# CHAPTER 9: RAD

**Note to the reader. The formatting of Chapter 9 is not complete but we are sending “as is” for review. We will update the formatting before the meeting.**

Color coding: Yellow or Aqua indicates new or changed text since 2.0.2.D.

Chapter 9 contains the latest information on the RAD program and how it impacts OA and TRACS software.

Note: Handbook references are to HUD 4350.3 Rev-1, Change 4.

This chapter is organized into the following major sections:

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### 9.1 RAD Certifications--General

**Transferring Certification Data from Public Housing or Mod Rehab to Multifamily Section 8 RAD**: In transferring tenant data from the 50058 to the 50059 for the initial RAD certification, be aware that there are differences between the forms in how things are coded. This includes and is not limited to:

* Member relation codes are different in some cases. The 50058 codes of “Y” and “E” are coded as D = Dependent on the 50059. Code “A” for Other Adult on the 50058 is “O” on the 50059.
* The 50058 does not have a code for the 50059 N = None of the Above.
* The Member Citizen codes differ, with the 50059 adding four options not present on the 50058: IC, IP, ND, XX.
* Race includes an Other category on the 50059 not present on the 50058.
* Finally, the 50059 form contains a set of special status codes that need to be filled as applicable.
* The HA Income code does not exist for Multifamily and would be coded as W = Nonfederal Wage on the 50059. The IW = Annual Imputed Welfare Income code does not exist on the 50059 and nor does E = Medical Reimbursement.
* In addition, it is possible for Adjusted Income to differ slightly due to different rules and the different order of the calculations on the two forms even if all income, assets and expenses are identical.
* It general it is best to compare the two forms and the legal values for the fields to have a full understanding of the differences. Many fields on the 50058 have no counterpart on the 50059.

**Preexisting FSS Escrow Accounts:** Any FSS Escrow Accounts in existence at the time of the conversion are to be transferred to the Section 8 RAD contract.

**Reporting for the Section 8 Universe fields**—MAT10, Section 2, fields 43-46:

* Field 43, Eligibility Universe Code = 2 (Post-Universe)
* Field 44, Current Income Status Code = as applicable
* Field 45, Section 8 Assistance 1984 Indicator = as applicable
* Field 46, Income Exception Code = blank. Exception codes do not apply to RAD even though it is Post Universe. OAs may admit tenants up to the Low-Income Limit.

**Earned Income Disregard (EID):** There is no requirement for site software to implement EID income phase-in calculations. Software users will simply enter the income amounts that are required under EID on each certification. Doing so will likely result in EIV discrepancies and the tenant file should be documented explaining that EID is the cause of the discrepancy. For EID issued under Jobs Plus Grants (JPEID), the owner will treat the earned income that is disregarded under JPEID the same as EID described above. Therefore, no funds are taken from the Jobs Plus Grant to ~~"~~reimburse~~"~~ the Housing Authority for “lost revenue.”

This same process applies to any other income disregard wherein the owner reports on actual rent collected and is compensated (through HAP) for the difference. Note that a recent statutory change has eliminated the EID program. However, until HUD issues regulations conforming to the statutory change, EID rules continue to apply.

**Rent Calculations:** PIH Notices 2012-32(HA), rev 2 and later also require that RAD tenants pay the calculated TTP even when TTP is greater than gross rent. Such tenants are still considered as subsidized and are subject to the annual recertification rule.

For TRACS 2.0.2.D OAs have previously been instructed to Terminate a household when assistance becomes 0 but to charge a higher than contract rent. With 2.0.3.A, such previously terminated tenants must be reinstated with an IC using the calculation rules described above and in the new RAD tab in the **203ACertificationDataEntry.xls** rent calculation spreadsheet. The IC would be effective the day after the previously transmitted Termination.

A RAD tenant with a calculated assistance of 0 or less will appear on the voucher in the MAT30, Section 3 record in the same way as a comparable PRAC tenant would appear. The totals for a voucher page or for regular assistance will therefore reflect a mix of positive, 0 and negative numbers.

