

# Chapter 4 PBRA RAD

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## 4.1 Introduction PBRA RAD

The Rental Assistance Demonstration (RAD) program allows projects funded under HUD's Public Housing and Mod Rehab programs along with the HUD Multifamily Rent Supp, RAP and PRAC programs to convert their assistance.

There are two types of Section 8 RAD Conversions – Project Based Voucher (PBV) RAD and Project Based Rental Assistance (PBRA) RAD. PBV RAD falls under the auspices of HUD's Public and Indian Housing division (PIH). This chapter discusses requirements for PBRA RAD managed by HUD's Multifamily Housing division (MFH).

This Chapter was developed to provide a “single stop” resource explaining the PBRA RAD TRACS 2.0.3.A certification and voucher submission requirements for HUD, site software developers, CAs, CA software developers and other industry stakeholders. It is meant to be used in conjunction with other chapters of this MAT Guide.

With TRACS 2.0.2.D, owner/agents managing PBRA RAD properties were required to implement several “work-arounds” to comply with requirements. Those workarounds and HUD's new 2.0.3.A requirements are discussed in this chapter.

In this Chapter, we have provided information specific to PBRA RAD, but other Section 8 requirements, outlined in other chapters, still apply unless specifically noted.

### 4.1.1 PBRA RAD Resources

As part of the conversion to PBRA, the owner/agent will be subject to certain Multifamily Housing monitoring and oversight protocols. Information about monitoring, in relation to TRACS submissions, is outlined in this chapter and changes or clarifications can be found in existing or subsequent Departmental policy and guidance. Owner/agents should monitor HUDClips ([What's New on HUDClips](#)) and should subscribe to various HUD ListServes such as HUD's RAD ListServ.

It is strongly recommended that owner/agents carefully read and discuss provisions for the PBRA RAD program. HUD's Notices provide a much more comprehensive explanation of requirements than the explanation provided in this document.

The following resources were used to create the guidance used in this chapter of the MAT Guide.

HUD's RAD Web site <https://www.hud.gov/RAD>

HSG Notice 2020-09 [Rental Assistance Demonstration \(RAD\) - Supplemental COVID-19 Guidance](#)

HSG Notice 2019-09 [Rental Assistance Demonstration-Final Implementation Rev. 4](#)

HSG Notice 2018-11 [Rental Assistance Demonstration \(RAD\) - Supplemental Guidance 3.B](#)

HSG Notice 2018-05 [Rental Assistance Demonstration \(RAD\) – Supplemental Guidance](#)

HSG Notice 2017-03 [Rental Assistance Demonstration – Final Implementation, Revision 3](#)

HSG Notice 2016-17 [Rental Assistance Demonstration \(RAD\) Notice Regarding Fair Housing and Civil Rights Requirements and Relocation Requirements Applicable to RAD First Component – Public Housing Conversions](#)

HSG Notice 2014-09 [Relocation Requirements under the Rental Assistance Demonstration \(RAD\) Program, Public Housing in the First Component](#)

HSG Notice 2012-20 [Underwriting Instructions for Projects Converting Assistance as part of the Rental Assistance Demonstration \(RAD\) Program](#)

HUD Exchange – RAD <https://www.hudexchange.info/programs/rad/>

Guidance provided in subsequent Notices may conflict with the current guidance related to TRACS 2.0.3.A. When that is the case, HUD will provide acceptable “work-arounds” that will be used until the release of TRACS 2.0.3.B.

Owner/agents can sign up to receive HUD PBRA RAD emails (PBRA RAD Blast) at <https://www.hud.gov/subscribe/signup?listname=Rental%20Assistance%20Demonstration&list=PBRA RAD-L>

### 4.1.2 PBRA RAD Overview

Currently, there are five HUD programs that may convert to PBRA RAD. They are:

1. Public Housing (PH)
2. Moderate Rehab (Mod Rehab)
3. Rent Supplement (Rent Supp) and
4. Rental Assistance Payments (RAP)
5. 202 Project Rental Assistance Contract (PRAC)

HUD has approved a proposal to add a RAD conversion from 811 PRAC. Information about that program may not be available when the TRACS 2.0.3.A MAT Guide is finalized.

Current households cannot be excluded from occupancy, at the time of conversion, based on any rescreening, income eligibility, or income targeting requirements. Hence, all existing residents are automatically eligible to live on the property and will pay rent based on the rent calculation rules discussed in this chapter.

Under today's rules there are four different types of conversions to the PBRA Program:

1. Component 1 – PH to PBRA RAD;
2. Component 2 - Mod Rehab;
3. Component 2 - Rent Supp/RAP to PBRA RAD;
4. Component 2 – PBRA RAD for 202 PRAC.

All existing Rent Supp and RAP contracts have completed conversion to PBRA RAD.

PH and Mod Rehab are part of the Public and Indian Housing (PIH) division of HUD and, prior to conversion to PBRA RAD, resident data was submitted to PIC using HUD-50058.

Rent Supp, RAP and PRAC properties are part of the Multifamily Housing (MFH) PBRA program; resident data has always been submitted to TRACS using HUD 50059.

### 4.1.3 PBRA RAD Oversight

Currently, the PBRA RAD program is being administered by HUD. PBRA RAD owner/agents are transmitting TRACS data directly to the TRACS Production Server TRACMPROD.

There is a “pilot program” in place to assess Contract Administrators’ oversight of these properties. If HUD assigns a PBRA RAD contract to a Contract Administrator, the owner/agent must comply with submission requirements established by HUD and the Contract Administrator. When this is the case, the owner/agent will transmit to the Contract Administrator’s iMAX address instead of TRACMPROD.

### 4.1.4 PBRA RAD Renovation/Rehab

In almost all cases, PBRA RAD properties undergo some level of rehab. This could be minor rehab and updating or what is commonly referred to as a “tear down”. Special rules apply for residents who are relocated for such rehab either before or after the PBRA RAD Contract Effective Date.

For Component 1 PH to PBRA RAD, additional funding may be available when units are under construction/renovation.

#### 4.1.5 PIH Rules/Programs That Apply to Component 1 PH to PBRA RAD

In regards to certification, vouchering and TRACS submissions, the following are applicable to Component 1 PH to PBRA RAD:

- Rent Phase in
- TTP may exceed Gross Rent at MI
- TTP may exceed Gross Rent
- Rehab Assistance Payments
- Year of Conversion
- Earned Income Disregard (EID)

#### 4.1.6 PIH Rules/Programs That Apply to Component 2 Mod Rehab to PBRA RAD

In regards to certification, vouchering and TRACS submissions, the following are applicable only to Component 2 Mod Rehab to PBRA RAD:

- Earned Income Disregard (EID)

#### 4.1.7 Earned Income Disregard (EID) – Component 1 PH to PBRA RAD & Component 2 Mod Rehab to PBRA RAD

Earned Income Disregard (EID) is a PIH program that encourages residents to obtain employment by offering to exclude certain income increases to avoid sharp increases to Tenant Rent. EID does not apply to Multifamily Housing programs.

PH and Mod Rehab residents who are employed and are currently receiving the Earned Income Disregard (EID) income exclusion at the time of conversion will continue to receive the EID after conversion.

Upon the expiration of the EID, the rent adjustment shall not be subject to rent phase-in, as described later in this chapter. Instead, the rent will be calculated based on the resident's income at the time EID expires.

Per existing guidance from HUD, site software vendors may, but are not required to implement EID income Phase-in calculations. Owner/agents will simply enter the income amounts that are required under EID for each certification.

No new EID exclusions may be approved after conversion to PBRA RAD as the EID program is not supported under HUD's Multifamily Housing programs.

When EID ends, owner/agents are required to prepare and submit an IR (or AR as appropriate) and include the previously excluded income. This is true even if the resulting income increase does not create a 10% cumulative income increase. However, this is not true if the end of EID falls within three (3) months of the next AR Due Date.

#### 4.1.8 Family Type – All PBRA RAD Except PBRA RAD for 202 PRAC

Properties converting under PBRA RAD fall under 880 regulations and are considered Section 8 New Construction properties. Because of this, they will adopt the following family definitions in HH 4350.3, Figure 3-6. Specifically:

- Definition A - Elderly Family,
- Definition D – Disabled Family, and
- Definition E - Person with Disabilities.

PBRA RAD properties – except for PBRA RAD for 202 PRAC - are “family properties”.

*Family properties (e.g., Section 8, PBRA RAD, 515/8) – basically anyone can live here if they meet the eligibility and screening criteria. No is no age restriction or disability requirement.*

While the PBRA RAD program (except for PBRA RAD for 202 PRAC) **does not allow for an Elderly Designation**, Owner/agents may work with HUD to establish an Elderly Preference. While the owner/agent would still accept applications from all types of families, elderly families would be offered available units before non-elderly families.

#### 4.1.9 Family Type - PBRA RAD for 202 PRAC

PBRA RAD for 202 PRAC properties fall under 880 regulations and are also considered Section 8 New Construction properties.

Component 2 PBRA RAD for 202 PRAC properties have an elderly designation and are considered “elderly properties”. The HOH, co-HOH or spouse must be 62 or older. Other members do not have to be 62 or older.

Need an edit. FATAL – IC or MI. No member is 62 or older. Household does not appear to be qualified.

Need an edit. FATAL – IR or AR. No member is 62 or older. Survivor flag is not set to Yes. Household does not appear to be qualified.

#### 4.1.10 Income Limits – All PBRA RAD Except PBRA RAD for 202 PRAC

Income limits used for the HUD certification are HUD S8 Income Limits.

In regard to Income Limits, the following properties converting to PBRA RAD (except PBRA RAD for 202 PRAC) are to be treated as Pre-Universe (Pre-1981) contracts meaning owners may admit families whose Annual Income is equal to or below the Low-Income Limit (80 percent of median income):

- All PBRA RAD Except PBRA RAD for PRAC
- 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 PBRA RAD (except for PBRA RAD for 202 PRAC) even though it is Post Universe. For all PBRA RAD except PBRA RAD for 202 PRAC, OAs may admit tenants up to the Low-Income Limit.

The above rules have the effect of labeling the contract as Post-Universe but treating it as Pre-Universe for admission purposes.

While the Income Limit rules used are Pre-Universe rules, the property is still set up and transmits as a Post-Universe (Post 1981) contract. The Eligibility Universe Code is set to 2.

When determining eligibility for a new Move-in for Component 1 PH to PBRA RAD, the calculated PBRA RAD TTP may be equal to or greater than the unit Gross Rent (*Contract Rent plus any Utility Allowance*). Other eligibility requirements still apply. (See the discussion about rent calculations when calculated TTP equals or exceeds Gross Rent/Assistance Payment is zero or negative.)

When determining eligibility for a new Move-in (or IC in some cases) for Component 2 Mod Rehab/Rent Supp/RAP, the calculated Assistance Payment must be greater than zero.

#### 4.1.11 Income Limits – PBRA RAD for 202 PRAC

Income limits used for the HUD certification are HUD S8 Income Limits.



PBRA RAD for 202 PRAC conversions are to be treated as Post-Universe (Post-1981) contracts meaning owner/agents may admit families whose Annual Income is equal to or below the Very-low Income Limit (50 percent of median income).

- PBRA RAD for PRAC
  - 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 = as applicable

When determining eligibility for a new Move-in (or IC in some cases) for Component 2 PBRA RAD for 202 PRAC, the calculated Assistance Payment must be greater than zero.

#### **4.1.12 Income Targeting - All PBRA RAD**

For all PBRA RAD, the owner/agent is required to comply with the Income Targeting Requirement. See HH 4350.3 Paragraph 4-5.

Income Targeting requires that the owner/agent implement policies to ensure that, during the property fiscal year, at least 40% of all households that move in (MI) to the property or who begin receiving assistance (IC) fall within the Extremely Low Income Limits (ELI) for the area where the property is located.

Current families, in place before conversion to PBRA RAD, cannot be excluded based on any rescreening, income eligibility, or income targeting. As a result, the PBRA RAD Conversion ICs are not considered when monitoring compliance with Income Targeting requirements. This is also true for ICs for those residents returning after Relocation for Rehab.

### **4.2 The Tenant Rental Assistance Certification System (TRACS) - All PBRA RAD**

Owner/agents of properties converting to PBRA RAD are responsible for processing resident certifications, resident recertifications, and subsidy billings (vouchers) using automated software that conforms to HUD's TRACS specifications.

#### **4.2.1 Before Conversion - PH and Mod Rehab**

The resident must be terminated for a non-Adverse Action.

An End of Participation (EOP) record must be recorded in PIC.

#### **4.2.2 Before Conversion – Rent Supp & RAP**

All Rent Supp and RAP contracts have been converted.

#### **4.2.3 Before Conversion – 202 PRAC**

The owner/agent will submit final voucher for the PRAC payment. Owner/agents must wait until the final voucher is paid (Voucher Status VSP00) before submitting TM/CE transactions to TRACS. Failure to wait to send the TM/CE transactions will result in a reduction of the Compliance Percentage thus suspending voucher payment (Voucher Status VST53).

A Suspension/TM transaction must be recorded in TRACS using the TM Code **CE** = Subsidy Contract Expired-Not Renewed. Failure to ensure that these transactions are recorded correctly before submitting PBRA RAD Conversion IC transaction to TRACS will negatively affect the PBRA RAD TRACS tenant transmissions and the Existing Tenant Search and Multiple Subsidy Reports generated by EIV.

HUD staff will terminate the PRAC contract in TRACS.

## 4.2.4 TRACS Submissions - All PBRA RAD

Owner/agents must begin submitting certifications and vouchers to TRACS beginning on the PBRA RAD Contract Effective Date.

Owner/agents use their TRACS compliant site software to prepare the form HUD 50059 and HUD 50059As for all residents.

Alternatively, owner/agents may contract with a Service Bureau to perform certification and voucher submissions in compliance with TRACS requirements.

## 4.2.5 Eligibility Check not Required Flag – Residents in Place at Time of Conversion - All PBRA RAD

All residents, in-place at the time of conversion (or relocated for PBRA RAD Rehab prior to conversion), are eligible to remain and receive HUD housing assistance according to the rent formula and/or the Rent Phase-in formula specific to PBRA RAD.

Residents in place at the time of conversion (or relocated for PBRA RAD Rehab prior to conversion), are not subject to rescreening, income eligibility, or income targeting provisions.

Once the Conversion IC is submitted, current residents will be subject to any ongoing eligibility requirements.

The *Eligibility Check Not Required* Flag is set to Yes on the Conversion IC.

If a resident is Relocated for Rehab, to a unit that is not under the same contract number, then the *Eligibility Check Not Required* Flag is also set to Yes on the IC created when the resident exercises the Right to Return.

The *Eligibility Check Not Required* Flag is not set to Yes on any subsequent certifications. **Need an edit.**

**FATAL – The “Eligibility Check Not Required” Flag is set on a certification that is not a MI or IC. Remove the “Eligibility Check Not Required” Flag and resubmit. (keep in mind that the edit on MI is not applicable to the Conversion IC but may apply in other cases.)**

For Component 1 PH to PBRA RAD, the *Eligibility Check Not Required Flag* may also be set to Yes for a resident when AP is zero or negative under TRACS 2.0.2.D and, in order to establish the resident in TRACS, the owner/agent submits an IC after implementing TRACS 2.0.3.A. Also, this IC will not be included when monitoring compliance with the Section 8 Income Targeting requirements.

## 4.3 PBRA RAD Rent Calculations – All PBRA RAD

Under the PBRA program, assisted families pay the greater of:

1. 30% of Adjusted Income;
2. 10% of Annual Income; or
3. Welfare Rent

This amount is referred to as the Total Tenant Payment (TTP).

Residents living in properties subsidized through the PBRA RAD program must pay at least the Minimum Rent (TTP) of \$25 unless there is an approved Hardship Exemption. See HH 4350.3 Chapter 5 for information about the MFH Minimum Rent Policy for Section 8 properties.

The standard PBRA RAD rent calculation is determined as follows:

- Gross Rent (GR) is equal to Contract Rent (CR) plus any Utility Allowance (UA).



- The Total Tenant Payment (TTP) is the greater of 10% of Annual Income or 30% of Adjusted Income or Welfare Rent.
- Tenant Rent is TTP minus Utility Allowance (UA). For PBRA RAD except Component 1 PH to PBRA RAD, AP may not be zero or negative.
- For Component 1 PH to PBRA RAD, when AP is zero or negative
  - Tenants are still considered “assisted”
  - Tenants are subject to all recertification rules.
  - Tenant Rent is TTP less UA

Tenant Rent may be negative. For example:

- TTP = \$72
- UA = \$180
- Tenant Rent (TR) = \$0
- Utility Reimbursement (UR) = \$108

In this example, the owner/agent must issue a monthly Utility Reimbursement (UR) in the amount of \$108 to the resident.

#### **4.3.1 When Calculated TTP Exceeds Gross Rent - Assistance Payment is Zero or Negative - Component 1 PH to PBRA RAD Only**

*Note:*  $Gross\ Rent\ (GR) = Contract\ Rent\ (CR) + any\ HUD\ Utility\ Allowance\ (UA)$ .

For Component 1 PH to PBRA RAD, the Assistance Payment (AP) may be zero or negative on the 50059.

In such cases, the resident will still be considered an “Assisted Section 8 tenant” and will still be subject to the requirements for Section 8 residents, including the requirements concerning reexamination of family income and composition. The unit will be included when displaying the number of *Subsidized Unit Under this Contract* on the [HUD 52670, Housing Owner's Certification & Application for Housing Assistance Payments](#).

*Note:* A good definition of a Component 1 PH to PBRA RAD Assisted Tenant is a tenant who has an active MAT10 certification in TRACS and no MO/TM/Suspension transaction in effect.

If the AP request is negative, the owner/agent will recover that amount using the new Miscellaneous Accounting Request code of RADN = Reversal of Negative AP Request - Tenant. See additional information about use of the Miscellaneous Accounting Request RADN = Reversal of Negative AP Request - Tenant later in this Chapter and in *Chapter 5 MAT Certification 50059 50059A and Subsidy 52670 Reporting*.

