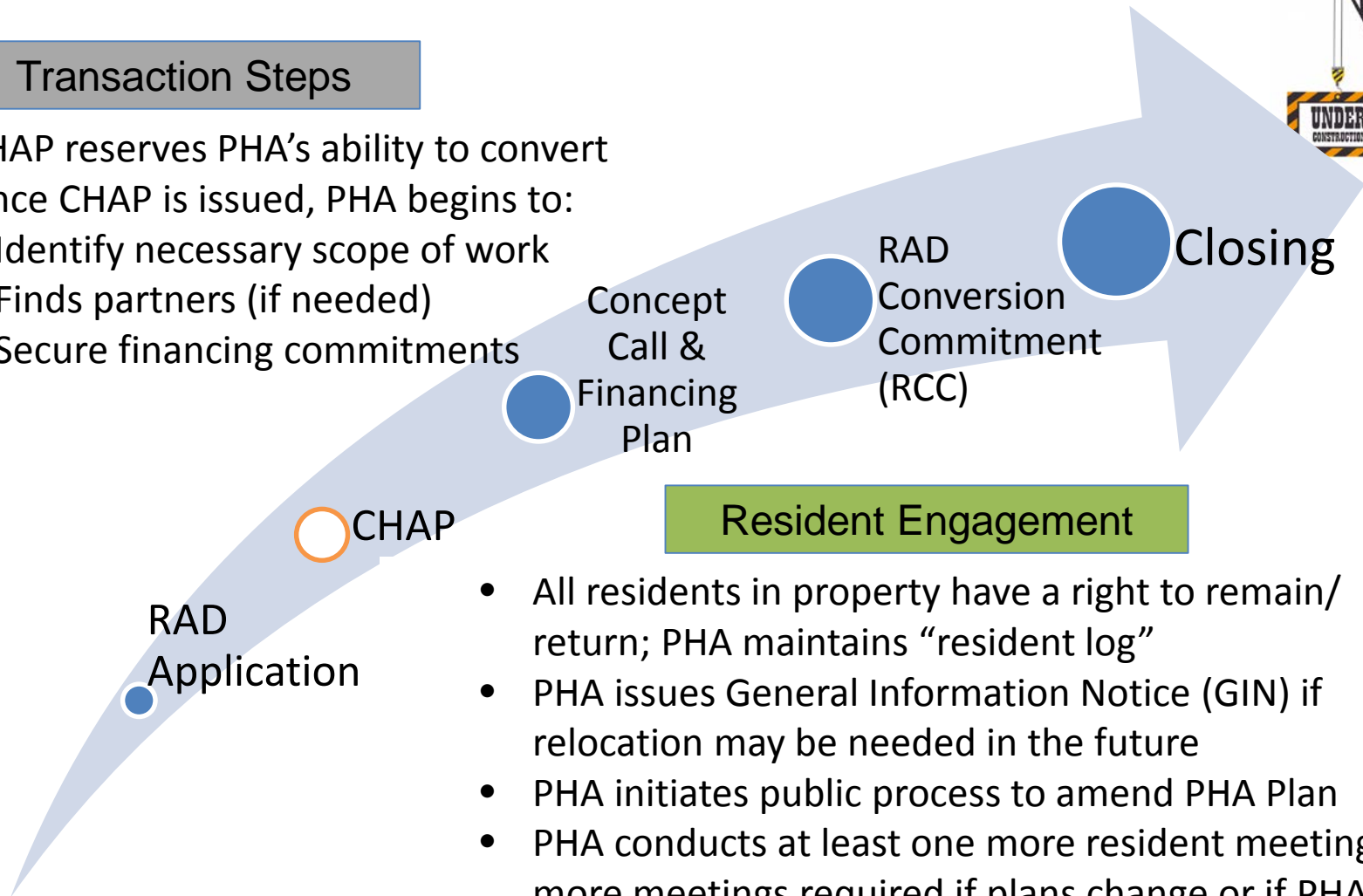


# CHAP Award



## Transaction Steps

- CHAP reserves PHA's ability to convert
- Once CHAP is issued, PHA begins to:
  - Identify necessary scope of work
  - Finds partners (if needed)
  - Secure financing commitments