All RAD tenants reported on the Section 3 record (whether assistance is positive, zero or negative) are included in the count of subsidized units in the MAT30, Section 2 record.

If assistance is negative, the OA may recover that amount using the new Miscellaneous Accounting Request code of RADN (See 4.40.4 below).

**2.0.2.D RAD certifications that should have shown 0 or negative assistance**: Because 2.0.2.D did not support 0 or negative assistance for RAD tenants, the accepted workaround was to terminate the household when assistance calculated as 0 or negative but to charge the tenant the rent that would have been charged if assistance were 0 or negative. Any tenant who was terminated under 2.0.2.D for this reason must have a 2.0.3.A IC submitted within one month of implementing 2.0.3.A software to reflect the proper assistance calculation. The effective date would be the first of the month following when the IC is done and the next recertification date from the last full recertification is retained (for example, if the OA starts using 2.0.3.A software on August 3, the IC for the previously terminated tenant would be effective September 1). If any subsequent certifications (AR or IR) were completed and not reported because assistance was still 0 or negative the information from the most recent recertification must be reflected on the new 2.0.3.A IC. If the household was in residence on the RAD contract effective date, the new MAT10, Section 2 RAD Conversion Tenant flag must be set to Y(es). In addition, if rent phase-in applies to the household (as determined under the 202D rules), the IC should pick up with phase-in at the appropriate place, using the TTP from the prior certification whether or not it was sent to TRACS.

**Rent Calculations when Tax Credits are combined with RAD:** When the tenant’s assistance is greater than zero, the Section 8 RAD rent calculation is used. However, if the tenant assistance is zero or negative, the tenant pays the lesser of the RAD rent or the Maximum Tax Credit Rent. See the new example on the RAD tab of the CalculatingTenantRent spreadsheet. If paying the lower LIHTC rent causes the assistance calculation to be positive, the assistance is lowered to zero. Otherwise the zero or negative assistance stays as calculated.

*Note: This rule applies no matter which version of the RAD notice was in effect at the time of the RAD closing or conversion.*

**Noncitizen Rule Proration and RAD:** The noncitizen rule applies to RAD and accordingly the normal proration calculations are to be done when applicable for RAD households **whose assistance is positive.** Noncitizen Rule proration does not apply to RAD households with zero or negative assistance. These households pay according to the normal RAD rent calculation without noncitizen rule proration.

**Terminations and RAD:** While RAD tenants may **NOT** be terminated when assistance drops to 0 or becomes negative (Termination Code =TI), they may be terminated for failure to comply with program requirements. In addition, they may be suspended (codes ND, RR, RD) when a unit is not habitable or undergoing renovation. When a terminated or suspended RAD tenant is living in the unit, the unit contributes to the count of market units on the voucher. Should the tenant move out, the unit counts as a vacant unit. Note that there are situations when a RAP or Rent Supp contract is converted to Section 8 RAD. In these cases it is possible that the new RAD contract includes units in addition to those previously occupied by RAP or Rent Supp households. Not all of those additional households may qualify for RAD and any such units will also contribute to the market unit count on the voucher. A good definition of a RAD Assisted Tenant is a tenant who has an active MAT10 certification in TRACS and no MO/TM/Suspension transaction in effect.

### 9.2 RAD Conversion Certifications

**Tenant is in residence at the time of the conversion--Applicable to all conversions:**

1. The conversion date is the day the new Multifamily Section 8 RAD contract is effective. Execute an Initial Certification effective on the Contract Effective Date.
2. Because all preexisting tenants are grandfathered into the RAD contract, the **Eligibility Check Not Required** field is set to **Yes** to signal that normal eligibility checks are not to be performed against the Conversion IC.
3. In addition, the Annual Recertification Date from the prior 50059 or 50058 is retained. This means that occasionally an AR may be due on the conversion date and must be completed. In this case, for conversions from Rent Supp, RAP and Mod Rehab the conversion IC will use the verified household and financial data collected for the new AR process and enter it on the conversion IC. The same rule applies if an IR would have the same effective date as the Conversion IC.