*Note:* HSG Notice 2019-09 [Renial Assistance Demonstration-Final Implementation Rev. A](#) indicates that Component 1 PH to PBRA RAD owner/agents may move-in a family that is income eligible even if the S8 PBRA RAD TTP is not less than the Gross Rent (AP is zero or negative). At this time, OAs may process move-ins using this exception. However, understand that this rule may change in the future.

For Component 1 PH to PBRA RAD, the Noncitizen Rule Proration does not apply to households with zero or negative AP. These households pay according to the required rent calculation without Noncitizen Rule Proration.

For Component 1 PH to PBRA RAD, when TTP equals or exceeds the Gross Rent, and when there is a Low Income Housing Tax Credit (LIHTC) contract, the owner/agent must charge a Tenant Rent equal to the lesser of:

- TTP (greater of 10% annual income, 30% adjusted income or Welfare Rent), less the HUD Utility Allowance, or
- LIHTC Maximum Allowable Rent. 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. This rule

applies no matter which version of the PBRA RAD notice was in effect at the time of the PBRA RAD closing or conversion. Income limits used for the HUD certification are HUD S8 Income Limits.

See the new example on the PBRA RAD tab of the [CalculatingTenantRent spreadsheet](#).

For Component 1 PH to PBRA RAD only, HUD is waiving requirements set forth in HH 4350.3 Paragraphs 3.6, 8-5 C. and 8-6 A. 1.

#### 4.3.2 When Calculated TTP Exceeds Gross Rent – Assistance is Terminated - Component 2 PBRA RAD

*Note: Gross Rent (GR) = Contract Rent (CR) plus any HUD Utility Allowance (UA).*

Under the PBRA program, assisted families pay the greater of:

1. 30% of Adjusted Income;
2. 10% of Annual Income; or
3. Welfare Rent.

This amount is referred to as the Total Tenant Payment (TTP).

Under normal PBRA rules, an owner/agent must process a Termination, pursuant to HH 4350.3 Chapter 8, when the family was previously assisted, but due to a change, the family's calculated TTP is equal to or greater than Gross Rent (GR).

For Component 2 PBRA RAD, if the calculated AP would be zero or negative the household must be Terminated using the Termination Code *TI TTP Equals/Exceeds Gross Rent Or Moving To Market Rent*. The Effective Date of the TM/TI is the last day subsidy is paid – usually the last day of a month.

In addition, HH 4350.3 Chapter 8 provides that, when terminating a resident's assistance, the owner/agent is to increase the Tenant Rent to the Contract Rent (assuming that the resident does not receive the benefit of any other type of subsidy).

In such cases, the resident will be considered a "market rate tenant". The unit will be included in the "Market Unit" count on the [HUD 52670, Housing Owner's Certification & Application for Housing Assistance Payments](#).

Standard Section 8 rules apply when reinstating subsidy if family income is reduced.

See the new example on the PBRA RAD tab of the [CalculatingTenantRent spreadsheet](#).

For Component 2 PBRA RAD, when the resident is Terminated (AP is zero), and when there are Low-income Housing Tax Credits (LIHTC) the following rules apply:

- If the LIHTC Maximum Allowable Rent is less than Contract Rent, the resident pays the LIHTC Maximum Allowable Rent. 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 PBRA RAD HSG Notice was in effect at the time of the PBRA RAD closing or conversion.
- If the LIHTC Maximum Allowable Rent is more than Contract Rent, the resident may be required to pay either:
  - Contract Rent or
  - LIHTC Maximum Allowable Rent.

#### 4.4 Rent Phase-in - Component 1 PH to PBRA RAD Only

*Note: The TRACS 2.0.2.D MAT Guide called for the Phase-in calculation to be applied to both full and partial certifications. While not required, some site software implemented new Rent Phase-in percentages and new Rent Phase-in rules prior to the release of TRACS 2.0.3.A.*

Rent Phase-in only applies to Component 1 PH to PBRA RAD.

Rent Phase-in does not apply to Component 2 conversions from Mod Rehab, Rent Supp, RAP or PBRA RAD for 202 PRAC. For those conversions, the tenant moves immediately to the Section 8 PBRA RAD rent calculation when the Conversion IC is created.

Rent Phase-in applies if the calculated TTP, determined when creating the Conversion IC, causes a rent increase (*solely due to conversion to PBRA RAD*) that is **more than** the greater of:

- \$25; or
- 10% of the previous TTP

This is common if the resident was paying “flat rent” under the PIH program.

**Note:** Rent Phase-in does not apply if the increase is caused by an increase to household income, by the implementation of HOTMA rules, or by the end of Earned Income Disregard.

**Note:** Permissive Deductions & Rent Phase-in: PHAs may have adopted additional deductions, called Permissive Deductions, which are used to reduce Annual Income under the PIH program. Permissive Deductions are prohibited under PBRA programs. If the 50058 effective and submitted immediately prior to the conversion includes a Permissive Deduction, the Permissive Deduction is not included when creating the Conversion IC. If removal of the Permissive Deduction has the effect of increasing the Section 8 TTP, this is considered a change “purely as a result of conversion” and such changed amounts are included in any decision about whether Rent Phase-in applies.

**Note:** PBRA RAD Notice 17-03 stated that the rules that apply to a PBRA RAD contract are those in effect at the time of the PBRA RAD closing. HUD has since determined that the new percentages are to be used when calculating “phased-in” rent under TRACS version 2.0.3.A no matter what notice is/was in effect at the time of closing or conversion.

Rent Phase-in, when applicable, will be for either a 3-year term or a 5-year term. The percentage increases each year.

For TRACS 2.0.3.A, when Rent Phase-in applies, the increase on any full certification is calculated by applying the proper percentage increase to the difference between the TTP on the prior certification and the TTP for the new certification. In the final year (the year-3 AR or year-5 AR) the standard calculated TTP is used since Rent Phase-in is complete.

#### 4.4.1 Earned Income Disregard (EID) & Rent Phase-in – Component 1 PH to PBRA RAD

When EID ends on or after the Effective Date of the PBRA RAD contract, the family no longer qualifies for the Rent Phase-in provision. If Rent Phase-in **was initiated** with the Conversion IC, the end of Rent Phase-in is equal to the Effective Date of the IR (or AR as appropriate) on which EID ends. The TTP, TR and AP will be determined using the appropriate PBRA RAD rent calculation based on the Component Type.

For Component 1 PH to PBRA RAD only, if a resident’s EID income exclusion ends on the same date as the Effective Date of the PBRA RAD Contract, do not apply the Rent Phase-in rules. Rent Phase-in applies only when the rent increase is solely due to conversion to PBRA RAD. This is not true when the rent increase is caused by the end of EID. In this case, create a Conversion IC and then follow the rules applied when an IR is effective on the same date as the Conversion IC without applying any Rent Phase-in comparison.

For Component 1 PH to PBRA RAD only, if these residents qualify for Rent Phase-in, Rent Phase-in will end the earlier of:

- When the EID income exclusion ends;
- When phased in TTP is equal to standard Component 1 PBRA RAD TTP;
- When TTP is less than TTP on the last certification;

- If a resident is terminated for non-compliance.

#### 4.4.2 The Rent Phase-in Calculation – Component 1 PH to PBRA RAD

In HSG Notice 2017-03 [Rental Assistance Demonstration – Final Implementation, Revision 3](#) and HSG Notice 2019-09 [Rental Assistance Demonstration-Final Implementation Rev. 4](#), the percentages used as part of the Rent Phase-in calculations are lower than those indicated in previous notices—benefitting the tenant by slowing down the rent increase.

Software vendors were allowed to, but were not required to, implement the new percentages until the release of TRACS version 2.0.3.A. The “new” percentages must be implemented with the release of TRACS v 2.0.3.A.

The 2.0.2.D Rent Phase-in Percentages (AKA Old Rent Phase-in Percentages):

- Three Year Rent Phase-in :
  - Year 1: Any certification effective prior to the second AR after conversion – 33% of difference between most recently paid TTP or flat rent and the Calculated TTP
  - Year 2: Year 2 Any certification effective prior to Year 3 AR – 66% of difference between most recently paid TTP and the Calculated TTP
  - Year 3: Year 3 AR and all subsequent recertifications – Full (100%) Calculated TTP
- Five Year Rent Phase-in :
  - Year 1: Any certification effective prior to the second AR after conversion – 20% of difference between most recently paid TTP or flat rent and the Calculated TTP
  - Year 2: Year 2 Any certification effective prior to Year 3 AR – 40% of difference between most recently paid TTP and the Calculated TTP
  - Year 3: Year 3 Any certification effective prior to Year 4 AR – 60% of difference between most recently paid TTP and the Calculated TTP
  - Year 4: Year 4 Any certification effective prior to Year 5 AR – 80% of difference between most recently paid TTP and the Calculated TTP
  - Year 5 AR and all subsequent recertifications – Full (100%) Calculated TTP

Under the 2.0.2.D rules, a full Rent Phase-in set of calculations was completed for all certification types (full and partial).

The 2.0.3.A Rent Phase-in Percentages (AKA New Rent Phase-in Percentages):

- Three Year Rent Phase-in:
  - Year 1: Any AR or IR effective prior to the second AR after conversion – 33% of difference between most recently paid TTP or flat rent and the Calculated TTP
  - Year 2: Year 2 AR and any IR effective prior to Year 3 AR – 50% of difference between most recently paid TTP and the Calculated TTP
  - Year 3: Year 3 AR and all subsequent recertifications – Full Calculated TTP
- Five Year Rent Phase in:
  - Year 1: Any AR or IR effective prior to the second AR after conversion – 20% of difference between most recently paid TTP or flat rent and the Calculated TTP
  - Year 2: Year 2 AR and any IR effective prior to Year 3 AR – 25% of difference between most recently paid TTP and the Calculated TTP
  - Year 3: Year 3 AR and any IR effective prior to Year 4 AR – 33% of difference between most recently paid TTP and the Calculated TTP
  - Year 4: Year 4 AR and any IR effective prior to Year 5 AR – 50% of difference between most recently paid TTP and the Calculated TTP
  - Year 5 AR and all subsequent recertifications – Full Calculated TTP

For TRACS 2.0.3.A, Rent Phase-in calculations are performed **ONLY** for full certifications. Specifically, GR and UT certifications do not use Rent Phase-in calculations.

Certifications including Rent Phase-in, submitted under TRACS 2.0.2.D, are not to be corrected to use the new percentages. Those certs and calculations stand. If certifications that were created for TRACS 2.0.2.D, using

the Old Phase-in Percentages, are corrected, after implementing 2.0.3.A and the new Rent Phase-in percentages, owner/agents will use “old percentages” for the correction and will not correct those percentages for that certification.

If the Conversion IC is corrected, the resident may or may not qualify for Rent Phase-in based on any new Adjusted Income. Also, it can happen that the first AR is effective on the conversion date. However, a special set of calculations does apply and are described below and illustrated in the [PBRA RADPhaseIn spreadsheet](#).

If the household qualifies for Rent Phase-in, the owner/agent initiates the Rent Phase-in process by entering values in the following fields.

- TTP at RAD Conversion: this field was added in 2.0.2.D to the MAT10, Section 2 record (Field 101) and the MAT70 record (Field 30).
- RAD Phase-in Schedule (3 or 5 years): This new field is in the MAT10, Section 2 record (Field 103)
- Prior TTP: This new field is in the MAT10, Section 2 record (Field 104)
- Phase-in Rules (2.0.2.D or 2.0.3.A): This new field is in the MAT10, Section 2 record (Field 105)
- Phase-in Year (1-5): This new field is in the MAT10, Section 2 record (Field 106)

If a software vendor implemented the new Rent Phase-in Percentages and new Rent Phase-in Rules prior to the implementation of TRACS 2.0.3.A, the software vendor should be aware of the values that should be used for Rent Phase-in Rules. When entering a value of 202D, it is assumed that the “old” Rent Phase in Percentages were used and that the calculations were done for all certifications.

The *TTP at RAD Conversion field* is only filled for Component 1 PH to PBRA RAD. The field must be filled if Rent Phase-in applies and may be filled even if Rent Phase-in does not apply.

The *TTP at RAD Conversion field* is blank for Component 2 PBRA RAD.

Needs an edit.

**Action Code 2. TTP at RAD Conversion field filled for contract type other than PH to PBRA RAD. Leave field blank for all contract types except PH to PBRA RAD.**

For Component 1 PH to PBRA RAD, owner/agents specify the maximum number of years Rent Phase-in may apply based on the PBRA RAD Contract. The field must be filled with 3 or 5 if Rent Phase-in applies. If Rent Phase-in does not apply, this field value is 0.

For Component 2 PBRA RAD, the RAD Phase-in Schedule field value is 0. Rent Phase-in does not apply to Component 2 PBRA RAD.

Needs an edit.

**Action Code 2. Rent Phase-in Schedule field filled for contract type other than PH to PBRA RAD. Leave field blank for all contract types except PH to PBRA RAD.**

**FATAL Rent Phase-in Schedule field filled with value other than 3 or 5. Use appropriate value and resubmit.**

For Component 1 PH to PBRA RAD, the *Prior TTP field* is only filled when Rent Phase-in applies to that household. The field must be filled with the TTP used on the most recent certification in effect when the new certification is created. If Rent Phase-in does not apply, this field value is 0.

For Component 2 PBRA RAD, the *Prior TTP field* is 0.

Needs edit.



Action Code 2. Prior TTP field filled for contract type other than PH to PBRA RAD. Leave field blank for all contract types except PH to PBRA RAD.

For Component 1 PH to PBRA RAD, the *Phase-in Rules field* must be filled if Rent Phase-in applies. If Rent Phase-in does not apply, this field is blank.

For Component 2 PBRA RAD, the *Phase-in Rules field* is blank.

Needs edit.

Action Code 2. Rent Phase-in Rules field filled for contract type other than PH to PBRA RAD. Leave field blank for all contract types except PH to PBRA RAD.

Rent Phase-in years are calculated in relation to the number of ARs since the Conversion IC. The first AR is year 1. The second AR is year 2, etc. The year 1 Rent Phase-in percentages are used for all certifications effective through the day before the second AR. The second AR uses the year 2 percentages and so forth.

For Component 1 PH to PBRA RAD, the *Phase-in Year (1-5) field* is filled when Rent Phase-in applies. The field must indicate the year of Rent Phase-in. If Phase-in does not apply the Phase-in Year is 0.

For Component 2 PBRA RAD, the *Phase-in Year (1-5) field* is 0.

Needs edit.

Action Code 2. Rent Phase-in Year field filled for contract type other than PH to PBRA RAD. Leave field blank for all contract types except PH to PBRA RAD.

For each tenant certification created during the Rent Phase-in period, the TTP at RAD Conversion field must be filled. The value comes from the 50058 in effect on the PBRA RAD Contract Effective Date and does not change when a new certification is created. It is whatever the TTP was just before the tenant converts to PBRA RAD and is used on the Conversion IC.

For Component 1 PH to PBRA RAD, when Rent Phase-in applies, the *TTP Before Override field* contains TTP as it would normally be calculated including any Minimum Rent (TTP) or Noncitizen Rule Proration. The *Rent Override field* is set to Y.

Needs an edit. It might already be there.

Action Code 3 value of TTP at RAD Conversion field has changed and certification is not a correction.

Action Code 1 Calculated TTP Before Override differs from submitted TTP Before Override Calculated value = xxx Submitted value = xxx. Correct and resubmit. This will create cascading errors in regards to the TTP as well.

Action Code 2 Rent Override field set to Y when TTP and TTP Before Override are Equal

Action Code 1 Calculated TTP differs from submitted TTP Calculated value = xxx Submitted value = xxx. Correct and resubmit.

The use of these fields allows HUD to monitor for improper payments.

The Rent Phase-in ends:

- When the EID income exclusion ends;
- When Phased-in TTP is equal to standard Component 1 PH to PBRA RAD TTP;
- When TTP is less than TTP on the last certification;
- If a resident is terminated for non-compliance.



### Needs an edit.

To mark this event (end of Rent Phase-in), the *Rent Override flag* is NOT set to Yes and both the *TTP at RAD Conversion* field and the *TTP Before Override* field are filled—the TTP and TTP Before Override will be equal.

### Needs an information message. TTP Before Override is equal to or greater than TTP at RAD Conversion. Signals end of Rent Phase-in.

For any certifications effective AFTER the end of the Rent Phase-in, the TTP at RAD Conversion field and TTP Before Override field are filled with 0s.

#### Example Rent Phase-in Ends Before Phase-in Period

- IC moving the tenant to PBRA RAD.
- Tenant is converted to PBRA RAD and is subject to Rent Phase-in .
- The TTP (Total Tenant Payment) that is calculated at IC is used to determine if Rent 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 Rent Phase-in .
- Rent Override: Y
- Total Tenant Payment: \$100
- TTP Before Override: \$150
- TTP at RAD Conversion: \$100
- At the first AR, the tenant's income has gone up.
- TTP Before Override = \$300.
- Still in year 1 of the Rent Phase-in. The fields are filled as follows:
- Rent Override: Y
- TTP before Override: \$300
- Previous TTP: \$100
  - Difference: (\$300 - \$100) \$200
  - x Phase in Percentage of 33%: \$66
- TTP: (\$100 + \$66) \$166
- TTP at RAD Conversion: \$100
- The tenant's income at the second AR (Year 2 of the Rent Phase-in ) has dropped such that TTP Before Override is \$150.
- Since the TTP Before Override is less than the current TTP (\$166).
  - This signals the early end of Rent Phase-in.
  - The fields are filled as follows:
    - Rent Override: Blank
    - Total Tenant Payment: \$150
    - TTP Before Override: \$150
    - TTP at RAD Conversion: \$100
- For the next IR or AR, the *Rent Override* field = Blank.
- TTP at RAD Conversion is filled either with 0 or TTP at RAD Conversion
- TTP Before Override is 0.

If the Conversion IC is corrected, the Rent Phase-in eligibility determination is re-assessed based on the facts related to the corrected Conversion 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 later, where an AR or IR is effective on the same date as the Conversion IC.

When Rent Phase-in applies, if retroactive certifications are inserted or if any certifications are corrected, the Rent Phase-in TTP must be recalculated.