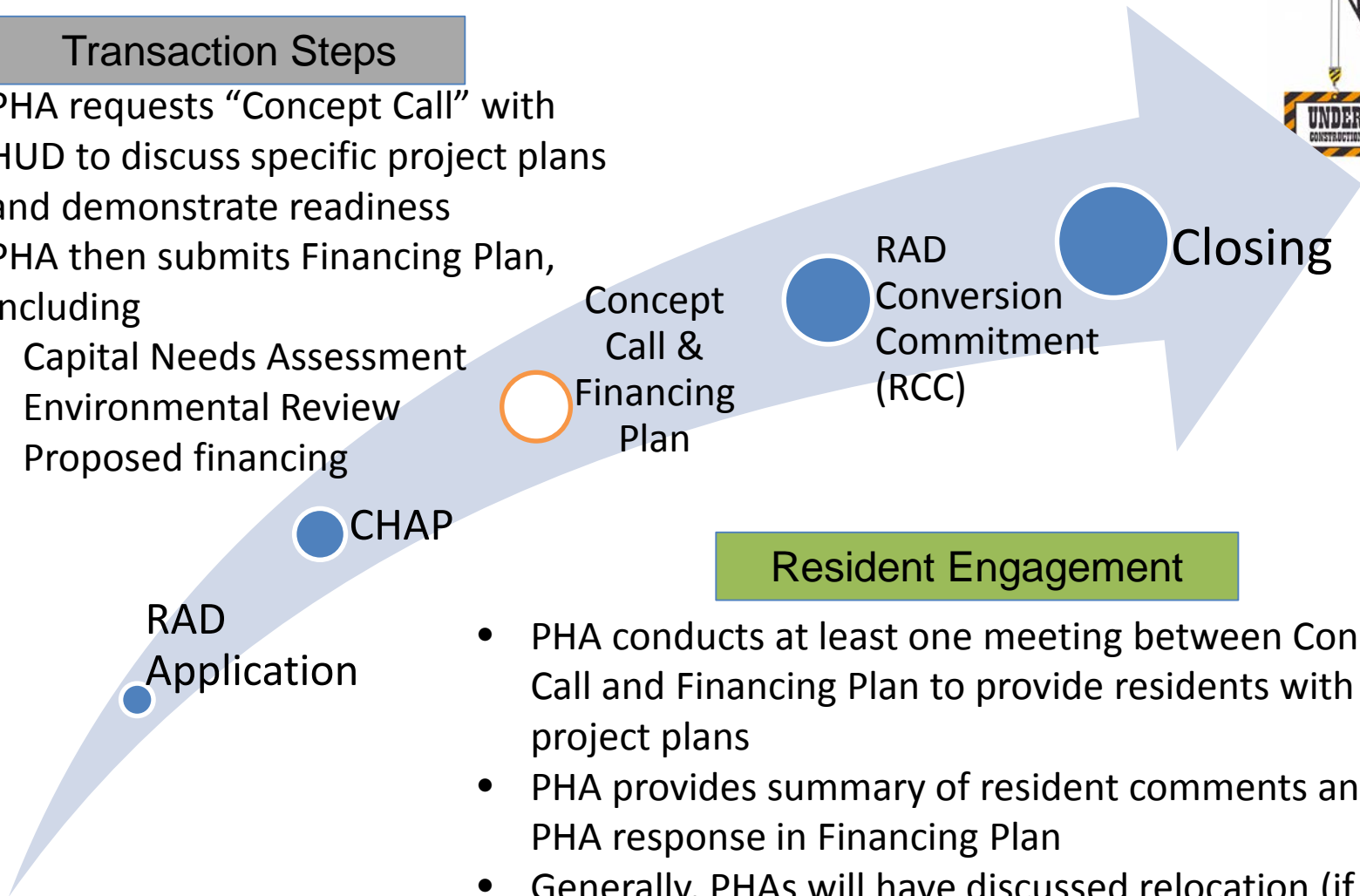
## Resident Engagement

- All residents in property have a right to remain/return; PHA maintains “resident log”
- PHA issues General Information Notice (GIN) if relocation may be needed in the future
- PHA initiates public process to amend PHA Plan
- PHA conducts at least one more resident meetings; more meetings required if plans change or if PHA requires extensions from HUD