*Note:  For conversions from Public Housing, see paragraph 4.40.3 below for the special rules that apply.  (Special Case: A previously scheduled AR or IR is effective on the conversion date).*

1. A new MAT10, Section 2 field 19 (RAD Conversion Tenant) is set to **Yes** on the IC and thereafter on full certifications. This field is not printed on the 50059.

**Converting from Public Housing to Multifamily RAD**:

1. Owner transmits an EOP transaction to PIC
2. Owner will transmit an IC for all tenants associated with the new HAP contract number. The owner will transmit the IC with the "Next Recertification Date" the same as the "Next Recertification Date" listed on the most recent Public Housing 50058.
3. On the conversion IC, the Tenant pays the TTP in effect on the immediately prior 50058
4. A determination as to whether rent phase-in applies is done on the conversion IC. If rent phase-in does apply, see 4.40.3 below for the detailed rules that apply post-conversion.

Note: HUD will not require an owner to obtain new verifications for the conversion IC.

**Converting from Rent Supp or RAP to Multifamily RAD**:

1. Owner will submit final voucher for the RS/RAP payment
2. Owner will transmit a TM for all tenants under the RS/RAP contract
3. HUD staff will terminate the RS/RAP contract in TRACS
4. Owner will transmit an IC for all tenants associated with the new HAP contract number. The owner will transmit the IC with the "Next Recertification Date" the same as the "Next Recertification Date" listed on the most recent RS/RAP 50059.
5. The tenant pays the rent as calculated for Section 8 RAD immediately at conversion. There is no rent phase-in.

Note: HUD will not require an owner to obtain new verifications for the conversion IC.

**Converting from Mod Rehab to Multifamily RAD**:

1. Owner transmits an EOP transaction to PIC
2. Owner will transmit an IC for all tenants associated with the new HAP contract number. The owner will transmit the IC with the "Next Recertification Date" the same as the "Next Recertification Date" listed on the most recent Mod Rehab 50058.
3. The tenant pays the rent as calculated for Section 8 RAD immediately at conversion. There is no rent phase-in.

Note: HUD will not require an owner to obtain new verifications for the conversion IC.

**Tenant is NOT in residence at the time of the conversion (Applies to Component 1 Conversions from Public Housing)**: If some or all of the units are undergoing rehab on the conversion date, some tenants will already have been relocated pending completion of the rehab. In this case, the following process is to be followed:

1. The IC converting the tenant to RAD is effective on the contract effective date as would be the case if the tenant is in residence. The purpose of the certification is to establish the right to return to the unit and, if rent phase-in applies, to make that determination before other household or financial changes might happen post-conversion.
2. A new MAT10, Section 2 field 19 (RAD Conversion Tenant) is set to Yes on the IC and thereafter on full certifications. This field is not printed on the 50059.
3. To prevent subsidy billing on the voucher, a termination certification is issued for the IC effective date using the TM code of NS—no subsidy. This code will ensure that assistance for the tenant and unit is 0 on the voucher. **IMPORTANT: The termination certification should only be sent to TRACS after the IC has been accepted and stored in the TRACS database.** Generally, waiting 2-3 days before transmitting the TM will work but it is best to check the TRACS certification query.
4. See Missed AR or IR below for guidance related to scheduled ARs or IRs while the tenant is out of the unit.
5. When the tenant returns to the unit, perform an IC to reestablish subsidy billing for the tenant.
6. As usual, the Eligibility Check Not Required flag is set to Yes on the IC.