Needs an edit when calculation does not follow correct percentage.

#### **4.4.3 Rent Phase-in Calculation Rules for Partial Certifications – Component 1 PH to PBRA RAD Only**

Under TRACS 2.0.2.D, full Rent Phase-in calculations were completed for all certification types if Rent Phase-in was applicable.

HUD has determined that Rent Phase-in calculations are NOT to be applied to standalone UT and GR transactions but rather only for AR and IR certifications effective after the Conversion IC created at conversion.

For standalone UT/GR transactions, to stay consistent with situations where the Noncitizen Rule applies, the Rent Phase-in TTP, TR and AP will be calculated as follows:

- Go back to the full certification immediately prior to the UT/GR transaction. *(This does not require the actual generation of a certification)*
- Modify the Contract Rent and Utility Allowance as required by the new UT/GR transaction.
- Redo the Rent 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 AP 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.

The prior full certification is NOT changed as part of this process. It is used as a source of the calculations used for the UT/GR.

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.

#### **4.4.4 Rent Phase-in & HOTMA – Component 1 PH to PBRA RAD Only**

If the conversion to PBRA RAD occurs during implementation of HOTMA, special challenges arise.

In some cases, the certification completed and in effect at the time of conversion will have been created using Pre-HOTMA rules while the Conversion IC is created using HOTMA rules. When this is the case, there is a possibility that the TTP will increase strictly because of a change to regulatory requirements and not solely as a result of conversion to PBRA RAD.

When this is the case, Rent Phase-in does or does not apply.

#### **4.4.5 Rent Phase-in – TRACS 2.0.3.A Transition Rules – Component 1 PH to PBRA RAD Only**

Note that the rules described above apply to conversions (new ICs) created using TRACS 2.0.3.A. Any conversion ICs created in TRACS 2.0.2.D use the 2.0.2.D rules unless the software vendor implemented 2.0.3.A rules prior to the release/implementation of TRACS 2.0.3.A. 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 determined immediately under 2.0.3.A rules but only on the first AR or IR post-conversion under 2.0.2.D rules. Once the Rent Phase-in determination is complete, the 2.0.3.A rules apply with respect to the treatment of partial certs effective after a decision that Rent Phase-in applies and executed under 2.0.3.A.

The [PBRA RAD Rent Phase-in spreadsheet](#) correctly addresses the definitions of Year 1, Year 2 and beyond if the Conversion IC Effective Date is the first of the month and the first AR Effective Date is the same date. For example, if the PBRA RAD Contract Effective Date is 3/1/2024, the Conversion IC Effective Date is 3/1/2024

and the first AR Effective Date is 3/1/2024 (Note: this is really a corrected IC), then the AR effective 3/1/2025 is the beginning of Year 2.

There may be situations where the PBRA RAD Conversion IC is created following TRACS v 2.0.2.D rules and the owner/agent implements TRACS v 2.0.3.A before any AR or IR is created for that household. If the Conversion IC was created in 2.0.2.D and when there has been no AR or IR since the Conversion IC was created, the determination of whether or not Rent Phase-in applies is based on the values included for the Conversion IC.

## 4.5 Conversion Initial Certifications (Conversion IC) – All PBRA RAD

As stated above, all residents must be terminated, under the subsidy program in effect prior to conversion to PBRA RAD, before owner/agents start transmitting information to TRACS.

### 4.5.1 The First TRACS Submission - The Conversion IC – All PBRA RAD

The first HUD 50059 submitted to TRACS to establish existing residents under the new PBRA RAD contract is referred to as the Conversion IC (Initial Certification).

Under HUD rules, owner/agents are not required to re-verify information included on the Conversion IC. Owner/agents should use income, expense and asset information included on the most recent HUD 50058 or HUD 50059 certification submitted and effective prior to PBRA RAD conversion.

***Note:** Special rules apply when the Effective Date of the Conversion IC is the same as an anticipated Effective Date of a resident's Annual Recertification (AR) or Interim Recertification (IR). See later in this chapter for additional information.*

**The rules for the PBRA RAD Conversion. ICs: Please see [Appendix XXX](#) for a complete set of instructions related to the Conversion IC.**

- The Effective Date of the Conversion IC must be equal to the PBRA RAD HAP Contract Effective Date.  
**Need an edit. FATAL IC Effective Date is different than contract effective date.**
- Resident Right to Return—Appropriately Sized Unit: While standard Occupancy Rules apply (as outlined in HH 4350.3 Paragraph 3-23), there are some exceptions for residents who have the Right to Return. If an appropriately sized unit is not available when the resident returns to the property, the resident may be over housed. This is allowed even if a single person will be housed in a unit with multiple bedrooms. The residents must be transferred to an appropriately sized unit when one becomes available in compliance with the HUD Model Lease.
- Because existing residents converting to PBRA RAD are not required to requalify, the “Eligibility Check Not Required” flag is set to Yes. This flag is NOT set on subsequent certifications unless the resident is relocated to another property during rehab. In that case, the “Eligibility Check Not Required” flag is set to Yes on the IC used to record the return of the resident.
- The Next Recert Date on the Conversion IC must match the date that review is required based on the most recent HUD 50058 or HUD 50059 submitted and effective prior to conversion to PBRA RAD. The only exception to this rule is when a property's ARs are all on the same date. If this is the case, the Next AR date is the earlier of the Next AR date on the HUD 50058 or HUD 50059 submitted and effective prior to conversion to PBRA RAD or the Property AR Date.
- If there is no Social Security Number for a member (including Fosters, Live-in Aides and None of the Above), the ID field is filled with 999999999 and a valid Exception Code must be used.
- The Noncitizen Rule applies to all PBRA RAD properties.
- For Component 1 PH to PBRA RAD, Noncitizen Proration does not apply if AP is zero or negative.
- For each member (except Fosters, Live-in Aides and None of the Above) in a Component 2 PBRA RAD for 202 PRAC Conversion, for the Conversion IC, when member eligibility based on the Noncitizen Rule is unknown, the Member Citizenship Code field is filled with RD (New Code) PBRA RAD Resident at Time of Conversion – Rule Not Applied. This code may only be used on the Conversion IC or the IC created when a resident, who has been relocated for PBRA RAD rehab, returns to the property. This code is not valid on any subsequent AR or IR.

**Need an edit. FATAL Member Citizenship Code RD use for contract type other than PRAC to PBRA RAD. Use a valid Member Citizenship Code.**  
**FATAL Member Citizenship Code RD use for certification type other than IC. Submit with valid Member Citizenship Code**

- For a Component 2 PBRA RAD for 202 PRAC, when completing the Conversion IC, and when household eligibility based on the Noncitizen Rule is unknown, the Household Citizenship Eligibility field will be filled with R (New Code) PBRA RAD Conversion Tenant – Full Assistance While Verification of Eligibility Is Pending. This code may only be used on the Conversion IC or the IC created when a resident, relocated for PBRA RAD rehab, returns to the property. This code is not valid on any subsequent AR or IR.

**Need an edit.**

**FATAL Household Citizenship Eligibility Code R use for contract type other than PRAC to PBRA RAD. Use a valid Household Citizenship Eligibility Code.**  
**FATAL Household Citizenship Eligibility Code R use for certification type other than IC. Submit with valid Household Citizenship Eligibility Code**

#### 4.5.2 Conversion IC Data & TTP - Component 1 PH to PBRA RAD

Owner/agents should refer to data on the most recent 50058 certification submitted and effective before conversion to PBRA RAD and use that data, when possible, to populate the Conversion IC.

Owner/agents converting from PIH programs (Public Housing & Mod Rehab) should be aware that there are questions on the HUD 50059 that are not included on the HUD 50058. For Component 1 PH to PBRA RAD, when there are questions on the HUD 50059 that are not asked on the HUD 50058, the owner/agent should obtain correct responses from residents.

For Component 1 PH to PBRA RAD, when creating the Conversion IC, TTP indicated on the Conversion IC must match the TTP or be lower than the TTP on the most recent HUD 50058 submitted and effective before conversion to PBRA RAD. If the PBRA RAD calculated TTP is lower than TTP on the most recent 50058 submitted and effective before conversion to PBRA RAD, owner/agents will use the lower TTP.

Because Minimum Rent (TTP) for PIH programs could be set between \$0 and \$50, and Minimum Rent (TTP) for MFH programs is \$25, owner/agents must check the standard PBRA RAD calculation for any resident who was paying the PH defined Minimum Rent (TTP). If the PBRA RAD calculated rent is lower than the PH Minimum Rent (TTP), rent will be reduced for that resident.

Example:

- Under PIH, resident TTP = PIH standard Minimum Rent (TTP) \$50
- PHA converts to PBRA RAD
- At conversion, owner/agent applies MF rules and calculated TTP \$10
- Owner/agent applies Minimum Rent (TTP) \$25
- Resident TTP = \$25.00 instead of \$50.00

Example:

- Under PIH, resident TTP = PIH Minimum Rent (TTP) \$0
- PHA converts to PBRA RAD
- At conversion, owner/agent applies MF rules and calculated TTP \$10
- Resident TTP = \$0.00 (TTP under the PIH program) instead of \$25.00.
  - This is adjusted with the household's first certification.
  - The difference between \$25 and \$0 is not one that would trigger Rent Phase-in, as the rule requires that the TTP increase by **more than** the greater of \$25 or 10%.

Because Noncitizen Proration Rules are different for PIH, owner/agents must recalculate rent for any resident paying Prorated Rent. If the PBRA RAD calculated TTP is lower, TTP will be reduced for that resident at conversion (Conversion IC). Because the PBRA calculated rent is lower, the owner/agent will use the new lower TTP when creating the Conversion IC and will not use the TTP on the 50058 submitted prior to conversion.

For Component 1 PH to PBRA RAD only, if the TTP on the most recent 50058, submitted and effective before the Conversion IC Effective Date, is different than the standard PBRA RAD TTP, owner/agents must use the Rent Override Function.

For Component 1 PH to PBRA RAD only, if the standard PBRA RAD TTP is greater than TTP on the most recent 50058, submitted and effective before the PBRA RAD Contract Effective Date, Rent Phase-in rules may apply when creating subsequent certifications.

After the Conversion IC is created and submitted the Total Tenant Payment and Tenant Rent TTP/TR is calculated according to HH 4350.3 Chapter 5 and subsequent HUD Notices unless Rent Phase-in applies.

#### **4.5.2.1 An AR or IR Is Effective On the Conversion IC Effective Date - Component 1 PH To PBRA RAD**

For Component 1 PH to PBRA RAD, the Conversion IC TTP must be the same as or lower than the TTP for the most current HUD 50058 in effect prior to conversion to PBRA RAD.

To both follow this rule and to complete the required AR or IR, submit certifications as follows:

- Create the Conversion IC using the facts and TTP from the most recent PIH Form 50058 in effect prior to conversion to PBRA RAD.
- If the Conversion IC Effective Date and the AR Due Date are the same, use the Conversion IC Effective Date as the Next Recert Date. This will generate an error which will be addressed with the instruction below.
- Determine if Rent Phase-in will apply.
- Complete the steps required to finalize the Conversion IC.
- Transmit the Conversion IC to TRACS.
- Check the TRACS Certification Query to ensure that the Conversion IC has been properly recorded in TRACS.
- Correct the Conversion IC using any new household and financial information that would appear on an AR (or IR) for that date following the Multifamily Housing rules—use the fully verified information for that date.
- The correction reason is Administrative Resubmission.
- Note the file explaining that the AR or IR Effective Date is the same as the Conversion IC Effective Date.
- If this correction is an entry to address IR requirement, do not change the Next Recert Date.
- If this is an entry to address AR requirements, change the Next Recertification Date as appropriate.
- If Rent Phase-in applies, complete the Rent Phase-in calculations using as the TTP from the prior cert the TTP on the first IC from step 1 above. It is possible for these calculations to result in the end of Rent Phase-in if the newly calculated TTP is less than or equal to the TTP on the Conversion IC.
- Complete the required steps to finalize the AR or IR as appropriate.
- Transmit the IC to TRACS.
- Check the TRACS Certification Query to ensure that the IC has been properly recorded in TRACS.

The [PBRA RAD Rent Phase-in spreadsheet](#) correctly addresses 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.

#### **4.5.3 Conversion IC Data & TTP - Component 2 – Mod Rehab to PBRA RAD**

When creating the Conversion IC, owner/agents should refer to data on the most recent 50058 certification effective before conversion to PBRA RAD and use that data, when possible, to populate the Conversion IC.



Owner/agents converting from Mod Rehab should be aware that there are questions on the HUD 50059 that are not included on the HUD 50058. For Mod Rehab/ PH to PBRA RAD, when there are questions on the HUD 50059 that are not asked on the HUD 50058, the owner/agent should obtain correct responses from residents.

When creating the Conversion IC for a Component 2 Mod Rehab to PBRA RAD, TTP indicated on the Conversion IC is calculated using standard MFH PBRA TTP and AP calculations.

Owner/agents should refer to the Conversion IC Instructions included as part of this MAT Guide.

#### **4.5.3.1 An AR or IR Is Effective On The Conversion IC Effective Date - Component 2 Mod Rehab to PBRA RAD**

For Component 2 PBRA RAD, the Conversion IC TTP must be calculated using HUD's MFH Rent Calculation formula. When an AR or IR Effective Date is the same as the Conversion IC Effective Date, the owner/agent will:

- Create the Conversion IC using any new information that would appear on an AR (or IR) for that date following the Multifamily Housing rules—use the verified information for that date instead of the information on the 50058 in effect prior to conversion to PBRA RAD.
- Complete the required steps for AR or IR as appropriate.
- Transmit to TRACS.
- Check the TRACS Certification Query to ensure that the IC has been properly recorded in TRACS.

#### **4.5.4 Conversion IC Data & TTP - Component 2 Rent Supp/RAP to PBRA RAD**

No Rent Supp or RAP conversions will be completed in TRACS 2.0.3.A.

#### **4.5.5 Conversion IC Data & TTP - Component 2 PBRA RAD for 202 PRAC**

When creating the Conversion IC, owner/agents use the information from the most recent HUD 50059 that is in effect prior to the PBRA RAD Contract Effective Date. When creating the Conversion IC for a Component 2 PBRA RAD for 202 PRAC, TTP indicated on the Conversion IC is calculated using standard PBRA Section 8 TTP and TR calculations.

Prior to conversion, a PRAC resident may pay Tenant Rent that exceeds Operating Rent. Owner/agents should be aware that, under PBRA RAD, the TTP on the Conversion IC may not exceed Gross Rent. This may mean that the Tenant Rent calculated for the PBRA RAD program is less than the Tenant Rent calculated for PRAC.

PRAC residents are not subject to eligibility criteria established as part of the Noncitizen Rule. For Component 2 PBRA RAD for 202 PRAC, owner/agents do not apply any Noncitizen Rule eligibility determinations and do apply Noncitizen Rule calculation when creating the Conversion IC. There are two field values on the PRAC HUD 50059 that will need to be filled when completing the Conversion IC. These are:

- Member Citizenship Code (Formerly Member Eligibility Code); and
- HH Citizenship Eligibility (Formerly Household Assistance Status Code).

For Component 2 PBRA RAD for 202 PRAC, when the owner/agent does not know eligibility status under the Noncitizen Rule:

- For each member (except Fosters, Live-in Aides and None of the Above) in a Component 2 PBRA RAD for 202 PRAC Conversion, on the Conversion IC, the Member Citizenship Code field is filled with *RD (New Code) PBRA RAD Resident at Time of Conversion – Rule Not Applied*. This code may only be used on the Conversion IC or the IC created when a resident who relocated for rehab, returns to the property. This code is not valid on any subsequent AR or IR.

**Need an edit. FATAL Member Citizenship Code RD use for contract type other than PRAC to PBRA RAD. Use a valid Member Citizenship Code.**



**FATAL Member Citizenship Code RD use for certification type other than IC. Submit with valid Member Citizenship Code**

- For a Component 2 PBRA RAD for 202 PRAC Conversion, when completing the Conversion IC, the Household Citizenship Eligibility field will be filled with *R (New Code) PBRA RAD Conversion Tenant – Full Assistance While Verification of Eligibility Is Pending*. This code may only be used on the Conversion IC or the IC created when a resident, relocated for PBRA RAD rehab, returns to the property. This code is not valid on any subsequent AR or IR.

**Need an edit.**

**FATAL Household Citizenship Eligibility Code R use for contract type other than PBRA RAD for 202 PRAC. Use a valid Household Citizenship Eligibility Code.**

**FATAL Household Citizenship Eligibility Code R use for certification type other than IC. Submit with valid Household Citizenship Eligibility Code**

For Component 2 PBRA RAD for 202 PRAC conversions, owner/agents must apply the Noncitizen Rule when creating subsequent certifications (AR or IR). At that time, at least one household member must be eligible under the Noncitizen Rule. For additional information, see HH 4350.3 Chapter 3.

For Component 2 PBRA RAD for 202 PRAC the Member Citizenship Code must be used, valid values for any IR or AR effective after Conversion to PBRA RAD are:

- EC = individual is a citizen or national
- EN = individual is a noncitizen with eligible immigration status
- IC = Ineligible noncitizen child of a family head or spouse
- IN = Member is an Ineligible Non-Citizen.
- IP = Ineligible Parent of a Head of Household or Spouse
- ND = No documentation submitted. For use when the family is receiving prorated assistance at admission. Member is treated as ineligible for proration purposes.
- PV = Individual's eligibility status is pending verification—documents have been submitted for use when the family is receiving prorated assistance at admission. Member is treated as eligible for proration purposes.
- XX = Individuals who are not counted as members of the family (i.e., Fosters, Live-in Aides, None of the Above). Field 7 shows a relationship code of "F", "L" or "N" for these individuals.