# Concept Call & Financing Plan

## Transaction Steps

- PHA requests “Concept Call” with HUD to discuss specific project plans and demonstrate readiness
- PHA then submits Financing Plan, including
  - Capital Needs Assessment
  - Environmental Review
  - Proposed financing



## Resident Engagement

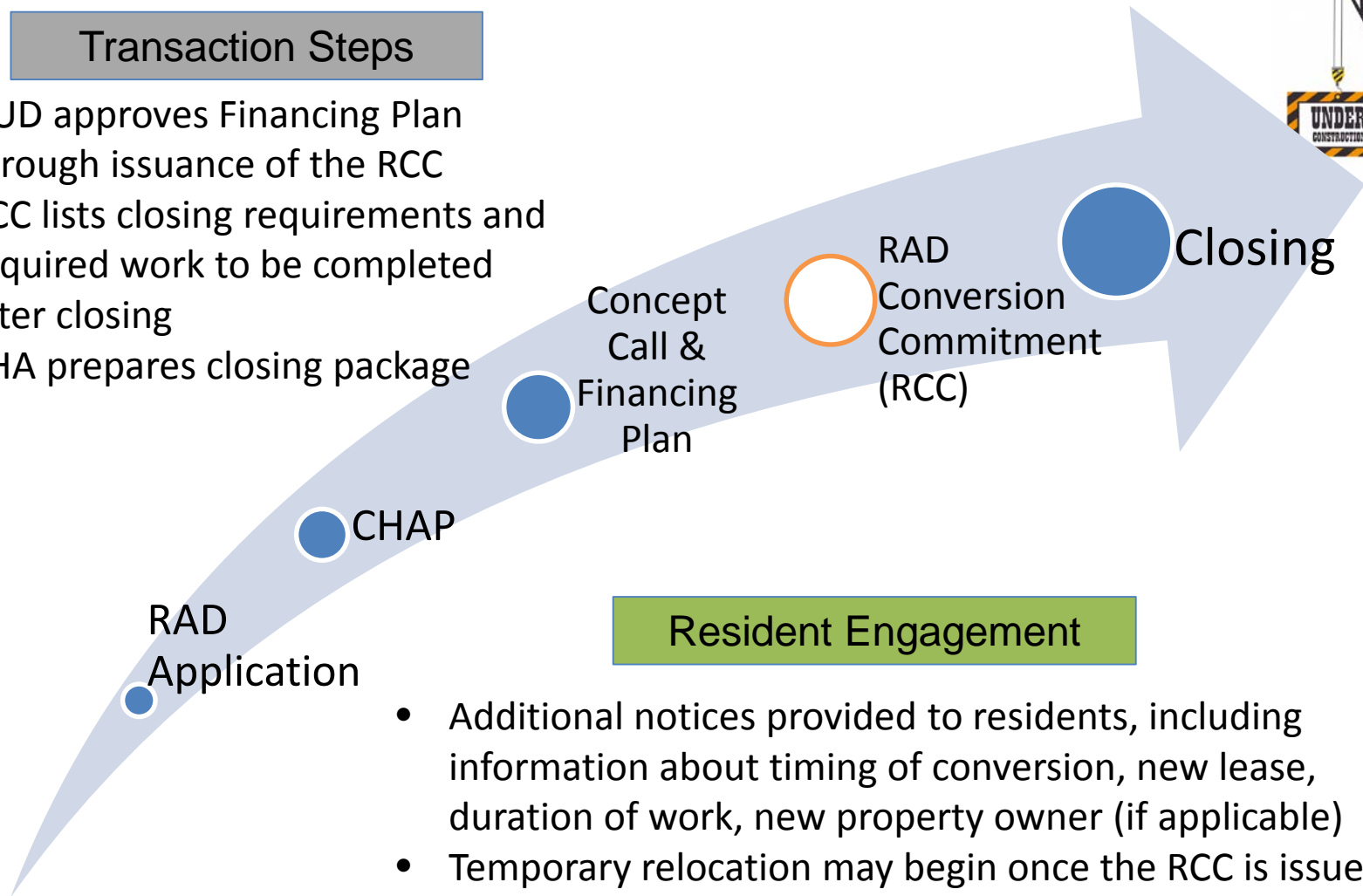
- PHA conducts at least one meeting between Concept Call and Financing Plan to provide residents with firm project plans
- PHA provides summary of resident comments and PHA response in Financing Plan
- Generally, PHAs will have discussed relocation (if needed) with individual households