Example Assuming No Passthrough:

1. Tenant is relocated to a PIH Unit before the RAD contract is effective.
2. The tenant moves into the PIH unit and follows PIH rules.
3. The IC converting the tenant to RAD is effective on the Contract Effective Date (March 1, 2017) as would be the case if the tenant is in residence. The purpose of the certification is to establish the right to return to the unit and, if rent phase-in applies, to make that determination before other household or financial changes might happen post-conversion.
4. A new MAT10, Section 2 field 19 (RAD Conversion Tenant) is set to **Yes** on the IC and thereafter on full certifications. This field is not printed on the 50059.
5. PIH TTP is $100 and calculated MFH TTP is $200—Rent Phase-In will apply on the next MF full certification.
6. To prevent subsidy billing on the voucher, a termination certification is issued for the IC effective date using the TM code of NS—no subsidy. This code will ensure that assistance for the tenant and unit is 0 on the voucher. **IMPORTANT: The termination certification should only be sent to TRACS after the IC has been accepted and stored in the TRACS database.** Generally, waiting 2-3 days before transmitting the TM will work but it is best to check the TRACS certification query.
7. The tenant has a PIH Annual Recertification on June 1, 2017.  The PIH TTP is now $105.
8. The rehab is completed and the owner creates an Initial Certification on August 1, 2017.
   1. The IC uses the data from the June 1 PIH certification
   2. As usual, the Eligibility Check Not Required flag is set to Yes on the IC.
   3. Phase-In calculations are performed. This is the first full certification after the conversion IC.
   4. The phase-in percentage used is based on the effective date of the IC in relation to the effective date of the conversion IC.
      1. If a long time has elapsed between the date of the conversion IC and the IC returning the tenant to the unit, the phase-in percentage used could be for year-2 of the phase-in.

**Tenant is relocated after the conversion (Applies to Component 1 Conversions from Public Housing):**

1. When the tenant relocates, terminate assistance with the new TM code of RD = Section 8 RAD tenant transferred to other housing during rehab.
2. See Missed AR or IR below for guidance related to scheduled ARs or IRs while the tenant is out of the unit.
3. When the tenant returns to the unit, perform an IC to reestablish subsidy billing for the tenant.
4. As usual, the Eligibility Check Not Required flag is set to Yes on the IC.

**Note pertaining to Passthroughs:** The above two relocation examples (relocation before and after conversion) assume that this is not a passthrough situation. If the tenant is relocated to a unit and passthrough applies, the tenant is not terminated and billing continues as usual. The owner passes the negotiated rent on to the owner of the property where the tenant is living during rehab. Further guidance will be provided on when to use a passthrough and when not. Since the only difference between a passthrough and non-passthrough scenario is whether or not the tenant is terminated in the RAD contract, this is not a software but rather a user data entry issue.

*Note: If the tenant has been relocated to another assisted unit, ARs and IRs continue to be done during the time out of the RAD unit. When that is the case, the data from the most recent of those certifications is used on the IC returning the tenant to the RAD unit.*

### 9.3 RAD Rent Phase-In—Changed Rules

HUD notice PIH-2012-32 (HA), Rev-1 issued on July 2, 2013 and revised in February 2014 clarified the rules concerning rent phase-ins. This notice was reissued on January 12, 2017 (H-2017-03, REV-3, PIH-2012-32 (HA)). The new notice changes the annual percentage increases for rent phase-ins and clarifies that a tenant whose assistance is 0 or negative and who is subject to low income tax credit rules, pays the lesser of the tax credit rent or the RAD rent. See Section 1.7. B.3—Phase-in of Tenant Rent increases. See also 1.7.B.7—Earned Income Disregard (EID). See also, Appendix K, K.3 of the MAT Guide.

**Note: The Rent Phase-In rules described below apply only to Component 1 conversions from the Public Housing program. Phase-in does not apply to conversions from Rent Supp, RAP or Mod Rehab to Section 8 RAD. For those conversions, the tenant moves immediately to the Section 8 RAD rent calculation on the conversion IC.**

For TRACS 2.0.2.D, instructions were to charge the converted tenant the rent from immediately prior to the conversion and to determine whether a rent phase-in applied at the time of the first AR or IR post conversion. PIH Notice 2012-32(HA), rev 2, issued subsequent to 2.0.2.D, makes it clear that any phase-in determination is done at the time of the IC, comparing the prior TTP with that calculated under the Section 8 rules, but the actual phase-in calculations begin with the first AR or IR after the IC. As has been the case for 2.0.2.D, all tenants, whether subject to phase-in or not are charged the TTP from their last 50058 on the IC. Note: If the tenant is paying a flat rent at the time of conversion, the flat rent is used as the TTP at RAD Conversion (the prior TTP) and as the initial TTP on the RAD IC.