For Component 2 PBRA RAD for 202 PRAC the Household Citizenship Eligibility must be valid. valid values for any IR or AR effective after Conversion to PBRA RAD are:

- **E** = All members of the family are eligible under the Non-Citizen Rule. The family receives full assistance. No members have a PV status.
- **P** = Prorated Assistance. The family qualifies for and receives Prorated Assistance under the Non-Citizen Rule. Note: A member with an eligibility code of PV will be counted as eligible. One with a code of ND will be counted as ineligible.
- **F** = Full Assistance while the verification of eligibility is pending. A family is in this status if all members are either eligible for assistance or have submitted documentation but the verification process is not yet complete (Citizenship)

#### **4.5.5.1 An AR or IR Is Effective On The Conversion IC Effective Date Component 2 PBRA RAD for 202 PRAC**

For Component 2 PBRA RAD for 202 PRAC, the Conversion IC TTP must be calculated using HUD's MFH Rent Calculation formula. When an AR or IR Effective Date is the same as the Conversion IC Effective Date, the owner/agent will:

- Create the IC using any new household and financial information that would appear on an AR (or IR) for that date following the Multifamily Housing rules—use the verified information for that date.
- Citizenship Eligibility must be determined/verified on this IC (Do not use RD or R as described above if an IR or AR is effective on the same date as the Conversion IC).
- Complete the required steps for AR or IR as appropriate.

- Transmit the IC to TRACS.
- Check the TRACS Certification Query to ensure that the IC has been properly recorded in TRACS.

## 4.6 Relocation and Right to Return – All PBRA RAD

Under PBRA RAD, any resident residing in the property prior to conversion has a right to remain in the unit, or in the event that rehabilitation will result in the relocation of residents, return to an Assisted Unit at the Covered Project. Eligibility rules for the PBRA RAD program are not applied when the resident family returns.

See [HSG Notice 2016-17 Rental Assistance Demonstration \(PBRA RAD\) Notice Regarding Fair Housing and Civil Rights Requirements and Relocation Requirements Applicable to PBRA RAD First Component – Public Housing Conversions](#) for additional guidance.

Any relocation that is the result of acquisition, demolition, or rehabilitation is subject to requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA). Please note that residents have a right to return to an appropriately sized unit.

Owner/agents are not required to return the resident to the same unit.

While standard Occupancy Rules apply (as outlined in HH 4350.3 Paragraph 3-23), there are some exceptions for residents who have the Right to Return. If an appropriate sized unit is not available when the resident returns to the property, the resident may be over housed. This is allowed even if a single person will be housed in a unit with multiple bedrooms. The residents must be transferred to an appropriate sized unit when one becomes available in compliance with the HUD Model Lease.

If a resident is over or under housed, the owner/agent must provide an appropriately sized unit when one becomes available.

Permanent involuntary displacement of residents may not occur as a result of a project's conversion of assistance.

Regardless of whether a resident is relocated to other housing before, on or after the Contract Effective Date, owner/agents are required to send a Conversion IC to TRACS.

If a resident is subsequently relocated for rehab to another unit that is not under the same contract, and when there is no pass-through, the owner/agent is to send a Suspension/TM transaction using the Suspension Code *RD = Section 8 PBRA RAD Tenant Transferred to Other Housing During Rehab. (Under 2.0.2.D, owner/agents used RR-Rehab/Repair Tenant Expected to Return)*.

This will stop the subsidy payment and the resident will no longer be considered "active" under this Contract Number during rehab.

The TM Effective Date is equal to the last full day the resident remains in the unit and is the last day subsidy is paid for the unit/resident. This unit is counted as a Unit Under Rehab on the voucher.

When the resident returns, an IC is completed and submitted to TRACS. This is true even if the resident returns to a different unit.

Previous instructions indicated that owner/agents should enter an IC/UT combination if the resident returns to a different unit. However, that can create conflict so that instruction has been removed.

#### **4.6.1 ICs Created When a Resident Returns from Relocation for Rehab – All PBRA RAD**

Residents who have been Relocated for Rehab under the PBRA RAD program are automatically eligible to return to the property.

Regardless of whether the resident returns to the same unit or to a different unit, the owner/agent creates a new IC. The Do Not Check Eligibility flag is set to Yes on the IC but not on subsequent certifications and the *RAD Conversion Tenant* flag is set to **Yes** on the IC and on all future full certifications.

The Next Recertification Date on the most recent full certification IC, AR, IR, submitted before the resident's assistance was TM/Suspended determine owner/agent action.

When the resident returns, the owner/agent asks if any of the resident family's information has changed. If not, the following rules apply.

##### **4.6.1.1 ICs Created When a Resident Returns from Relocation for Rehab Next Recertification Date Has Not Passed – All PBRA RAD**

If the Next Recertification Date has not passed, the owner/agent will use the data from the most recent full certification that was in effect at the time of relocation. TTP remains the same. The Next Recertification Date entered for this IC should be the same as the Next Recertification Date on the most recent full certification that was in effect at the time of relocation.

If resident information has changed, and if the Next Recertification Date has not passed, the owner/agent will treat the IC much like an IR.

The owner/agent is required to verify only the information that has changed. The owner/agent will use the data from the most recent full certification that was in effect at the time of relocation to complete the certification. The Next Recertification Date entered for this IC should be the same as the Next Recertification Date on the most recent full certification that was in effect at the time of relocation.

If the Tenant Rent increases, the new rent is effective on IC Effective Date.

##### **4.6.1.2 ICs Created When a Resident Returns from Relocation for Rehab Next Recertification Date Has Passed – All PBRA RAD**

If the Next Recertification Date has passed, the owner/agent will meet with the resident and treat the certification as if it were an AR instead of an IC. As with any AR, all information is subject to verification base on HUD rules.

The Next Recertification Date coincides with the IC Effective Date.

The new Tenant Rent is effective on the IC Effective Date.

##### **4.6.1.3 Resident is Relocated On PBRA RAD Contract Effective Date – All PBRA RAD**

If the resident is relocated for rehab on or after the PBRA RAD Contract Effective Date, similar rules apply. A Conversion IC is created and submitted.

Once the Conversion IC is successfully recorded in TRACS, the owner/agent will send a Suspension/TM transaction using the Suspension Code *RD = Section 8 PBRA RAD Tenant Transferred to Other Housing During Rehab. (Under 2.0.2.D, owner/agents used TM/RR-Rehab/Repair Tenant Expected to Return)*.

This will stop the subsidy payment and the resident will no longer be considered "active" under this Contract Number during rehab.

**Example – Resident Is Relocated on PBRA RAD Effective Date (Assuming No Passthrough):**

- The Conversion IC is effective on May 1, 2024, the Contract Effective Date. The purpose of the certification is to establish the Right to Return.
- If this is Component 1 PH to PBRA RAD, the owner/agent must also determine if Rent Phase-in applies.
- The Next AR Date is 6/1/2024.
- A new MAT10, Section 2 field 19 (PBRA RAD Conversion Tenant) is set to **Yes** on the IC and thereafter on full certifications. This field is not printed on the 50059.
- MFH TTP is \$200.
- A Suspension/TM created using the new TM/RD Section 8 PBRA RAD Tenant Transferred to Other Housing During Rehab.
- The Suspension/TM is effective on the same day as the Conversion IC – May 1, 2024.
- The owner/agent will receive AP for May 1, 2024.
- The resident returns and the owner/agent creates an IC effective August 1, 2024.
- Since the Next Recert Date on the Conversion IC has passed, the owner/agent uses new verified information when creating this IC.
- The *Eligibility Check Not Required* flag is set to Yes on the IC but not on subsequent certifications.
- A new MAT10, Section 2 field 19 (PBRA RAD Conversion Tenant) is set to **Yes** on the IC and thereafter on full certifications. This field is not printed on the 50059.
- For Component 1 PH to PBRA RAD Rent Phase-in calculations are performed. For this example, Rent Phase-in does not apply.

**4.6.1.4 Resident is Relocated Before the PBRA RAD Contract Effective Date – All PBRA RAD**

If the resident is relocated for rehab before the PBRA RAD Contract Effective Date, similar rules apply. A Conversion IC is created and submitted. The owner/agent may be required to submit this certification using the Extenuating Circumstance Code *11 RAD Tenant Not Required To Or Unable To Sign*.

*Note: With respect to Extenuating Circumstances Code 11—This code is used if a tenant has been relocated for rehab prior to the Effective Date of the PBRA RAD contract. The Conversion IC does not require a tenant signature as the tenant will be suspended using the new RH Suspension Code.*

Once the Conversion IC is successfully recorded in TRACS, the owner/agent will send a Suspension/TM transaction using the Suspension Code *RH = Section 8 RAD tenant transferred to other housing during rehab and prior to the Effective Date of the RAD contract. (Under 2.0.2.D, owner/agents used TM/RR-Rehab/Repair Tenant Expected to Return)*.

The Suspension/TM and the Conversion IC are both effective on the PBRA RAD Contract Effective Date.

This indicates that the resident was not entitled to receive subsidy on the Contract Effective Date solely because the resident was not living in the unit due to relocation for rehab. However, this resident still has the right to return to a PBRA RAD unit under this contract.

The RH Suspension Code is treated like the *DS – Dual Subsidy* and *NS – No Subsidy* Termination Codes. The TM/RH Effective Date is equal to the Conversion IC Effective Date. Unlike other Suspension/TM Codes where the Effective Date is the last day subsidy is paid, with RH, DS and NS, all subsidy, starting with the Effective Date of the Suspension/TM is removed.

This unit is counted as a unit Under Rehab on the voucher.

When the resident returns, an IC is completed and submitted to TRACS. This is true even if the resident returns to a different unit. Previous instructions indicated that owner/agents should enter an IC/UT combination if the resident returns to a different unit. However, that can create conflict so that instruction has been removed.

**Example Resident Is Relocated before PBRA RAD Effective Date (Assuming No Passthrough):**

- Tenant is relocated to a PIH Unit on 2/15/2024 (before the PBRA RAD Contract Effective Date).
- The tenant moves into the PIH unit and follows PIH rules.
- The Conversion IC is effective on 3/1/2024 (the Contract Effective Date). The purpose of the certification is to establish the Right to Return.
- If this is Component 1 PH to PBRA RAD, the owner/agent must also determine if Rent Phase-in applies
- The Next AR Date is 7/1/2024
- The new MAT10, Section 2 field 19 (*PBRA RAD Conversion Tenant*) is set to Yes on the IC and thereafter on full certifications. This field is not printed on the 50059.
- PIH TTP is \$100 and calculated MFH TTP is \$200—If this is a Component 1 PH to PBRA RAD conversion, Rent Phase-in will apply on the next MF full certification.
- To prevent subsidy billing on the voucher, a Suspension Certification effective on the same day as the Conversion IC (3/1/2024) is created using the new Suspension/TM code of *RH—No Subsidy*. This code will ensure that assistance for the tenant and unit is 0 on the voucher.

The TM/Suspension certification should only be sent to TRACS after the IC has been accepted and stored in the TRACS database.

- The resident returns and the owner/agent creates an Initial Certification effective on 8/1/2024.
- The owner/agent uses new verified information since the Next Recert Date on the Conversion IC has passed.
- The Eligibility Check Not Required flag is set to Yes on the IC but not on subsequent certifications.
- The new MAT10, Section 2 field 19 *PBRA RAD Conversion Tenant* is set to Yes on the IC and thereafter on full certifications. This field is not printed on the 50059.
- For Component 1 PH to PBRA RAD Rent Phase-in calculations are performed. For this example, it was determined that Rent Phase-in applied when the Conversion IC was created and this is the first full certification after the Conversion IC.
- If applicable, the Rent Phase-in percentage to be used is based on the Effective Date of the IC in relation to the Effective Date of the Conversion IC.
  - If it has been less than one year from the Effective Date of the Conversion IC, use the year one percentage
  - If it has been more than one year, but less than two years from the Effective Date of the Conversion IC, use the year two percentage, etc.

The TM/Suspension Codes *RD Section 8 PBRA RAD Tenant Transferred to Other Housing During Rehab* and *RH Relocated for Rehab before PBRA RAD Contract Effective Date* may only be used for PBRA RAD contracts. These codes may not be used for any other contract type.

Need an edit.

**FATAL – Suspension/TM Code not valid for contract type. Use a valid Suspension/TM Code for contract type.**

For the Suspension/TM Code *RH Relocated for Rehab before PBRA RAD Contract Effective Date*, the previous certification submitted must be a Conversion IC and the TM/Suspension Effective Date must be the same as the Conversion IC Effective Date.

Need an edit.

**1) FATAL – Suspension/TM Code not valid. Previous certification is not an IC. Use a valid Suspension/TM Code**

**2) FATAL - RH Effective Date not equal to the Conversion IC/PBRA RAD Contract effective date**

#### **4.6.2 How Conversion IC/TM Combinations Are Treated by TRACS When Resident is Relocated for Rehab Before or On the PBRA RAD Contract Effective Date – All PBRA RAD**

When a resident is relocated for rehab on or before the PBRA RAD Contract Effective Date, it is important that the Conversion IC is submitted and recorded in TRACS before the Suspension/TM is submitted. If these two



transactions are submitted in the same TRACS Tenant File, the Suspension TM will not be recorded. Please see Chapter 3 for an explanation of TRACS' processing order.

Once the owner/agent checks to make sure the Conversion IC has been properly recorded in the TRACS database, the owner/agent will submit a Suspension/TM using the Suspension Code *RH = Relocated for Rehab before PBRA RAD Contract Effective Date (Under 2.0.2.D, owner/agents used NS – No Subsidy)*.

For best results, after submitting any files to TRACS, owner/agents should check the iMAX Mailbox to review any errors or messages returned by TRACS. It is best to check the TRACS Certification Query and TRACS Certifications with Discrepancies Query before submitting any TM/Suspension transactions to make sure the IC has been recorded and that there are no errors that need to be addressed.

While certifications should be submitted to TRACS once they are complete, it is important to remember the Anticipated Voucher Date rules when a certification transaction will appear on a voucher.

In this example, these transactions will not appear on the same voucher.

Using the two examples above, the 3/1/2024 Conversion IC may be included on the March 2024 voucher or any subsequent voucher. However, the Suspension/RH effective on 3/1/2024 may not be included on the March 2024 voucher but rather, may appear on the April 2024 voucher or any subsequent voucher.

The units will be included in the count of Units Receiving Subsidy on the March voucher and Units Under Rehab on the April voucher.

### **4.6.3 Passthroughs – All PBRA RAD**

The two relocation examples (relocation before and after conversion) provided above assume that this is not a "Passthrough" situation.

If the tenant is relocated to another 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.

Since the only difference between a passthrough and non-passthrough scenario is whether or not the tenant is terminated in the PBRA RAD contract, this is not a software but rather a user data entry issue.

If Passthrough billing has been approved by HUD, and when the tenant has been relocated to another assisted unit, ARs and IRs continue to be required even though the resident does not live in the PBRA RAD unit.

## **4.7 Termination – All PBRA RAD**

For all PBRA RAD Components, a resident or resident family's assistance is terminated for violating occupancy rules or lease violations.

However, when calculated AP is zero or negative, the rules differ for Component 1 and Component 2.

### **4.7.1 Termination - Component 2 PBRA RAD**

For Component 2 PBRA RAD, termination of assistance applies in two cases:

1. When calculated AP is zero or negative; and
2. When the resident violates program rules and the penalty is termination of assistance (e.g., failure to report for AR).



When a terminated tenant continues to live in the unit, the unit contributes to the count of market units on the voucher.

These residents may also be suspended (codes ND, RR, RH and RD) when a unit is not habitable or undergoing renovation. When a suspended PBRA RAD tenant is not living in the unit, the unit contributes to the count of Rehab Units on the voucher.

#### **4.7.2 Termination - Component 1 PH to PBRA RAD**

For Component 1 PH to PBRA RAD, residents' assistance may be terminated for cause. This includes, but is not limited to:

- Failure to report for AR;
- Dual Subsidy;
- Failure to report changes between certifications;
- Failure to pay a Repayment Agreement payment, etc.

For Component 1 PH to PBRA RAD, when a tenant is terminated for cause and continues to live in the unit, the unit is included in the number of Market Units on the voucher.

Component 1 PH to PBRA RAD residents' assistance is NOT terminated when assistance drops to 0 or becomes negative. Unlike other Section 8 programs, a HUD 50059 is completed and submitted to TRACS. The unit is included in the number of Subsidized Units on the voucher (even though AP is zero).

### **4.8 Funding & Vouchers**

Owners should note the deadline for transmission of vouchers and all related TRACS files supporting the voucher is the 10<sup>th</sup> day of the month directly preceding the voucher payment month.

For example, the February voucher TRACS transmission would be due on January 10.

#### **4.8.1 Funding by MFH: All Components except Component 1 PH to PBRA RAD Conversions**

MFH funding is available on the PBRA RAD Contract Effective Date.

Owner/agents must start submitting resident data and vouchers immediately.

#### **4.8.2 Funding by MFH: Component 1 PH to PBRA RAD Conversions**

For Component 1 PH to PBRA RAD Conversions, the PBRA RAD Contract becomes effective on the first day of either of the two months following closing, at the owner/agent's discretion.

***Note:** During the COVID-19 pandemic of 2020, the contract Effective Date may have been the first day of any of the three months following closing, at the owner/agent's discretion.*

During the time from the Contract Effective Date and December 31 of the same year, a converted project will be funded through the Public and Indian Housing (PIH) accounts at the level of Public Housing subsidy available to that project in that year. This is called the Year of Conversion (YOC).

After the Year of Conversion, subsidy is funded through Multifamily Housing (MFH).

For example:

- Component 1 PH to PBRA RAD Contract is effective 9/1/2024.
- PIH funds the contract for the remainder of 2024 (*Year of Conversion*).
- MFH begins paying the HAP 1/1/2025 (*Year two*).

### 4.8.3 Vouchers Reduced to Zero Year of Conversion - Component 1 PH to PBRA RAD Only

As stated previously, MFH funding is placed on the Component 1 PH to PBRA RAD Contract on January 1 of the year following the Contract Effective Date.

The time from the Contract Effective Date and December 31 of the same year a converted project will be funded through the Public Housing accounts at the level of Public Housing subsidy available to that project in that year.

For this reason, during the Year of Conversion, paper vouchers and electronic TRACS Voucher Files are created. The Voucher Request Amount must be reduced to \$0 by entering an offsetting *RADZ = Reversal of Voucher AP YOC = Reversal of Voucher AP YOC* Miscellaneous Accounting Request.