# RAD Conversion Commitment

## Transaction Steps

- HUD approves Financing Plan through issuance of the RCC
- RCC lists closing requirements and required work to be completed after closing
- PHA prepares closing package



- Additional notices provided to residents, including information about timing of conversion, new lease, duration of work, new property owner (if applicable)
- Temporary relocation may begin once the RCC is issued as long as appropriate relocation notices have been provided

# Closing

## Transaction Steps

- PHA completes all closing requirements
- New Section 8 HAP contract signed
- New RAD Use Agreement recorded on land
- Public housing Declaration of Trust released
- Public housing units removed from public housing funding



Closing

RAD Conversion Commitment (RCC)

Concept Call & Financing Plan

CHAP

RAD Application

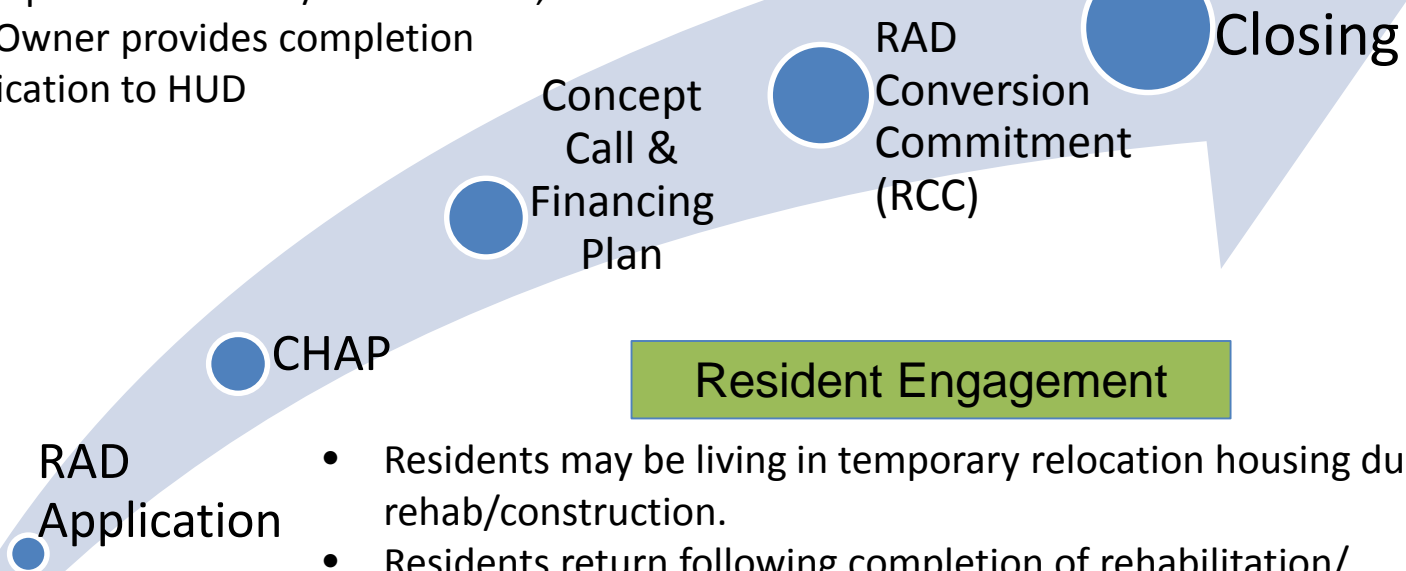
## Resident Engagement

- Residents sign new Section 8 leases; public housing lease is terminated
- New tenant certification process not needed
  - Owners will carryover prior public housing cert
- PHAs are not to report any outstanding tenant debt into the Earned Income Verification (EIV) "Debts Owed" module as a result of the conversion