**Important Note**: Under the 2.0.2.D rules a full phase-in set of calculations was done for all certification types (full and partial). Under the new HUD notice, phase-in calculations are performed **ONLY** for full certifications. Specifically, GR and UT certifications do not use phase-in calculations. However, a special set of calculations do apply and are described below and illustrated in the RADPhaseIn spreadsheet.

Note: The RAD notice states that the rules that apply to a RAD contract are those in effect at the time of the RAD closing. In the latest notice, the percentages used as part of the phase-in calculations were changed—generally to smaller values—benefitting the tenant by slowing down the rent increase. **However, HUD has determined that the new percentages are to be used when doing phase-ins under TRACS version 2.0.3.A no matter what notice is/was in effect at the time of closing or conversion.** Certifications done under TRACS 202D are not to be corrected to use the new percentages. Those certs and calculations stand. Should 2.0.2.D certifications be corrected in 2.0.3.A, continue to use the 2.0.2.D percentages.

Note: If the original IC is subsequently corrected, the phase-in determination is redone based on the facts related to the corrected IC. This re-determination occurs only for a correction of an original conversion IC and not for a correction related to the Special Case described immediately below where an AR or IR is effective on the same date as the conversion IC.

Phase-ins, when applicable, will be for either a 3-year or a 5-year term, with the percentage increases each year varying by year (for a 3-year phase-in, 33% in year 1 and 50% in year 2; for a 5-year, 20%, 25%, 33%, 50% in years 1-4) and that the increase on any particular certification is calculated by applying the proper percentage increase to the difference between the TTP on the prior certification and that for the current certification. In the final year (the year-3 or year-5 annual) the calculated TTP is used as the phase-in is complete.

*Note that the 2.0.2.D phase-in percentages were: 33% in year 1 and 66% in year 2 for a three-year phase-in and 20%, 40%, 60%, 80% in years 1-4 for a five-year phase-in.*

If the tenant is subject to rent phase-in (this fact is determined by the Owner/PHA), the Owner/PHA determines the phase-in schedule (3 or 5 years) and the TTP amount for each certification. To assist in monitoring the phase-ins, a TTP at RAD Conversion field has been added to the MAT10, Section 2 record (Field 101) and the MAT70 record (Field 30). For each tenant certification during the phase-in, the TTP at RAD Conversion field is to be filled. The value does not change from cert to cert and is supplied by the Owner/PHA. It is whatever the TTP was just before the tenant converts to RAD and is used on the Initial Certification establishing existing tenants on the RAD contract when determining if phase-in applies. During the phase-in, the TTP Before Override field is filled with the TTP as it would be calculated without the override. The Rent Override field is set to Y.

The **TTP Before Override** is the TTP as it would normally be calculated including any Minimum Rent or Noncitizen Rule Proration.

The use of these fields allows HUD to monitor for improper payments. For certifications effective after the IC to RAD, during phase-in the Total Tenant Payment must be greater than the **TTP At RAD Conversion** and less than the **TTP Before Override**. The phase-in ends either at the end of the phase-in period or when the **TTP Before Override** is less than or equal to **Total Tenant Payment** on the **prior** certification. To mark this event (end of phase-in), the **Rent Override Flag** is NOT set and both the **TTP At RAD Conversion** and the **TTP Before Override** fields are filled—the **TTP** and **TTP Before Override** will be equal. For any certifications with effective dates greater than the date of the cert that marks the end of the phase in, fill the **TTP At RAD** **Conversion** and **TTP Before Override** fields with 0s. To give some examples assuming that phase-in applies:

1. IC moving the tenant to RAD. Tenant is converted to RAD and is subject to phase in. The TTP (Total Tenant Payment) that is calculated at IC is used to determine if phase-in applies. The relevant fields are filled as follows assuming that the tenant would normally pay a TTP of $150 based in the income and deductions that apply on the IC and assuming that the tenant’s current (PHA) TTP at conversion is $100. The PHA has called for a 3-year phase in.