During the YOC, these zero-vouchers MUST be submitted to TRACS along with all supporting Tenant Files (certifications).

If the Voucher Request Amount is more than \$0 during the Year of Conversion, TRACS will reject the voucher (receive a FATAL error) due to lack of funding.

After the YOC, owner/agents should carefully monitor any retroactive adjustments to the voucher. If adjustments affect Assistance Payment calculations during the Year of Conversion, appropriate *RDRV = RAD Reversal of Adjustment Affecting YOC* (Reversal of Adjustment Affecting Year of Conversion) Miscellaneous Accounting Requests must be included on the vouchers reversing adjustments for the Year of Conversion.

A separate *RDRV = RAD Reversal of Adjustment Affecting YOC* Miscellaneous Accounting Request must be included for each unit/tenant adjustment.

The individual *RDRV = RAD Reversal of Adjustment Affecting YOC* amount is the net amount used to offset an adjustment to the Year of Conversion for each unit/tenant. For example: Using 2023 as the YOC:

- Resident moves out on 12/18/2023
- This transaction appears on the 2/2024 voucher.
- The adjustment period is from 12/19/2023 through 1/31/2024
- Daily rate for 12/19/2023 through 12/31/2023 is \$14 (-\$182)
- Monthly rate for 1/1/2024 through 1/31/2024 is 434 (-\$424)
- Total adjustment is -\$606
- Owner/agent enters *RDRV = RAD Reversal of Adjustment Affecting YOC* Miscellaneous Accounting Request reversing the portion of the transaction that affects the Year of Conversion
- *RDRV = RAD Reversal of Adjustment Affecting YOC* +\$182

Need an edit.

Just a warning 1) Adjustment date starts during Year of Conversion for Component 1 PBRA RAD. Only for non-YOC vouchers.

### 4.8.4 Rehab Assistance Payments - Component 1 PH to PBRA RAD Only

For Component 1 PH to PBRA RAD properties, a Rehab Assistance Payment may be available. The per unit amount is set forth in Section 2 of the PBRA RAD HAP Contract.

For some reason, many PHAs are unaware that they are entitled to a Rehab Assistance Payment. The availability of Rehab Assistance is more common than not. Anyone providing oversight should carefully check the contract to make sure the owner/agent is billing for the appropriate amount and for the appropriate timeframe.

HUD and the Project Owner typically enter into a HAP Contract before construction begins. During the period of work - identified in the approved Financing Plan and RCC - standard HAP contract administration procedures will be used for occupied units.

Units that are not occupied in preparation for or during rehab – during the period of work identified in Section II of the HAP contract - may be eligible for Rehab Assistance Payments.

Section II of the HAP contract identifies the period of work, the maximum number of units allowed to be billed in any given month and the monthly Rehab Assistance Amount.

The Rehab Assistance Payments may be requested only during the time the unit is out of service for rehab. This does not necessarily mean that rehab is going on when Rehab Assistance is billed. The unit must be vacated using the appropriate transaction/code:

- Moved-out if the resident is relocating permanently;
- Suspended/TM using the new RD or RH Suspension Codes (RR and NS in 2.0.2.D);
- Transferred.

Rehab Assistance requests for any particular unit must end on the earlier of:

- The date specified in the HAP Contract;
- The date rehab is complete and the unit is available for occupancy.

Units that qualify for Rehab Assistance Payments will be included in the Rehab Unit count on the HUD 52670 based on the status as of the first day of the month the voucher is created (e.g., for a May voucher, the status is “as of” April 1).

When the owner/agent is requesting Rehab Assistance, the unit must appear vacant in TRACS and the owner/agent may not bill for subsidy for the same period.

Rehab Assistance Payments should be prorated for partial months (extended six decimal points then rounded to a whole number at before determining the request amount) on a unit-by-unit basis. In TRACS version 2.0.2.D, the Miscellaneous Accounting Request Code OARQ was used to request these funds.

For TRACS version 2.0.3.A, the process will be the same but the owner/agent will use Miscellaneous Accounting Request Code *RADR = RAD Rehab Assistance* to request these funds.

Need an edit.

1) FATAL: *RADR = RAD Rehab Assistance Miscellaneous Accounting Request Code* used for contract type other than Component 1 PBRA RAD. Submit voucher without *RADR = RAD Rehab Assistance Miscellaneous Accounting Request* transaction.

It is best (but not required) to wait to bill for Rehab Assistance until the end of a month. This ensures that the owner/agent can allow for changes to construction deadlines and reduces the need to adjust Rehab Assistance requests when construction timelines change.

For example, in February, when creating the March voucher, the owner/agent bills for January Rehab Assistance.

The *RADR = RAD Rehab Assistance* Miscellaneous Accounting Request Comment Field must indicate the month of the Rehab Assistance Payment Request. For example: “January 2024 Rehab Assistance Payment.”

Rehab Assistance Payment Requests for multiple months may appear on a single voucher. This occurs when an owner/agent did not request Rehab Assistance Payments on a previous voucher. Enter a separate Miscellaneous Accounting Request for each month.

A Rehab Assistance Payment Schedule must be created and provided to HUD, upon request, to support any Rehab Assistance Payment request. **See Appendix XXX** of this Chapter for a sample. Owner/agents may use the sample Rehab Assistance Payment Schedule included as part of this MAT Guide or may use their own form.

***Note: Component 1 PH to PBRA RAD** – owner/agents enter these Miscellaneous Accounting Requests for Rehab Assistance on the voucher during the Year of Conversion before reducing the voucher request to zero.*

#### **4.8.5 Vouchers - Project Oversight in the Year of Conversion – Component 1 PH to PBRA RAD Only**

As stated above, until the beginning of the calendar year following the year in which the HAP Contract becomes effective, funding for the PBRA RAD HAP contract will come from PIH.

During the YOC, before submitting to TRACS, all signed vouchers (pdf) must be submitted to the HUD Account Executive assigned to the property. During the YOC, vouchers must include a *RADZ = Reversal of Voucher AP YOC* Miscellaneous Accounting Request reducing the total Voucher Request amount to \$0.00.

Owner/agents and the HUD Account Executive must comply with the guidance provided in HSG Notice 2020-10 when sending the voucher to ensure that Personally Identifiable Information (PII) and Sensitive Personally Identifiable Information (SPII) is protected.

The HUD Account Executive will review the voucher to ensure that the requested amount is zero. If the Requested Amount is zero, the Account Executive will approve submission to TRACS.

When submitting the voucher to the HUD Account Executive, when a Rehab Assistance Payment Request is included on the voucher, a Rehab Assistance Payment Schedule must be created, and provided.

Owner/agents may use the sample Rehab Assistance Payment Schedule included as part of this MAT Guide or may use their own form.

The owner/agent is still required to submit the voucher and tenant files to TRACS. This task IS NOT performed by the HUD Account Executive. All TRACS files submitted during the YOC must include resident certifications to support information reported on the voucher.

The owner/agent and the HUD AE must complete the following steps until the HUD AE determines that preliminary review is no longer required:

- The owner/agent sends the signed HAP voucher via fax or email to the HUD AE.
- The HUD AE conducts a review of the HAP voucher to ensure accuracy of any Rehab Assistance Transactions (if applicable).
- The HUD AE conducts a cursory review of the HAP voucher to ensure it is zeroed out.
- The HUD AE approves the voucher or outlines needed changes.
- Once the owner/agent has received approval, the owner/agent transmits the voucher to TRACS using TRACS compliant software or the owner/agent's Service Bureau sends the transactions.
- The owner/agent checks TRACS to make sure that voucher is successfully recorded.
- The owner/agent addresses any error as appropriate.

#### **4.8.6 Vouchers - Ongoing Project Oversight – Component 1 PH to PBRA RAD Only**

For Component 1 PH to PBRA RAD, after the Year of Conversion, the HUD Account Executive will conduct oversight in much the same manner, except the HUD Account Executive will not check to see if the voucher has a zero balance. After the Year of Conversion, the HUD Account Executive will check the Rehab Assistance Request and will also check the voucher to make sure that any adjustments that affect the Year of Conversion are reversed.

The owner/agent and the MF Account Executive/Project Manager must complete the following steps monthly after the YOC:

- The owner/agent sends the signed HAP voucher via fax or email to the *HUD AE*.
- The HUD AE conducts a review of the HAP voucher to ensure accuracy of any Rehab Assistance Transactions.
- The HUD AE conducts a cursory review of the HAP voucher to ensure any adjustments affecting the Year of Conversion are reversed.
- The HUD AE approves the voucher or outlines needed changes.
- Once the owner/agent has received approval, the owner/agent transmits the voucher to TRACS using the TRACS compliant software.
- The owner/agent checks TRACS to make sure that voucher is successfully recorded.
- The owner/agent addresses any error as appropriate.

#### **4.8.7 January/February/March Vouchers Submitted After the YOC - Component 1 PH to PBRA RAD Only**

***Note:** As discussed above, during the Year of Conversion (Year One), vouchers are funded by PIH therefore OAs submit “Zero Vouchers” to TRACS. However, starting in Year Two, the HAP is funded by HUD’s Multifamily Housing division.*

When the first January voucher is submitted to TRACS (in Year Two), the voucher will be automatically suspended until review by *HUD’s Voucher Processing division*. The error generated is:

|  |  |
|--|--|
| VST31 VOUCHER FAILED TRACS THRESHOLD EDIT;<br>REQUIRES REVIEW BY HUD/FOB | PLEASE EMAIL SIGNED COPY TO<br>VOUCHERPROCESSING@HUD.GOV |
|--|--|

What this means is that the current voucher request is significantly higher or lower than the previous voucher which has “raised a flag” and HUD is required to review the voucher for accuracy.

Owner/agents will need to email a copy (pdf) of the signed voucher to HUD’s Voucher Processing team. Include any Rehab Assistance Payment Schedule if appropriate. HUD’s Voucher Processing team will conduct a line-by-line review comparing the certifications recorded in TRACS to the requests included on the voucher. Any discrepancies will result in a delay of the voucher payment.

Once assigned to a reviewer, HUD’s Voucher Processing team has 21 days to review the voucher and provide guidance to the owner/agent. Owner/agents should watch for communications from the Voucher Processing Division and should respond in a timely manner to avoid voucher rejection.

If there are issues with the voucher, corrected vouchers are submitted to TRACS only after the voucher status has changed to VST30 – Voucher Has Been Rejected. The voucher must first be rejected in TRACS or the corrected voucher will be rejected by TRACS (FATAL error).

The corrected voucher must include the Voucher ID assigned in TRACS. Owner/agents may obtain the voucher ID from the TRACS Voucher Query.

Threshold edit errors are usually generated when the February and March (usually) vouchers are submitted as well.

### **4.9 Repayment Agreements – All PBRA RAD**

In most cases, owner/agents will handle Repayment Agreements in compliance with guidance provided in various HUD HSG Notices, HH 4350.3 and this MAT Guide.

Special rules for PBRA RAD are described below.



### **4.9.1 Repayment Agreements 2.0.3.A - Component 1 PBRA RAD**

For Component 1 PH to PBRA RAD, Repayment Agreement transactions, or portions thereof, related to PIH funding are never to appear on the PBRA RAD voucher.

There are five scenarios to consider when addressing Repayment Agreements for Component 1 PH to PBRA RAD.

1. Repayment Agreements executed prior to conversion to PBRA RAD.
2. Repayment Agreements executed after conversion to PBRA RAD but affecting YOC or housing assistance paid before conversion.
3. Repayment Agreements executed after conversion to PBRA RAD and after YOC but affecting only Year of Conversion or housing assistance paid before conversion.
4. Repayment Agreements executed after conversion to PBRA RAD and after Year of Conversion and affecting housing assistance paid during Year of Conversion and housing assistance paid after Year of Conversion.
5. Repayment Agreements executed after conversion to PBRA RAD and after Year of Conversion and affecting housing assistance paid after Year of Conversion

For Component 1 PH to PBRA RAD, owner/agents must treat Repayment Agreement transactions, created to address improper payments made prior to conversion or during the Year of Conversion (YOC) (PIH funds), separate from Repayment Agreement transactions, created to address improper payments made after YOC (MFH funds)

- No Repayment Agreements transactions for any Repayment Agreement executed prior to the PBRA RAD Contract Effective Date are ever reported on a PBRA RAD voucher.
- No Repayment Agreements transactions for any Repayment Agreement executed after PBRA RAD Contract Effective Date and during YOC are ever reported on a PBRA RAD voucher.
- No Repayment Agreements transactions for any Repayment Agreement executed after the Year of Conversion are ever reported on a PBRA RAD voucher if all of the improper payments were made before conversion to PBRA RAD and/or during the YOC but no improper payments were made after YOC.
- If a Repayment Agreement is executed after the Year of Conversion and the Repayment Agreement addresses improper payments made before conversion to PBRA RAD and/or during YOC and also addresses improper payments made after YOC, only Repayment Agreement transactions amounts attributable to improper payments made after YOC may be included on the PBRA RAD voucher.
- If a Repayment Agreement is executed after the Year of Conversion and the Repayment Agreement addresses only improper payments made after YOC all Repayment Agreement transactions may be included on the PBRA RAD voucher.

### **4.9.2 Repayment Agreements 2.0.3.A - Component 2 Mod Rehab to PBRA RAD**

For Component 2 Mod Rehab to PBRA RAD, Repayment Agreement transactions, or portions thereof, related to PIH funding are never to appear on the PBRA RAD voucher.

There are four scenarios to consider when addressing Repayment Agreements for Component 2 Mod Rehab to PBRA RAD.

1. Repayment agreements executed prior to conversion to PBRA RAD.
2. Repayment agreements executed after conversion to PBRA RAD but affecting only housing assistance paid before conversion.
3. Repayment agreements executed after conversion to PBRA RAD and affecting housing assistance paid before conversion to PBRA RAD and housing assistance paid after conversion to PBRA RAD.
4. Repayment agreements executed after conversion to PBRA RAD and affecting housing assistance paid after conversion to PBRA RAD.

For Component 2 Mod Rehab to PBRA RAD, owner/agents must treat Repayment Agreement transactions, created to address improper payments made prior to conversion to PBRA RAD (PIH funds) separate from Repayment Agreement transactions, created to address improper payments made after conversion to PBRA RAD (MFH funds)



1. No Repayment Agreements transactions (debit/credit) for any Repayment Agreement executed prior to the PBRA RAD Contract Effective Date are ever reported on a PBRA RAD voucher.
2. No Repayment Agreements transactions (debit/credit) for any Repayment Agreement executed after conversion to PBRA RAD are ever reported on a PBRA RAD voucher if all of the improper payments were made before conversion to PBRA RAD but no improper payment were made after conversion to PBRA RAD.
3. If a Repayment Agreement is executed after conversion to PBRA RAD and the Repayment Agreement addresses improper payments made before conversion to PBRA RAD and also addresses improper payments made after conversion to PBRA RAD, only Repayment Agreement transactions amounts attributable to improper payments made after conversion to PBRA RAD may be included on the PBRA RAD voucher.
4. If a Repayment Agreement is executed after conversion to PBRA RAD and the Repayment Agreement addresses only improper payments made after conversion to PBRA RAD all Repayment Agreement transactions may be included on the PBRA RAD voucher

#### **4.9.3 Repayment Agreements - Component 2 Rent Supp/RAP and PBRA RAD for 202 PRAC**

For Component 2 RENT SUPP/RAP/PBRA RAD FOR 202 PRAC, owner/agents will transfer the Repayment Agreement transactions to the PBRA RAD Contract. Repayment Agreement transactions stemming from misreporting occurring both prior to and after the PBRA RAD Contract Effective Date are reported on the PBRA RAD voucher following the standard Repayment Agreement rules.

There are four scenarios to consider when addressing Repayment Agreements for Component 2 Rent Supp/RAP & PBRA RAD for 202 PRAC.

1. Repayment agreements executed prior to conversion to PBRA RAD.
2. Repayment agreements executed after conversion to PBRA RAD but affecting only housing assistance paid before conversion.
3. Repayment agreements executed after conversion to PBRA RAD and affecting housing assistance paid before conversion to PBRA RAD and housing assistance paid after conversion to PBRA RAD.
4. Repayment agreements executed after conversion to PBRA RAD and affecting housing assistance paid after conversion to PBRA RAD

Because the improper payment on the former contract and the new contract represent funds provided through HUD's Multifamily Housing programs, these Repayment Agreements appear on the PBRA RAD voucher.

For Component 2 PBRA RAD, owner/agents will transfer the Repayment Agreement Transactions to the New Contract. The following rules apply to (Component 2 Rent Supp/RAP/PBRA RAD FOR 202 PRAC)

- Repayment Agreements transactions (debit/credit) for any Repayment Agreement executed prior to the PBRA RAD contract Effective Date are reported on the PBRA RAD voucher when the balance due is greater than zero and the resident still resides on the property.
- If the Repayment Agreement has already been reported to HUD either using an OARQ (202C) or the HUD 52670-A Part 6 (2.0.2.D) the Repayment Agreement must be entered as an existing Repayment Agreement or a baseline to ensure that the requested amount reflects only any new change to the Repayment Agreement amount or any payment made by the resident or owner/agent.
- Repayment Agreements transactions (debit/credit) for any Repayment Agreement executed after conversion to PBRA RAD are reported on the PBRA RAD voucher even if all of the improper payments were made before conversion to PBRA RAD and no improper payments were made after conversion to PBRA RAD.
- If a Repayment Agreement is executed after conversion to PBRA RAD and the Repayment Agreement addresses improper payments made before conversion to PBRA RAD and also addresses improper payments made after conversion to PBRA RAD, all Repayment Agreement transactions may be included on the PBRA RAD voucher. These Repayment Agreements require special attention.
- The owner must calculate the amount due from the tenant under the old contract either manually or using owner/agent software.
- The owner/agent must enter an OARQ Miscellaneous Accounting Request reflecting the improper payment received by the resident prior to conversion to PBRA RAD. The description should be something similar to – Ross Unit 101 – Adjustment for Improper Payment Prior to Conversion to PBRA RAD and the amount should be entered as a negative amount when the resident received too much housing assistance due to misreporting.