# Construction/Rehab

## Transaction Steps

- If required by RCC, rehabilitation/ construction begins after “closing”
- At completion of rehab/construction, PHA/Owner provides completion certification to HUD



## Resident Engagement

- Residents may be living in temporary relocation housing during rehab/construction.
- Residents return following completion of rehabilitation/ construction
- PHA maintains communication with residents and provides notice when residents are able to return to property
- PHA finalizes “resident log”

# RESIDENT RIGHTS

# Right to Remain and Right of Return

Most conversions do not involve relocation → residents will remain in-place and cannot be rescreened when admitted into the Section 8 program

When relocation is necessary → Residents have a right of return to a unit in the project

**No resident may be permanently, involuntarily displaced**

# No Rescreening

***A conversion under RAD cannot be the basis for an eviction or loss of rental assistance***

- Residents may not be rescreened as a result of the RAD conversion.
  - This includes screening for income, criminal background, and credit.
- Following conversion, residents will be protected by standard Section 8 requirements related to tenancy

# Relocation

Where relocation is necessary, PHAs must provide residents with

- Resident notices
- Moving assistance
- Benefits and assistance per the “Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA)”

Relocation cannot begin until HUD approves the Financing Plan and issues the RAD Conversion Commitment (RCC).

PHAs must maintain a resident log for all impacted residents, which must be provided to HUD upon request.

# Alternative Housing Options

To maximize resident choice, PHAs may offer alternative housing options, such as vouchers, homeownership opportunities, etc.

Residents can voluntarily decline their right to return.  
Written consent by resident must be:

- Informed** – written notification w/ counseling
- Voluntary** – cannot be pressured and must be provided at least 30 days to make a decision
- Documented** – retain evidence of notices, counseling and resident's decision



# Right of Return & Low Income Housing Tax Credits (LIHTC)

## *LIHTC cannot bar the right of return*

- LIHTC is a non-HUD program run by state housing agencies that is commonly used to fund property repairs
- While residents cannot be rescreened for admission to the Section 8 program, a participating owner will certify residents for LIHTC
- However, if a resident is “over-income” for LIHTC eligibility,\* the resident still ***retains the right of return***
  - Unit can be excluded from LIHTC and remain affordable
  - Resident may choose, voluntarily, to move elsewhere

\* Generally, households are eligible for LIHTC if their income is at or below 60% of the “Area Median Income.” States can now average incomes of property residents to broaden eligibility.

# Post-Conversion Resident Rents

## *Resident rents remain affordable after conversion*

Under the Section 8 programs, residents pay 30% of their adjusted gross income in rent

- Mostly true for public housing residents except those paying a “flat rent”

If tenant rent would increase by more than the greater of 10% or \$25 per month, the rent increase will be phased in over 3 or 5 years

# Resident Self-Sufficiency Programs

Residents can continue to participate in self-sufficiency programs the PHA may be operating, including:

- **Family Self-Sufficiency (FSS).** Will continue at least through current grant period.
- **Resident Opportunities for Self-Sufficiency (ROSS).** Will continue through current grant period.
- **Earned Income Disregard (EID).** Enrolled residents can continue to benefit.
- **Jobs Plus.** Residents enrolled in the EID component of Jobs Plus will continue to be eligible post-conversion. All residents can continue to utilize services created as a result of the program

# Section 3 and RAD

- Any rehab or construction performed as part of a RAD conversion is subject to Section 3 low-income hiring and contracting requirements
- PHAs must take proactive steps to hire local low-income persons and to award contracts to businesses that are owned by or substantially employ those persons.
- Preference for hiring opportunities is provided to public housing and Section 8 residents

# RESIDENT PROCEDURAL RIGHTS

- Resident organizing rights (24 CFR Part 245) safeguard:
  - Formation of resident organizations
  - Organizing activities
  - Meeting space
  - Resident organizers
  - Canvassing
- Resident participation funding (\$25 per unit per year)
- Grievance and termination procedures consistent with public housing requirements
  - Rights must be incorporated into resident lease

# Choice-Mobility

***Following conversion, residents may request a tenant-based voucher after a period of residency at the converted property (“choice-mobility”)***

This is a voluntary option for RAD residents (never mandatory) that is not available to Public Housing residents.