* Rent Override: Y
* Total Tenant Payment: 100
* TTP Before Override: 150
* TTP At RAD Conversion: 100

1. At the first AR, the tenant’s income has gone up giving a **TTP Before Override** of $300. We are still in year 1 of the phase-in. The fields are filled as follows:

* Rent Override: Y
* Total Tenant Payment: 166
* TTP Before Override: 300
* TTP At RAD Conversion: 100

1. Now suppose that the tenant’s income at the second AR has dropped such that **TTP Before Override** is $150. Since the **TTP Before Override** is less than the TTP from the prior cert ($166), this signals the early end of the phase –in. The fields are filled as follows:

* Rent Override: blank
* Total Tenant Payment: 150
* TTP Before Override: 150
* TTP At RAD Conversion: 100

On the next IR or AR after this, Rent Override = blank. **TTP at RAD Conversion** and **TTP Before Override** are both 0.

1. In this example, the tenant’s income for the **first** AR has dropped such that the **TTP Before Override** is below the amount on the IC ($100). **TTP Before Override** is $45. This case also signals the end of the phase-in period.

* Rent Override:
* Total Tenant Payment: 45
* TTP Before Override: 45
* TTP At RAD Conversion: 100

The same logic applies to any full certification type. In the event of retroactive certifications any certifications effective after the retro cert will need to be corrected and the phase-in TTP recalculated.

**Special Case: A previously scheduled AR or IR is effective on the Conversion Date.**

Occasionally, the effective date of the RAD contract will correspond to the date of an AR or IR for a household. Since a tenant stays on the AR schedule that was in effect in Public Housing, the AR cannot be skipped. However, the old PIH contract is no longer in effect on the conversion date so a HUD Form 50058 cannot be done. Likewise, if an IR is scheduled to be completed on the conversion date, a similar situation applies.

Under the rules, the TTP in effect for the IC to RAD must use the TTP from the last public housing certification. To both follow this rule and to deal with the required AR or IR, the following steps must be followed:

1. Execute the IC using the facts and TTP from the prior PIH Form 50058.
2. Based on those facts, determine whether a rent phase-in will apply.
3. Sign and transmit the IC to TRACS.
4. Correct the IC using any new household and financial information that would appear on an AR for that date following the Multifamily Housing rules—use the fully verified information for that date. If phase-in applies, do the phase-in calculations using as the TTP from the prior cert (the TTP on the first IC from step 1 above). Note that it is possible for these calculations to result in the end of phase-in if the newly calculated TTP is less than or equal to the conversion TTP.
5. Check the TRACS Certification Query to ensure that the original IC has been properly recorded in TRACS before transmitting the IC correction with the updated information.  After confirming that the original IC has been recorded, transmit the IC correction to TRACS. That way TRACS has the correct history for the household.Check the TRACS Certification Query again to make sure the correction is recorded correctly.

*Note that the RAD Phase-in spreadsheet correctly deals with the definitions of years 1, 2 and beyond if the IC date is the first of the month and the first AR date is the same date. For example, if the conversion date is 3/1/14 and the first AR is 3/1/14, then the AR effective 3/1/15 displays as year 2.*

**Phase-In Calculation Rules for Partial Certifications:** Under TRACS 2.0.2.D, full phase-in calculations were done for all certification types if phase-in was applicable. HUD has determined that phase-in calculations are NOT to be done for standalone UT and GR transactions but rather only for AR and IR certifications subsequent to the IC done at conversion. For standalone UT/GR transactions, to stay consistent with situations where the noncitizen rule applies, the phase-in TTP, rent and assistance will be calculated as follows:

* Go back to the full certification immediately prior to the UT/GR transaction.
* Modify the Contract Rent and Utility Allowance as required by the new UT/GR transaction.
* Redo the phase-in calculations for that full cert (as though the new CR and UA were effective at that time).
* Use the resulting TTP, TR, and Assistance values on the new UT/GR and set the rent override flag as usual. Note that the prior full certification does not change. It is just used to get to the proper result for the UT or GR.