- The owner/agent must correct existing certifications - effective on or after the PBRA RAD Contract Effective Date or, if appropriate, insert new certifications – effective on or after the PBRA RAD Contract Effective Date - thus generating correlating adjustments on the voucher.
- For the new Repayment Agreement, the Ending Agreement Amount (on the first voucher) is equal to the entire improper payment (from both the old and new contracts) less any payments made by the resident.
- Adding this new Repayment Agreement will cause a positive request on the HUD 52670-A Part 6 Repayment/Escrow (assuming the resident received too much housing assistance due to misreporting).
- The OARQ Miscellaneous Accounting Request added to the total adjustments for the resident/unit may not reflect the total of the Repayment Agreement amount because of timing issues, but will create the appropriate “offset” for the requested amount for the new Repayment Agreement transaction on the HUD 52670-A Part 6.
- If a Repayment Agreement is executed after conversion to PBRA RAD and the Repayment Agreement addresses only improper payments made after conversion to PBRA RAD all Repayment Agreement transactions may be included on the PBRA RAD voucher

#### **4.9.4 FSS Provisions That Will Affect the Voucher After Conversion - Component 1 PH to PBRA RAD & Component 2 Mod Rehab to PBRA RAD**

At the time of conversion, the owner/agent is required to continue to service all active FSS CoPs. All Project Owners will be required to administer the FSS program or partner with another agency to administer the FSS program in accordance with the requirements of 24 CFR part 984, the participants' contracts of participation (CoP), and future guidance published by HUD.

The owner is not required to enroll new participants, but may choose to do so in accordance with [HSG Notice 2016-08 Family Self Sufficiency Program in Multifamily](#). Please see Multifamily and other guidance for additional details, including FSS Coordinator funding eligibility under a PBRA RAD conversion. Current guidance can be found in [HSG Notice 2016-08 Family Self Sufficiency Program in Multifamily](#).

##### **4.9.4.1 Existing FSS Funds for FSS Transactions Made Prior to and During the Year of Conversion - Component 1 PH to PBRA RAD**

Upon conversion, funds escrowed under the Public Housing program for FSS participants shall be transferred into the PBRA escrow account and be considered PBRA funds, thus reverting to PBRA if forfeited by the FSS participant. The owner/agent shall deposit the FSS account funds of all participating families into a single depository account.

The Escrow Accounts for households participating in the program must be calculated in accordance with the PIH regulations at 24 CFR Part 984.

To ensure that HAP payments are processed correctly, and until TRACS is modified, the owner/agent must notify [MF\\_FSS@hud.gov](mailto:MF_FSS@hud.gov) that there are current FSS participants residing in the Covered Project.

The owner/agent has latitude in rewriting interim and final goals. The statutory requirement remains that the HOH seek and maintain appropriate employment; and that all participant family members be free of welfare for a year.

Until the goals are met and the participant graduates, or the participant voluntarily leaves the program, the owner must continue to service the active CoP. The term of the CoP is up to five years from the Effective Date of the CoP.

The owner/agent may make the determination that the FSS family is not in compliance with the CoP. If the FSS family fails to comply (without good cause) with the terms and conditions of the contract, the owner may terminate the family's participation in the FSS program.

Under TRACS 2.0.2.D, owner/agents used the OARQ Miscellaneous Accounting Request to create an offset to the Assistance Payment requests for those residents participating in the FSS program. With the release of TRACS 2.0.3.A, these transactions must be recorded on the HUD 52670-A Part 6 (MAT30 Section 7 Record).

Existing FSS Escrow Accounts must be set up with a baseline record on conversion to 2.0.3.A software.

#### **4.9.4.2 FSS Transactions Made During the Year of Conversion - Component 1 PH to PBRA RAD**

During the Year of Conversion, owner/agent will continue to deposit appropriate funds into the FSS Escrow Accounts.

These FSS transactions are created before the voucher is reduced to zero. The funds used to make these deposits are PIH funds and the PHA provides FSS Escrow Account deposit funds.

Owner/agents of Component 1 PH to PBRA RAD properties should be sure to track the contributions to the FSS Escrow Account prior to submission of the first Year 1 Voucher. The owner/agent must arrange with the PHA to provide funds accrued for the FSS Escrow Account. The FSS Escrow Account is not funded by MFH during the Year of Conversion, but these amounts must be deposited and included in the FSS annual review with the resident.

If the resident successfully achieves the goals of the FSS CoP, funds are distributed to the resident based on the guidance provided in this MAT Guide.

If the FSS agreement is Terminated because the resident opts out or fails to achieve documented targets, the owner/agent may keep the funds, but use of those funds is directed by HUD.

#### **4.9.4.3 FSS Transactions Made Prior to the Year of Conversion - Component 2 Mod Rehab to PBRA RAD**

PHAs must transfer any FSS Balances at the time of conversion to PBRA RAD.

If the resident successfully achieves the goals of the FSS CoP, funds are distributed to the resident.

If the FSS agreement is Terminated because the resident opts out or fails to achieve documented targets, the owner/agent may keep the funds, but use of those funds is directed by HUD.

#### **4.9.5 Miscellaneous Accounting Request Codes Specific to Component 1 PH to PBRA RAD**

The following new Miscellaneous Accounting Request Codes have been added specifically for Component 1 PH to PBRA RAD vouchers. These Miscellaneous Accounting Request Codes may not be used for any other Subsidy Type or Sub-type:

- RADZ = Reversal of Voucher AP YOC
- RADR = RAD Rehab Assistance
- RDRV = RAD Reversal of Adjustment Affecting YOC
- RADN = Reversal of Negative AP Request - Tenant

Three fields in the MAT30, Section 6, Miscellaneous Accounting Request record are related to RADN transactions:

- HOH Last Name,
- HOH First Name and
- Unit Number.

These three fields are required in relation to *RADN = Reversal of Negative AP Request - Tenant* requests and for *RDRV = RAD Reversal of Adjustment Affecting YOC* requests. The fields are optional for other request types tied to a household and unit.

The fields should be filled when the Miscellaneous Accounting Request Type is for a single unit and tenant.

The HUD52670-A Part 4 form has been revised to accommodate the new fields. See [203A52670Part4.pdf](#) for the revised form.

For additional information about Miscellaneous Accounting Requests, see Chapter 5 of this MAT Guide.

#### **4.9.5.1 RADZ = Reversal of Voucher AP YOC - Component 1 PH to PBRA RAD Only**

For Component 1 PH to PBRA RAD, the timeframe between the PBRA RAD Contract Effective Date and January 1 of the following year is referred to as Year 1 or Year of Conversion (YOC). Multifamily Housing provides no funding (for Assistance Payments, Special Claims, rehab assistance, FSS, etc.) during YOC.

OAs are required to submit appropriate tenant and voucher files to TRACS and to address any errors that are generated by such submissions.

The final step performed when creating monthly vouchers for the YOC is to enter a Miscellaneous Accounting Request to reduce the voucher request to zero.

The new *RADZ - Reversal of Voucher AP YOC* Miscellaneous Accounting Request Code is used during YOC for a Component 1 PH to PBRA RAD property to reduce the voucher to zero before transmitting it to HUD.

There is no requirement to reduce the voucher to zero after the Year of Conversion (starting with the voucher for the first January after the YOC).

#### **4.9.5.2 RADR - RAD Rehab Assistance - Component 1 PH to PBRA RAD Only**

Rehab Assistance applies only to Component 1 PH to PBRA RAD. Many owner/agents are unaware that their contract allows billing for Rehab Assistance. For this reason, HUD allows owner/agents to bill for multiple months of Rehab Assistance on a single voucher. Rules are outlined below.

Owner/agents are strongly encouraged to check the contract to determine if Rehab Assistance billing applies.

In most cases, a Component 1 PH to PBRA RAD HAP Contract provides for Rehab Assistance - allowing an owner/agent to bill HUD for a specified amount during the time a unit is “down” for rehab. This is discussed in more detail earlier in this document.

A new Miscellaneous Accounting Request Code –*RADR = RAD Rehab Assistance* is used to request the monthly Rehab Assistance payment. The comment field must include the month and year for which the Rehab Assistance is being requested.

*RADR - RAD Rehab Assistance* transactions are requested by voucher month. So, when billing for a single month, there will be one *RADR - RAD Rehab Assistance – Miscellaneous Request*.

When billing for multiple months on a single voucher, there will be a separate *RADR = RAD Rehab Assistance* Miscellaneous Accounting Request transaction for each month.

The *RADR - RAD Rehab Assistance* Comment Field must indicate the voucher month of the Rehab Assistance Payment Request. For example: “January 2024 Rehab Assistance Payment.”

*RADR - RAD Rehab Assistance* Miscellaneous Accounting Requests may be included on the voucher during the Year of Conversion. Any *RADR - RAD Rehab Assistance* Miscellaneous Accounting Requests that are included on a voucher for the YOC must be entered before the voucher is reduced to zero.

If a *RADR - RAD Rehab Assistance* Miscellaneous Accounting Request is entered on a voucher for Year 2 or later but includes a Rehab Assistance Request for a month included in the YOC, that amount must be reversed using the same *RADR - RAD Rehab Assistance* Miscellaneous Accounting Request with a negative value.

#### **4.9.5.3 RADV Reversal of Adjustment Affecting YOC - Component 1 PH to PBRA RAD Only**

On any voucher effective after the YOC, if a certification effective during the YOC is corrected or added, the portion of the resulting adjustments attributable to the YOC must be reversed using the *RDRV = RAD Reversal of Adjustment Affecting YOC* code.

The *RDRV = RAD Reversal of Adjustment Affecting YOC - Reversal of Adjustment Affecting YOC* Miscellaneous Accounting Request Code is used for Component 1 PH to PBRA RAD to reverse the portion of any adjustments attributable to the YOC. To help make *RDRV = RAD Reversal of Adjustment Affecting YOC* records more readable and user friendly, the fields HOH Last Name, HOH First Name, and Unit Number are mandatory.

One *RDRV = RAD Reversal of Adjustment Affecting YOC* request is submitted for each tenant/unit combination and reflects the net adjustment for the tenant/unit combination.

If there is more than one adjustment for a unit (Tenant 1/Unit A and Tenant 2/Unit A) then two *RDRV = RAD Reversal of Adjustment Affecting YOC* Miscellaneous Accounting Requests are reported.

If there are two adjustments for the same tenant in different units (Tenant 1/Unit A and Tenant 1/Unit B) as would happen with a UT in YOC, then two *RDRV = RAD Reversal of Adjustment Affecting YOC* Miscellaneous Accounting Requests are reported.

The comment field is filled as follows: YOC adjustment reversal for Unit X and tenant HOH LAST NAME. For example: YOC adjustment reversal for Unit 302A and tenant Granger.

No *RDRV = RAD Reversal of Adjustment Affecting YOC* Miscellaneous Accounting Requests are allowed on any YOC voucher. These codes are only allowed to be included on vouchers starting with the January voucher for Year 2.

#### **4.9.5.4 RADN - Reversal of Negative AP Request – Tenant - Component 1 PH to PBRA RAD Only**

For Component 1 PH to PBRA RAD, a tenant's TTP may exceed Gross Rent. For Component 1 PH to PBRA RAD TTP is the lesser of:

- Calculated TTP (greater of 10% of annual income or 30% of adjusted income); or
- The maximum allowable LIHTC rent under LIHTC program rules.

**See**

For Component 1 PH to PBRA RAD, when AP is negative, the voucher includes a negative Assistance Payment (AP) request. Owner/agents are allowed to reverse this negative request.

A new *RADN = Reversal of Negative AP Request - Tenant* Miscellaneous Accounting Request Code is used to allow the owner/agent to offset any negative AP request on the voucher. To help make *RADN - Reversal of Negative AP Request - Tenant* records more readable and user friendly, the fields HOH Last Name, HOH First Name, and Unit Number are mandatory.



**RADN = Reversal of Negative AP Request - Tenant** Miscellaneous Accounting Requests may be used during YOC.

Doing this for regular assistance is straightforward—simply add a **RADN = Reversal of Negative AP Request - Tenant Miscellaneous Accounting Request** with a positive value equal to the amount of negative assistance (-38 assistance becomes a +38 **RADN = Reversal of Negative AP Request - Tenant** request).

However, the situation is more complex when adjustments are involved especially since adjustments could be retroactive and cover household certs with a mixture of positive and negative assistance and can span unit transfers.

To make the **RADN = Reversal of Negative AP Request - Tenant** adjustments easy for a human auditor to monitor, the rules for generating and reporting **RADN = Reversal of Negative AP Request - Tenant Miscellaneous Accounting Requests** rows are as follows:

- All **RADN - Reversal of Negative AP Request - Tenant** Miscellaneous Accounting Requests are listed together.
- Requests are to be in unit order. If the requests cover more than one household in a unit, the requests are listed in occupancy order as is normally done with adjustments.
- Within the unit/household group, any regular assistance request is listed first and followed by any adjustment-based requests in the same order that they appear in the adjustment billing—prior before new and in Effective Date order within prior or new.
- Include one row for each household whose current regular assistance billing is negative. The requested amount is positive and equal to the absolute value of the negative assistance.
- Include one row corresponding to each adjustment row that is based on a certification whose assistance is negative (the Asst Pmt column on the schedule). The requested amount related to each adjustment row is the opposite sign of the adjustment amount (the value in the Amount column on the schedule).
- **RADN = Reversal of Negative AP Request - Tenant** Miscellaneous Accounting Requests are not used for the YOC component of an adjustment reported on a Year 2 or later voucher. See the requirements for the **RDRV = RAD Reversal of Adjustment Affecting YOC**.

The comment field must be filled as follows:

- Assistance/Adjustment (Position 1, left justified, length 6),
- Cert Type (Position 8, left justified, length 5),
- Cert Effective Date (Position 15, left justified, length 10),
- Prior/New (Position 26, left justified, length 1),
- Cert Assistance (Position 28, right justified, length 6). Note that the Cert Assistance value is from the MAT10, Section 2 Record Field 67 Assistance Payment Amount or from the MAT70 Record, field 20 Assistance Payment Amount in the case of regular assistance billing. For records related to adjustments use the value in the MAT30, Section 4 Record, Field 12 Assistance Payment. This value is the actual cert assistance. The Misc. Request Amount in the Section 6 Record contains the reversing entry.

See below for the layout of the comment field. The periods are intended to help indicate field length and would be replaced by spaces in a real record. Note that there is a space as filler between fields.

```
12345678901234567890123456789012345678901234567890123456789012345678
ASSIST AR-I* MM/DD/YYYY . nnnnnn
ADJUST AR-I* MM/DD/YYYY P nnnnnn
ADJUST AR-I* 12/31/2023 N 999999
ADJUST IR 02/01/2023 N 99
ADJUST MI 12/31/2023 P 999
```

For example, a **RADN = Reversal of Negative AP Request - Tenant** request for a tenant with a regular assistance amount would look like this:  
ASSIST AR 01/01/2022 -120

The requested amount would be \$120.

A request related to an adjustment involving a negative assistance cert would look like this. Assume a 1/1 AR that is corrected 3 months later and where assistance changes from -120 to -125

ADJUST AR 01/01/2024 P -120

The Prior reversing adjustment would be +360—3 months at 120.

The requested amount for this transaction would be -360.

ADJUST AR\* 01/01/2024 N -125

The New adjustment would be -375—3 months at -125.

The requested amount for the second transaction would be +375

The net of the two transactions is +15

## 4.10 Converting from TRACS 2.0.2.D to TRACS 2.0.3.A - PBRA RAD

Unless specifically stated in this Chapter, the standard rules, outlined in this MAT Guide, for converting from TRACS 2.0.2.D to TRACS 2.0.3.A apply.

### 4.10.1 Residents Whose Assistance Payment is Zero or Negative Before Conversion to TRACS 2.0.3.A - Component 1 PH to PBRA RAD Only

Even though the Component 1 PH to PBRA RAD rules allow for an Assistance Payment that is zero or negative, TRACS v 2.0.2.D generated a FATAL error if an owner/agent submitted a PBRA RAD 50059 (TRACS Tenant File) when the Assistance Payment (AP) was \$0 or negative.

Under TRACS v 2.0.2.D, the accepted workaround was to either:

- Create and send a Suspension/TM Transaction (TM) to TRACS when AP is \$0 or negative; or
- Create and submit a MAT10 record showing AP as zero or negative understanding that TRACS would not record that certification and would generate a FATAL error.

For TRACS version 2.0.2.D Component 1 PH to PBRA RAD residents, whose AP is zero or negative, are required to comply with Annual and Interim Recertification requirements. The owner/agent is required to charge the resident the TTP that is calculated based on the Component 1 PBRA RAD Rent Calculation Rules described above. In most cases, owner/agents created “manual” HUD 50059s for resident signature but did not submit those certifications to TRACS.

When the owner/agent converts to TRACS version 2.0.3.A, the owner/agent must submit an IC reinstating the resident in TRACS. In this case, the “Eligibility Check Not Required” flag is set on the IC, but not set on subsequent certifications.

Alternatively, the owner/agent could submit the most recent certification in effect marked as a baseline and then submit subsequent partial certifications for that tenant.

As another alternative, the owner/agent may submit any completed certifications, in separate transmissions, in effective date order on different dates, to build the history in TRACS.

If the household was in residence on the PBRA RAD Contract Effective Date, the new MAT10, Section 2 PBRA RAD Conversion Tenant flag must be set to Y(es).

The Effective Date of the IC reinstating the resident in TRACS is either the first of the month following implementation of TRACS v 2.0.3.A or the first of the following month.

These certifications must be submitted no later than when the second 2.0.3.A voucher is submitted to TRACS.