Prior to closing, the PHA must notify residents of opportunities and procedures for the exercise of the choice-mobility option

- For PBV, the resident may request a voucher after one year of residency
- For PBRA, the resident may request a voucher after two years of residency and the PHA/owner may adopt certain other limitations on use. Further, in some cases, HUD may approve a good-cause exemption.

This right must be included in lease

# RAD and non-RAD Project-Based Vouchers

In order to facilitate the uniform treatment of residents at a converting property with non-RAD PBV, extends all RAD resident rights to non-RAD PBV residents (i.e. a “Section 18/RAD Combo”)

- No rescreening
- Right of return & URA benefits
- Resident rent “phase-in”
- Continued participation in Resident Self-Sufficiency programs
- Resident participation rights and funding
- Termination and grievance procedural rights
- “Choice-mobility” (*previously available*)

# Resident Reminders

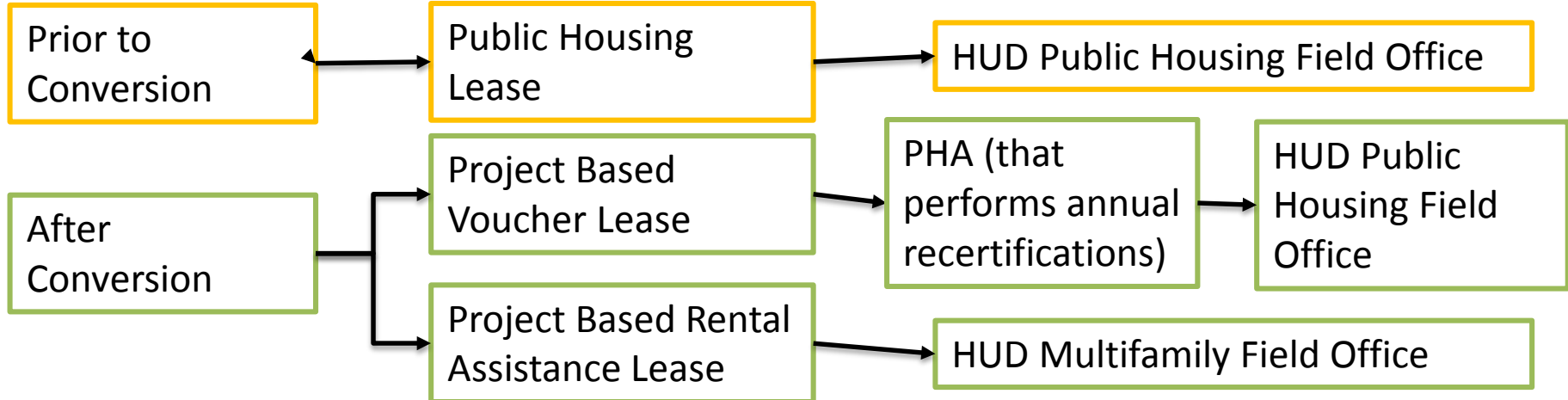
- Review Notices for information about the RAD process
- Attend Resident Meetings
- Ask questions
- Request clarification/more information before signing documents



# Questions/Issues?

Typically, the best place to start when you have questions or issues related to the RAD conversion is to discuss with your property manager or Owner/PHA

## If you seek additional assistance



Public Housing Field Offices: [www.hud.gov/program\\_offices/public\\_indian\\_housing/about/field\\_office](http://www.hud.gov/program_offices/public_indian_housing/about/field_office)

Multifamily Field Offices: [www.hud.gov/program\\_offices/housing/mfh/hsgmfbus/about/subpcs](http://www.hud.gov/program_offices/housing/mfh/hsgmfbus/about/subpcs)

# Thank You and Questions

For more information visit

[www.hud.gov/rad](http://www.hud.gov/rad)  
[rad@hud.gov](mailto:rad@hud.gov)

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