*Important Note: The prior full certification is NOT changed as part of this process. It is used only in the calculations for the UT/GR.*

*Note also that the same process applies even if there are multiple UT/GRs after the prior full cert. Always go back to the full cert, drop in the new CR and UA and proceed as usual.*

**Transition Rules**: Note that the rules described above apply to conversions (new ICs) done using TRACS 2.0.3.A. Any conversions/ICs done under TRACS 2.0.2.D use the 2.0.2.D rules. In practice, the ICs will be identical for both TRACS versions—the tenant pays the TTP in effect at the time of the conversion. What is different is that the decision on whether to implement rent phase-in is done immediately under 2.0.3.A but only on the first AR or IR post-conversion for 2.0.2.D. Once the phase-in determination is done, the 2.0.3.A rules apply with respect to the treatment of partial certs effective after a decision that phase-in applies and executed under 2.0.3.A.

### 9.4 Vouchering for RAD

There are two different vouchering scenarios depending on the type of conversion to Multifamily Section 8 RAD. First are conversions from the Public Housing Mod Rehab program or from the Multifamily Rent Supp and RAP programs. Second are conversions from the Public Housing Projects. In either case, once the new Multifamily Section 8 contract is live, the owner creates and transmits certifications related to all new tenant activity and creates monthly vouchers based on current tenant data.

**Mod Rehab--Rent Supp--RAP:** In this first case, funding in Multifamily is placed on the RAD contract immediately. That means that the owner can voucher immediately under Section 8 RAD. The voucher is not zeroed out during the first year and is paid by Multifamily funds.

**Public Housing Projects:** In this second case, the funding for the year of conversion (the year of the effective date of the new HAP contract) stays with Public Housing. Funding is added to the Multifamily Section 8 contract on January 1 after the conversion.

For this reason, Section 8 vouchers for year-one are produced as usual BUT the total voucher amount must be brought to $0 by an offsetting Miscellaneous Accounting Request of using the new code **RADZ**.

For example, if the total of a year-one voucher is $23,555, then the RADZ requested amount will be for -23,555. The total voucher amount is 0 after this adjustment and the zeroed-out voucher is transmitted to TRACS. The money to pay that voucher comes from Public Housing funds. Note, that if a non-zero voucher were sent to TRACS, it would fatal for lack of funding.

**Rehab Assistance Payments for Public Housing Project Conversions**: During rehab, the property receives a rehab assistance payment at an amount per unit as set forth in the HAP contract. The rehab assistance payments apply during the time the unit is out of service and end on the date specified in the HAP contract or upon actual completion of the rehab work if sooner. The property bills for these payments on the voucher using the new **RADR** Miscellaneous Accounting Request.

There is one Miscellaneous Request per **voucher month** receiving rehab assistance. The Comment field must contain the voucher month of the rehab assistance being requested. For example: “January Rehab Assistance Payment.” This permits multiple months of rehab assistance to be requested on a voucher if the owner neglected to request it earlier. There are no rehab assistance payments applicable to Component 2 RAD conversions. The units undergoing rehab appear on the count of Vacant units on the voucher cover page.

*Note that in a pass-through situation, billing continues as usual for the RAD assistance and the unit is not eligible for rehab assistance.*

**The First RAD Voucher**: If the **contract effective date is the first of a month**, vouchering is the same as for any other month. The conversion ICs are effective on the same date as the contract and regular assistance is billed for that first full month. However, if the **contract is effective on any day of the month other than the first,** no regular assistance can be billed for the first month and there can be no adjustments. Other types of billing can occur. Billing for regular assistance will start on month-two and will include adjustments related to the conversion ICs to make up for the first partial month that was not billed previously. If the first or any other voucher for Rent Supp, RAP or MOD Rehab conversions bills for $0, the voucher must still be transmitted to TRACS to close out that voucher month.