For example:

**At conversion (9/1/2022) (TRACS v 2.0.2.D)**

- Unit Rent is \$600
- Household Adjusted Income is \$23000
- 30% of AI = \$550 (assuming 30% of adjusted is greater than 10% of annual)
- AP = \$50
- PBRA RAD Conversion IC (HUD 50059) is created w/ Next Annual Recertification Date of 5/1/2020 (based on most recent cert)
- Initial Certification is sent to TRACS
- Resident TTP \$550/month (taken from the previous HUD 50059)
- HAP Request = \$50.00
- Resident is included in the count of Units Receiving Subsidy on the voucher

**On 12/15/2022 Resident Reports for Interim Recertification (TRACS v 2.0.2.D)**

- Unit Rent is \$600
- New household Adjusted Income is \$26000
- 30% of AI = \$650 (assuming 30% of adjusted is greater than 10% of annual)
- AP = <\$50>
- Interim Recertification effective 2/1/2023 created and signed by the resident and the owner/agent but is NOT sent to TRACS because it would fatal in TRACS v 2.0.2D – Site software may or may not allow the owner/agent to automate this process. Certifications may have to be created manually.
- Resident is charged \$650/month
- TM (effective 1/31/2020) sent to TRACS in v 2.0.2.D on 1/10/2023
- 2/2023 Voucher submitted to TRACS
- Resident is included in the count for market units on the voucher
- Resident's unit is not part of the assisted unit count on the 2.0.2.D voucher

**On 3/1/2023 Resident Reports for 5/1/2023 Annual Recertification (TRACS v 2.0.2.D)**

- Unit Rent is \$600
- Household Adjusted Income (AI) is \$26000
- 30% of AI = \$650 (assuming 30% of adjusted is greater than 10% of annual)
- AP = <\$50>
- Resident is charged \$650/month
- The AR (effective 5/1/2023) is signed by the resident/owner/agent but IS NOT sent to TRACS
- 5/2023 Voucher submitted to TRACS
- Resident is included in the count for market units on the voucher
- Resident's unit is not part of the assisted unit count on the 2.0.2.D voucher

**Property Converts to TRACS Version 2.0.3.A on 12/11/2023**

- Owner/agent creates an IC effective 1/1/2024 using information on the most recent certification created and submitted (5/1/2023 AR in this example). It is important to use the Next Recert Date on the most recent cert. In this example, the Next Recert Date is 5/1/2024
- Unit Rent is \$600
- Household Adjusted Income (AI) is \$26000
- 30% of AI = \$650 (assuming 30% of adjusted is greater than 10% of annual)
- AP = <\$50>
- Resident is charged \$650/month
- The IC (effective 1/1/2024) is signed by the resident/owner/agent and IS sent to TRACS
- 4/2021 Voucher submitted to TRACS
- Resident's unit is part of the assisted unit count on the 2.0.3.A voucher
- AP request is <\$50>
- Miscellaneous Accounting Request RADN = Reversal of Negative AP Request - Tenant is \$50 to offset the negative AP request

### On 3/1/2024 Resident Reports for 5/1/2024 Annual Recertification (TRACS v 2.0.3.A)

- Unit Rent is \$610
- Household Adjusted Income is \$29000
- 30% of AI = \$725 (assuming 30% of adjusted is greater than 10% of annual)
- AP = <\$115>
- Resident is charged \$725/month
- The Annual Recertification (effective 5/1/2024) is signed by the resident and the owner/agent and IS sent to TRACS
- 5/2024 Voucher submitted to TRACS
- Resident's unit is part of the assisted unit count on the 2.0.3.A voucher
- AP request is <\$115>
- Miscellaneous Accounting Request RADN = Reversal of Negative AP Request - Tenant is \$115 to offset the negative AP request

If the tenant was terminated and if Rent Phase-in applies to the household (as determined under the TRACS 2.0.3.A rules), the IC re-establishing the tenant in TRACS, should pick up with Rent Phase-in at the appropriate place, using the TTP from the prior certification whether or not it was sent to TRACS.

If a transaction retroactive to the new IC or baseline MAT10 must be submitted, any original retroactive certifications needed to support the adjustment calculations must also be submitted. This situation may arise after an IC or baseline MAT10 has been sent.

## 4.11 Comparison of Section 8 to Section 8 PBRA RAD

Definition of Terms for the Table Below:

- **Contract Rent (CR)** – The HUD-assigned Rent for the Unit before any Utility Allowance is considered
- **Utility Allowance (UA)** – The HUD approved Utility Allowance for a Unit
- **Gross Rent (GR)** – Contract Rent plus the Utility Allowance
- **Operating Rent** – The GR for a PRAC Unit
- **LIHTC Max Rent** – The Maximum Rent for a unit under LIHTC rules.
- **LIHTC Utility Allowance (LIHTC UA)** – Any Utility Allowance - not the HUD Utility Allowance - subtracted from the LIHTC Maximum Rent to determine the rent that a resident would pay under the LIHTC Rules
- **Low-income Housing Tax Credit Rent** – LIHTC Max Rent less any LIHTC UA and non-optional charges
- **Total Tenant Payment (TTP)** – The greater of 10% of Annualized Income or 30% of Adjusted Income or Welfare Rent under HUD rules
- **PBRA RAD Calculated TTP** – Component 1 calculation that may result in a TTP greater than Gross Rent
- **Assistance Payment (AP)** – The portion of the Gross Rent paid by HUD

| Section 8   | PBRA RAD  |
|---|---|
| Assigned to Contract Administrator ( <i>in most cases</i> ).  | HUD Account Executive or Resolution Specialist assigned by HUD to act as Contract Administrator.<br><br>Pilot program is in place, so some PBRA RAD will be assigned to a PBCA.   |
| Application/Eligibility   |   |
| HOH, co-HOH or spouse must be 62 or older or disabled for <b>S8 Elderly</b> or <b>202/8</b> only.<br><br>No elderly eligibility requirement for other S8 properties<br><br>Under Section 8 Definition <b>A – 5.403] Elderly Family</b> . <i>Elderly family means a family whose head or spouse or sole member is a person who is at least 62 years of age. It may include two or more persons who are at least 62 years of age living together, or one or more persons who are at least 62 years of age living with one or more live-in aides</i> | <b>All PBRA RAD (Except PBRA RAD for 202 PRAC)</b> - No elderly eligibility designation ( <i>OAs may establish an elderly preference with HUD approval</i> )<br><br><b>Component 2 PBRA RAD for 202 PRAC</b> - Elderly eligibility designation. Section 8 Definition <b>A – 5.403] Elderly Family</b> . <i>Elderly family means a family whose head or spouse or sole member is a person who is at least 62 years of age.</i> |

| Section 8   | PBRA RAD   |
|---|--|
|   | <p>For PBRA RAD – used for <u>eligibility for deductions</u>.</p> <p>Under Section 8 Definition <i>A – 5.403] Elderly Family</i>. <i>Elderly family means a family whose head or spouse or sole member is a person who is at least 62 years of age.</i></p>  |
| No required applicant preferences   | <p><b>All PBRA RAD</b> - Preference required - Right to Return - Residents in place at the time of the PBRA RAD</p> <p>As the purpose of the conversion of SRO assistance to assistance under a PBRA contract is to place the properties on a more sustainable footing while retaining and preserving the original purpose of SRO properties to serve the homeless, the following requirements apply specifically to SRO conversions. All properties converted shall follow procedures under the PBRA programs to establish an Admissions Preference for homeless individuals or families.</p> |
| TTP must be less than GR at MI or IC  | <p><b>For Component 1 PH to PBRA RAD</b> - TTP does not have to be less than GR at MI or IC – RAD Calculated TTP can be equal to or greater than GR (AP is zero or negative)</p> <p><b>Component 2 PBRA RAD.</b> - TTP must be less than GR at MI or IC</p>  |
| Pre 81 Universe – Low income, Very-low income (VLI) & Extremely-Low income (ELI) are qualified<br>Post 81 Universe - Very-low income (VLI) & Extremely-Low income (ELI) are qualified | <p><b>All PBRA RAD (Except PBRA RAD for 202 PRAC)</b><br/>Post 81 Universe – but allowed to admit Low income (25% monitored at HQ). Very-low income (VLI) and Extremely-low income (ELI) are qualified</p> <p><b>Component 2 PBRA RAD for 202 PRAC</b> Post 81 Universe - Very-low income (VLI) &amp; Extremely-Low income (ELI) are qualified</p>   |
| Section 8 Noncitizen Rule   | <b>All PBRA RAD</b> Section 8 Noncitizen Rule applies  |
| Section 8 Student Eligibility Rules   | <b>All PBRA RAD</b> Section 8 Student Rule applies   |
| <b>Rent Calculation</b>   |  |
| Section 8 Minimum Rent = \$25.00  | <b>All PBRA RAD</b> Section 8 Minimum Rent = \$25.00   |
| <b>Rent Calculation</b>   |  |
| Non-citizen proration   | <p><b>Component 1 PH to PBRA RAD</b> Noncitizen proration when Assistance Payment (AP) is positive</p> <p><b>Component 2 PBRA RAD</b> Noncitizen proration.</p>  |
| Assistance may be terminated <b>for non-compliance</b> with program rules such as failure to participate in the AR tasks  | <p><b>Component 1 and Component 2 PBRA RAD:</b><br/>Assistance may be terminated for non-compliance with program rules such as failure to participate in AR tasks.</p> <p><b>Component 2 PBRA RAD</b> – When calculated AP is equal to or exceeds GR, AP is terminated.</p> <p><b>If there is no LIHTC funding in place</b>, Terminated resident pays Contract Rent.</p>   |



| Section 8  | PBRA RAD  |
|--|---|
|  | <p><b>If there is LIHTC funding in place</b>, A terminated resident may never pay more than Tax Credit Rent but may pay less. When LIHTC Max Rent is more than Contract Rent, the terminated resident may pay Contract Rent or an amount up to the Tax Credit Rent. When LIHTC Max Rent is less Contract Rent, the terminated resident must pay the Tax Credit Rent. In this case, AP must not be positive.</p>   |
| Calculated TTP is greater of 10% of Annual Income or 30% of Adjusted Income with cap at Gross Rent | <p>Calculated TTP is greater of 10% of Annual Income or 30% of Adjusted Income</p> <p><b>Component 1 PH to PBRA RAD</b> TTP can exceed Gross Rent</p> <p><b>Component 2 PBRA RAD</b> TTP is capped at Gross Rent</p>  |
| AP is never negative   | <p><b>Component 1 PH to PBRA RAD only</b> - When AP is negative, that negative transaction is reversed using a Misc. Accounting Request. Such excess rent is deposited into the property operating account.</p> <p><b>Component 2 PBRA RAD</b> – AP is never negative</p>   |
| No Rent Phase-in   | <p><b>Component 1 PH to PBRA RAD only</b> - Rent Phase-in Determination made when the Conversion IC is created and applies if TTP increases by the greater of \$25 or 10% <b><u>solely as a result of conversion to RAD</u></b> – usually applies:</p> <ol style="list-style-type: none"> <li>1. To residents who were paying flat rent,</li> <li>2. When EID ends on or immediately before the contract effective date or</li> <li>3. When permissive deductions are removed.</li> </ol> <p>This differs from instruction provided in HSG Notice 19-09. Rent Phase-in is only applied to full certifications.</p> <p><i>Note: With TRACS 2.0.2.D, Phase-in was determined with the first AR or IR created after the Conversion IC. Also, Phase-in applied to all certifications.</i></p> |
| Lease/House Rules  |   |
| Use HUD Model Lease 90105A   | <b>All PBRA RAD</b> Use HUD Model Lease 90105A  |
| Lease Rules follow standard requirements outlined in 4350.3 and subsequent HSG Notices             | <b>All PBRA RAD</b> Lease Rules follow standard requirements outlined in 4350.3 and subsequent HSG Notices  |
| Late Fees (not 202/8)  | <b>All PBRA RAD</b> Late Fees   |
| NSF Fees (not 202/8)   | <b>All PBRA RAD</b> NSF Fees  |
| Required to allow pets for properties set aside for elderly and disabled residents                 | <p><b>All PBRA RAD (Except PBRA RAD for 202 PRAC)</b> - Not required to allow pets except those pets approved prior to conversion to PBRA RAD. Assistance animals must be allowed.</p> <p><b>Component 2 PBRA RAD for 202 PRAC</b> Required to allow pets for properties set aside for elderly</p>  |
| Required to follow HUD guidance re: Pet Rules for  | <b>All Components other than PBRA RAD for 202 PRAC</b>  |

| Section 8  | PBRA RAD  |
|--|---|
| <p>properties set aside for elderly and disabled residents.</p> <p>Properties that are not set aside for elderly or disabled residents must comply with local ordinance.</p> | <p>- Not required to follow HUD guidance re: Pet Rules. Required to follow local ordinance</p> <p><b>Component 2 PBRA RAD for 202 PRAC</b> Required to follow HUD guidance re: Pet Rules for properties set aside for elderly and disabled residents</p>  |
| <p>Required to provide HUD 91067 VAWA Addendum</p>   | <p><b>All PBRA RAD</b> Required to provide HUD 91067 VAWA Addendum</p>  |
| <p>House Rules follow standard requirements outlined in 4350.3 and subsequent HSG Notices.</p>   | <p>Follow standard requirements outlined in 4350.3 except</p> <ul style="list-style-type: none"> <li>House Rules must have provision for special termination rules. And</li> <li>Component 1 PH to PBRA RAD House Rules must have specific language explaining Residents' Rights to Participate including available funding if applicable</li> </ul>  |
| <p>Tenant Organizations must be encouraged.</p>  | <p><b>Component 1 PH to PBRA RAD:</b> Tenant Organizations must be encouraged and funded @ \$25 per unit. Special Rules apply.</p> <p><b>Component 2 PBRA RAD</b> Tenant Organizations must be encouraged.</p>  |
| Rent Calculation   |   |
| <p>When TTP is equal to GR, AP is Terminated. Resident pays Contract Rent or Max Tax Credit Rent when LIHTC funding is in place.</p>   | <p><b>Component 1 PH to PBRA RAD</b> - When TTP exceeds GR, resident pays the lesser of Calculated RAD TTP (<i>greater of 10% of Annual Income or 30% of Adjusted Income or Welfare Rent</i>) less UA or any applicable Maximum Rent allowable under LIHTC regulations (<i>Assistance Payment (AP) can exceed GR</i>)</p> <p><b>Component 2 PBRA RAD</b> - When TTP is equal to GR, AP is Terminated, resident pays Contract Rent or may pay Max Tax Credit Rent when LIHTC funding is in place</p> |

## 4.12 Comparison RAD for 202 PRAC to Section 8 PBRA RAD and PRAC

Definition of Terms for the Table Below:

- **Contract Rent (CR)** – The HUD-assigned Rent for the Unit before any Utility Allowance is considered
- **Utility Allowance (UA)** – The HUD approved Utility Allowance for a Unit
- **Gross Rent (GR)** – Contract Rent plus the Utility Allowance
- **Operating Rent** – The GR for a PRAC Unit
- **LIHTC Max Rent** – The Maximum Rent for a unit under LIHTC rules.
- **LIHTC Utility Allowance (LIHTC UA)** – Any Utility Allowance - not the HUD Utility Allowance - subtracted from the LIHTC Maximum Rent to determine the rent that a resident would pay under the LIHTC Rules
- **Low-income Housing Tax Credit Rent** – LIHTC Max Rent less any LIHTC UA and non-optional charges
- **Total Tenant Payment (TTP)** – The greater of 10% of Annualized Income or 30% of Adjusted Income or Welfare Rent under HUD rules
- **PBRA RAD Calculated TTP** – Component 1 calculation that may result in a TTP greater than Gross Rent
- **Assistance Payment (AP)** – The portion of the Gross Rent paid by HUD

| Topic                         | <b>RAD for PRAC v PBRA RAD</b><br><i>Is there any indication that the PBRA RAD Rules are different when it is RAD for PRAC v Other Component 2 Conversions?</i>   | <b>Section 8 PBRA RAD</b>   | <b>202 PRAC</b>   |
|-------------------------------|---|---|---|
| Eligibility - Designation     | <b>Exception</b> – Senior designation   | No senior designation, but allowed to submit a request to establish an elderly preference.  | Senior designation  |
| Eligibility - Elderly         | <p><b>Exception</b> – While Section 8 properties with elderly designations may include disabled non-elderly families – all PBRA RAD for PRAC families must be elderly (HOH, co-HOH or spouse is 62 or older) There is no such restriction on other family members.</p> <p>Nonelderly disabled families are not eligible unless there has been a HUD-approved eligibility waiver.</p> <p>OAs may not exclude minor children.</p> <p>We have no HUD guidance to apply anything other than the S8 designation.</p> | <p>Under Section 8 Definition <i>A – Elderly Family</i>. [24 CFR 5.403] <i>Elderly Family</i>. Elderly family means a family whose head or spouse or sole member is a person who is at least 62 years of age. It may include two or more persons who are at least 62 years of age living together, or one or more persons who are at least 62 years of age living with one or more live-in aides.</p> | <p>202 PRAC all families must be elderly (HOH, co-HOH or spouse is 62 or older).</p> <p>There is no such restriction on other family members.</p> <p>OAs may not exclude children.</p> <p>Under 202 PRAC Definition <i>C – Elderly Person</i>. [24 CFR 891.205] <i>An elderly person is a household composed of one or more persons at least one of whom is 62 years of age or more at the time of initial occupancy.</i></p> |
| Eligibility – Income Limits   | <b>Exception</b> – RAD for PRAC follows the Standard Section 8 Post Universe rule regarding income limits. For RAD for PRAC, use Very-low and Extremely-low income. These properties are treated as Post Universe   | For Component 1 PH to PBRA RAD and Component 2 Mod Rehab/Rent Supp/RAP to PBRA RAD - While properties are Post Universe, Pre-1981 Universe Income Eligibility rules apply allowing low, very-low and extremely-low income families to move in.  | <p>For PRAC only Very-low and Extremely-low income</p> <p>(For contracts executed in 1995, low income families are eligible).</p>   |
| Eligibility – Noncitizen Rule | <p>Restrictions of assistance to ineligible noncitizens</p> <p>For residents in place at the time of conversion, OAs do not apply the</p>   | <p>Restrictions of assistance to ineligible noncitizens</p> <p>Prorated Assistance based on number of members who are</p>   | <p>The Noncitizen Rule (NCR) does not apply to PRAC.</p> <p>No proration of assistance based on number of members who are eligible under the NCR</p>  |

| Topic                                  | <b>RAD for PRAC v PBRA RAD</b><br><i>Is there any indication that the PBRA RAD Rules are different when it is RAD for PRAC v Other Component 2 Conversions?</i>  | <b>Section 8 PBRA RAD</b>   | <b>202 PRAC</b>  |
|--|--|---|--|
|  | <p>Noncitizen Rule (NCR) at the time of conversion.</p> <p>The NCR is applied at the first AR or IR after conversion.</p>  | <p>eligible under the Noncitizen Rule (NCR).</p> <p><i>Note: For Component 1 PH to PBRA RAD, standard S8 proration rules apply unless calculated AP is zero or negative.</i></p>  |  |
| Eligibility – Student Rule             | Section 8 Student Rule   | Section 8 Student Rule  | Non-Section 8 Student Rule   |
| Eligibility – Need Assistance          | <p>Standard Section 8 rules apply. An applicant family must need assistance in order to be qualified.</p>  | <p>TTP – For Component 1 PH to PBRA RAD, TTP does not have to be less than Gross Rent at MI (this is an exception to the standard S8 rule defined in HH 4350.3 R1, C4, Paragraph 3-6.) TRACS 2.0.2.D did not function in compliance with HUD RAD Notices in all cases.</p> <p>TTP - For Component 2 Mod Rehab/Rent Supp or RAP to PBRA RAD, TTP does have to be less than Gross Rent at MI; AP may not be zero.</p> | <p>TTP – For PRAC, TTP does not have to be less than Operating Rent at MI. AP may be zero or negative.</p>   |
| Eligibility – Adding a New Member      | <p>Standard Section 8 rules apply.</p> <p>No restrictions other than eligibility and screening when adding a new household member.</p> <p>An adult child or grandchild can apply and, if eligible, be added to the household with no requirement to be essential to the care and well-being of the resident.</p> <p>The PRAC rules for adding adult children outlined in HH 4350.3 Change 4 Paragraphs 3-6 and 7-4 do not apply.</p> | <p>Standard Section 8 rules apply –</p> <p>No restrictions other than eligibility and screening when adding a new household member.</p> <p>An adult child or grandchild can apply and, if eligible, be added to the household with no requirement to be essential to the care and well-being of the resident.</p>   | <p>Adult child or grandchild: When a change in family composition is reported in Section 202 PRAC and Section 811 projects, occupancy by adult children is subject to the following restriction. Adult children are not eligible to move into a unit after initial occupancy unless they are performing the functions of a live-in aide and are classified as a live-in aide for eligibility purposes, and their income is not counted. (See paragraph 3-6 E.3 for eligibility requirements for a live-in aide) and have no right to remain.</p> |
| Eligibility – Remaining Family Members | <p>The standard Section 8 rules apply - requirements for eligibility must be met for a person to qualify as a remaining member of a household:</p> <ol style="list-style-type: none"> <li>(1) The individual must be a party to the lease when the family member leaves the unit.</li> <li>(2) The individual must be of legal contract age under state law.</li> </ol>  | <p>The standard Section 8 rules apply - requirements for eligibility must be met for a person to qualify as a remaining member of a household:</p> <ol style="list-style-type: none"> <li>(1) The individual must be a party to the lease when the family member leaves the unit.</li> </ol>  | <p>The following basic requirements for eligibility must be met for a person to qualify as a remaining member of a household:</p> <ol style="list-style-type: none"> <li>(1) The individual must be a party to the lease when the family member leaves the unit.</li> <li>(2) The individual must be of legal contract age under state law.</li> <li>(3) The remaining family member is defined in Section 202 and</li> </ol>  |

| Topic                    | <b>RAD for PRAC v PBRA RAD</b><br><i>Is there any indication that the PBRA RAD Rules are different when it is RAD for PRAC v Other Component 2 Conversions?</i>                      | <b>Section 8 PBRA RAD</b>  | <b>202 PRAC</b>  |
|--------------------------|--|--|--|
|                          |  | (2) The individual must be of legal contract age under state law.  | <p>Section 811 regulations as the surviving member or members of an elderly family or family with disabilities that was a party to the lease and living in the assisted unit with the now deceased member of the family at the time of his or her death.</p> <p>a. The remaining family member, based on the death of the family member, is eligible to remain in the unit but must pay rent based on income. In this case, eligibility of the remaining family member, as defined by the death of the family member, is not reviewed.</p> <p>b. If the individual who establishes eligibility for the project leaves the unit for any reason other than death, the owner must determine if the individual(s) still residing in the unit meet the eligibility requirements for the project, income and age or disability. If the individual is not eligible for the project, he/she may not receive rental assistance and, in a Section 202 PRAC project, the individual may not remain in the unit.</p> |
| Eligibility – Age Waiver | Standard Section 8 rules apply - Currently, programmatic guidance indicates waivers of age/income have been restricted on Section 8 to no more than one year. Requires HUD approval. | Standard Section 8 rules apply - Currently, programmatic guidance indicates waivers of age/income have been restricted on Section 8 to no more than one year. Requires HUD approval. | Eliminated for 202/PRACs on reinterpretation of statutory authority  |
| Lease                    | HUD Model Lease 90105A   | HUD Model Lease 90105A   | HUD Form Lease 90105C  |
| Lease                    | <b>Exception</b> – Since PBRA RAD for 202 PRAC properties have an established an elderly designation, the OA must allow pets and must comply with the pet rules set forth            | Standard Section 8 rules apply. Since the rule has been that a PBRA RAD property may have no senior designation, there was no requirement to allow pets                              | Right to a pet provision included in the HUD Lease 90105C  |



| Topic            | <b>RAD for PRAC v PBRA RAD</b><br><i>Is there any indication that the PBRA RAD Rules are different when it is RAD for PRAC v Other Component 2 Conversions?</i>   | <b>Section 8 PBRA RAD</b>  | <b>202 PRAC</b>   |
|------------------|---|--|---|
|                  | in Chapter 6 of HH 4350.3. Owner/agents must have a HUD approved Lease Addendum notifying residents that they have a right to a pet.  | <i>(other than those pets approved prior to conversion to RAD).</i>  |   |
| Lease            | Standard Section 8 rules apply. Must implement HUD VAWA Lease Addendum  | Standard Section 8 rules apply. Must implement HUD VAWA Lease Addendum   | Do not implement HUD VAWA Lease Addendum until compliant version is released  |
| Lease            | Standard Section 8 rules apply. Limited Late Fees as allowed under the HUD Model Lease  | Standard Section 8 rules apply. Limited Late Fees as allowed under the HUD Model Lease   | No Late Fees  |
| Lease            | Standard Section 8 rules apply. Limited NSF Fees as allowed under the HUD Model Lease   | Standard Section 8 rules apply. Limited NSF Fees as allowed under the HUD Model Lease  | No NSF Fees   |
| Lease            | Standard Section 8 (elderly) rules apply. Lease changes require HUD approval except the owner/agent is required to create the “Right to a Pet” addendum because the property is set aside for elderly or disabled families. The OA does not need approval if the addendum uses the exact language included in the other leases. | Standard Section 8 rules apply. Lease changes require HUD approval.  | The regulations for Section 202 PRAC and Section 811 PRAC properties state that an owner may include a provision in the lease that permits the owner to enter the leased premises at any time without advance notice to the tenant when there is reasonable cause to believe an emergency exists or that the health or safety of a family member is endangered. |
| Income Targeting | Subject to Income Targeting <i>(40% of all new MI/IC must be ELI)</i><br><br>When determining compliance with Income Targeting, do not include Conversion ICs or ICs created to allow a resident to exercise his/her Right to Return.   | Subject to Income Targeting <i>(40% of all new MI/IC must be ELI)</i><br><br>When determining compliance with Income Targeting, do not include Conversion ICs or ICs created to allow a resident to exercise his/her Right to Return.  | No Income Targeting Requirements  |
| Rent             | Standard Section 8 rent calculation rules apply.<br><br>When AP is zero, household assistance is terminated.<br><br>AP may not be zero or negative when a MAT 10 (full certification), or MAT 70 (UT/GR) is submitted.  | Standard Section 8 rent calculation rules apply. AP may not be zero or negative unless Component 1 PH to PBRA RAD.<br><br>For Component 1 PH to PBRA RAD, Tenant Rent is the lessor of three calculations:<br>(1) Phased-in Rent<br>(2) Greater of 10% annual income/30% adjusted income less UA (Standard S8 calculation) or<br>(3) When AP is zero or negative<br>(4) LIHTC Max Rent (if applicable) | Tenant Rent = Greater of 10% annual income/30% adjusted income/welfare rent less UA<br><br><i>Note: TTP/TR can exceed Operating Rent creating zero or negative AP</i>   |

| Topic                   | <b>RAD for PRAC v PBRA RAD</b><br><i>Is there any indication that the PBRA RAD Rules are different when it is RAD for PRAC v Other Component 2 Conversions?</i>  | <b>Section 8 PBRA RAD</b>  | <b>202 PRAC</b>  |
|-------------------------|--|--|--|
|                         |  | (5) Greater of 10% annual income/30% adjusted income less UA<br><br>Note: TTP/TR can exceed Gross Rent Please note that TRACS 2.0.2.D did not function in compliance with the latest HUD RAD Notice.   |  |
| Prorated Rent           | Standard Section 8 rules apply. Restrictions of assistance to non-citizens<br><br>Prorated Assistance based on number of members who are eligible under the citizen eligibility rules unless calculated AP is zero or negative.<br><br>For residents in place at the time of conversion, OAs do not apply the Noncitizen Rule at the time of conversion when creating the Conversion IC. The rule is applied at the first AR or IR after conversion. | Standard Section 8 rules apply. Restrictions of assistance to non-citizens<br><br>Prorated Assistance based on number of members who are eligible under the citizen eligibility rules unless calculated AP is zero or negative.                    | The Noncitizen Rule does not apply to PRAC. No Prorated Assistance based on number of members who are eligible under the citizen eligibility rules |
| Rent                    | Minimum Rent (TTP) \$25.00   | Minimum Rent (TTP) \$25.00   | No Minimum Rent (TTP)  |
| Rent/Assistance Payment | Standard Section 8 rules apply. When AP is zero, resident is terminated under Section 8 rules. AP may never be negative.   | Standard Section 8 rules apply to Component 2 PBRA RAD.<br><br>For Component 1 PH to PBRA RAD, AP may be zero or negative. Negative AP offset using a Misc. Accounting Request and is deposited into the property operating account                | Negative Assistance is returned to HUD via a negative adjustment on the voucher.   |
| Termination             | Standard S8 rules apply.   | Standard Section 8 rules apply to Component 2 PBRA RAD.<br><br>For Component 1 PH to PBRA RAD, TM of assistance for non-compliance with the lease but no termination of assistance when Section 8 rent calculation results in zero or negative AP. | No termination of assistance – only TM tenancy   |
| Special Claims          | Standard Section 8 Special Claims rules apply  | Standard Section 8 Special Claims rules apply  | A vacancy claim for a unit under a Section 202 PRAC may not exceed 50% of the operating rent for up to 60 calendar days for each vacancy. (3-3 F)  |
| Security Deposits       | Standard S8 rules apply to new residents. Existing residents may   | Standard S8 rules apply to new residents. Existing residents   | The requirements relating to interest earned on Security Deposits is   |

| Topic                               | RAD for PRAC v PBRA RAD<br><i>Is there any indication that the PBRA RAD Rules are different when it is RAD for PRAC v Other Component 2 Conversions?</i>  | Section 8 PBRA RAD   | 202 PRAC   |
|-------------------------------------|---|--|--|
|                                     | not be asked to provide a new Security Deposit unless, after the Conversion IC is submitted, the resident requests a Unit Transfer and the owner/agent's policy is to collect a new deposit at transfer.                  | may not be asked to provide a new Security Deposit unless, after the Conversion IC is submitted, the resident requests a Unit Transfer and the owner/agent's policy is to collect a new deposit at transfer.   | slightly different. <i>See HH 4350.3 R1, C4, Paragraph 6-17.</i>   |
| Termination of Tenancy Notification | Standard Section 8 rules apply. The manner of service will be in accordance with the provisions of state and local laws.  | Standard Section 8 rules apply. The manner of service will be in accordance with the provisions of state and local laws.   | <p>a. The notice must be served by:</p> <p>(1) Sending a letter by first class mail, properly stamped and addressed and including a return address, to the tenant at the unit address; <u>and</u></p> <p>(2) Delivering a copy of the notice to any adult person answering the door at the unit. If no adult answers the door, the person serving the notice may place it under or through the door, or affix it to the door.</p> <p>b. The date on which the notice is deemed <u>received</u> by the tenant is the later of:</p> <p>(1) The date the first-class letter is mailed; or</p> <p>(2) The date the notice is properly given.</p> <p>c. Service of the notice is deemed <u>effective</u> once the notice has been both mailed and hand delivered.</p> |
| Definition: Assisted Tenant         | Standard Section 8 rules apply. For the Component 2 PRAC to PBRA RAD program, an assisted tenant is any tenant who lives in a RAD unit whose assistance has not been terminated. This follows the Standard Section 8 Rule | <p>Standard Section 8 rules apply for the Component 2 Mod Rehab/Rent Supp/RAP to PBRA RAD. An assisted tenant is any tenant who lives in a RAD unit whose assistance has not been terminated. This follows the Standard Section 8 Rule</p> <p>For Component 1 PH to PBRA RAD, an assisted tenant is any tenant who lives in a RAD unit whose assistance has not been terminated due to failure to comply. On HUD Form 52670 (voucher) those households submit 50059 certifications showing zero or negative HAP <i>(with the release of 2.0.3.A)</i> and are in the assisted units count. <i>(with the release of 2.0.3.A)</i> Please note that TRACS 2.0.2.D did not function in compliance</p> | In the PRAC program, an assisted tenant is any tenant who lives in a PRAC unit. On HUD Form 52670 (voucher) these households submit 50059 certifications showing zero or negative HAP and are in the assisted units count.   |

| Topic | <b>RAD for PRAC v PBRA RAD</b><br><i>Is there any indication that the PBRA RAD Rules are different when it is RAD for PRAC v Other Component 2 Conversions?</i> | <b>Section 8 PBRA RAD</b><br><i>with the latest HUD RAD Notice.</i> | <b>202 PRAC</b> |
|-------|---|---|-----------------|
|       |   |   |                 |

## 4.13 Conversion IC Instructions

Pending Edits from Rick Fletcher.

DRAFT



## 4.14 Rehab Assistance Supporting Schedule

|                 |                      |                                  |                                  |                          |                                      |                      |              |
|-----------------|----------------------|----------------------------------|----------------------------------|--------------------------|--------------------------------------|----------------------|--------------|
|                 | <b>Property Name</b> |                                  |                                  |                          |                                      |                      |              |
|                 | <b>Address</b>       |                                  |                                  |                          | <b>Invoice Number</b>                | <b>0</b>             |              |
|                 |                      |                                  |                                  |                          | <b>Billing Month/Year</b>            | Jan                  | 2024         |
|                 | <b>Phone</b>         |                                  |                                  |                          | <b>Voucher Month/Year</b>            | Feb                  | 2024         |
|                 | <b>Email</b>         |                                  |                                  |                          | <b>Days in Month</b>                 | 31                   |              |
|                 | <b>Notes:</b>        |                                  |                                  |                          | <b>Monthly Unit Allowance:</b>       | \$0.00               |              |
| Number of Units | <b>Unit Number</b>   | <b>Payment Start/Vacant Date</b> | <b>Rehab Assistance End Date</b> | <b>Monthly Allowance</b> | <b>Full Month or Prorated Amount</b> | <b>Billing Month</b> | <b>TOTAL</b> |
|                 |                      |                                  |                                  |                          |                                      |                      |              |
| 1               |                      |                                  |                                  | \$0                      | 0.000000                             | Jan-2024             | \$0.00       |
| 2               |                      |                                  |                                  | \$0                      | 0.000000                             | Jan-2024             | \$0.00       |
| 3               |                      |                                  |                                  | \$0                      | 0.000000                             | Jan-2024             | \$0.00       |
| 4               |                      |                                  |                                  | \$0                      | 0.000000                             | Jan-2024             | \$0.00       |
| 5               |                      |                                  |                                  | \$0                      | 0.000000                             | Jan-2024             | \$0.00       |
| 6               |                      |                                  |                                  | \$0                      | 0.000000                             | Jan-2024             | \$0.00       |
| 7               |                      |                                  |                                  | \$0                      | 0.000000                             | Jan-2024             | \$0.00       |
| 8               |                      |                                  |                                  | \$0                      | 0.000000                             | Jan-2024             | \$0.00       |
| 9               |                      |                                  |                                  | \$0                      | 0.000000                             | Jan-2024             | \$0.00       |
| 10              |                      |                                  |                                  | \$0                      | 0.000000                             | Jan-2024             | \$0.00       |
| 11              |                      |                                  |                                  | \$0                      | 0.000000                             | Jan-2024             | \$0.00       |
| 12              |                      |                                  |                                  | \$0                      | 0.000000                             | Jan-2024             | \$0.00       |
| 13              |                      |                                  |                                  | \$0                      | 0.000000                             | Jan-2024             | \$0.00       |
| 14              |                      |                                  |                                  | \$0                      | 0.000000                             | Jan-2024             | \$0.00       |
| 15              |                      |                                  |                                  | \$0                      | 0.000000                             | Jan-2024             | \$0.00       |
| <b>TOTAL</b>    |                      |                                  |                                  |                          |                                      |                      | <b>\$0</b>   |

Owner's Certification: I certify that the units identified in the monthly Rehab-Assistance Payments Summary which is attached to the HAP voucher are eligible for Rehab Assistance Payments in accordance with the HAP contract because they are vacant as a result of Work described in the RAD Conversion Commitment and are not otherwise receiving housing assistance payments or other vacancy payments described in Part II of the HAP Contract." Warning: HUD will prosecute false claims and statements. Convictions may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012, 31 U.S.C. 3729, 3802.

|   |             |
|---|-------------|
| <b>Signature &amp; Title of Project Owner</b> | <b>Date</b> |
|   |             |