



Rental Assistance Demonstration (RAD) Resident Protections and Engagement in Mod Rehab and Section 202 PRAC Conversions



BACKGROUND

Why RAD?

The Problem

Properties assisted with Section 8 Moderate Rehabilitation (Mod Rehab), McKinney Vento Single Room Occupancy (Mod Rehab SRO), and Section 202 Project Rental Assistance Contract (202 PRACs) are aging stocks of HUD-assisted affordable housing that renew on year-to-year rental subsidy contracts that inhibit access to commonly used financing needed to make property improvements.

Property Type	Occupancy	Units
202 PRACs	Elderly	120,000
Mod Rehab	General	17,000
SRO	Formerly homeless	13,500

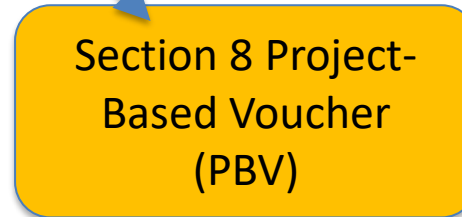
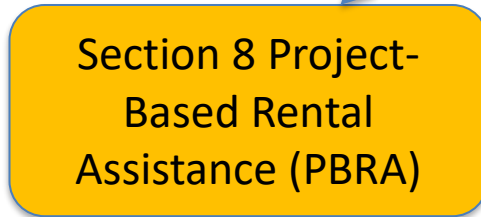
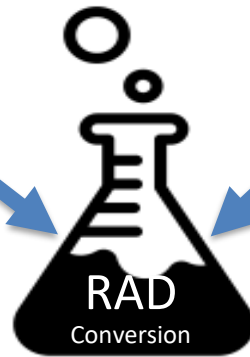
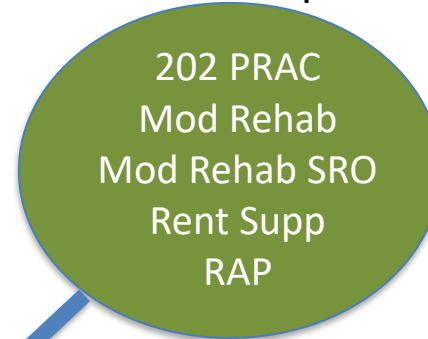
RAD was created in 2011 to preserve and bring new resources to these critical stocks of affordable housing by “converting” properties to subsidy under a long-term Project-Based Section 8 contract

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

“First Component”



“Second” Component



How RAD Is Used

Property owners use RAD to preserve affordable housing in their communities by:

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

Common RAD Financing Sources

- Debt
- Low Income Housing Tax Credits
- Other grants or soft-loans
- Existing property reserves

RAD Core Principles

#1 Long-term preservation and affordability

- Capital Needs Assessment performed upfront to ensure current and future repairs can be supported
- Long-term (20 years) Section 8 HAP contract ensures residents pay an affordable rent

202 PRAC only

- RAD Elderly Housing Use Agreement recorded on land, superior to all liens – extends affordability by 20 years
- HAP must be renewed during term of Use Agreement
- One-for-one replacement of deeply affordable units (with certain minor exceptions)

RAD Core Principles

#2 Maintain ownership requirements

- 202 PRAC properties converted under RAD must be owned or controlled by a non-profit owner
- No restrictions on ownership of Mod Rehab properties converted under RAD

#3 Maintain occupancy requirements

- 202 PRAC conversions – elderly, 62yrs+
- Mod Rehab SRO – formerly homeless
- Mod Rehab – general occupancy

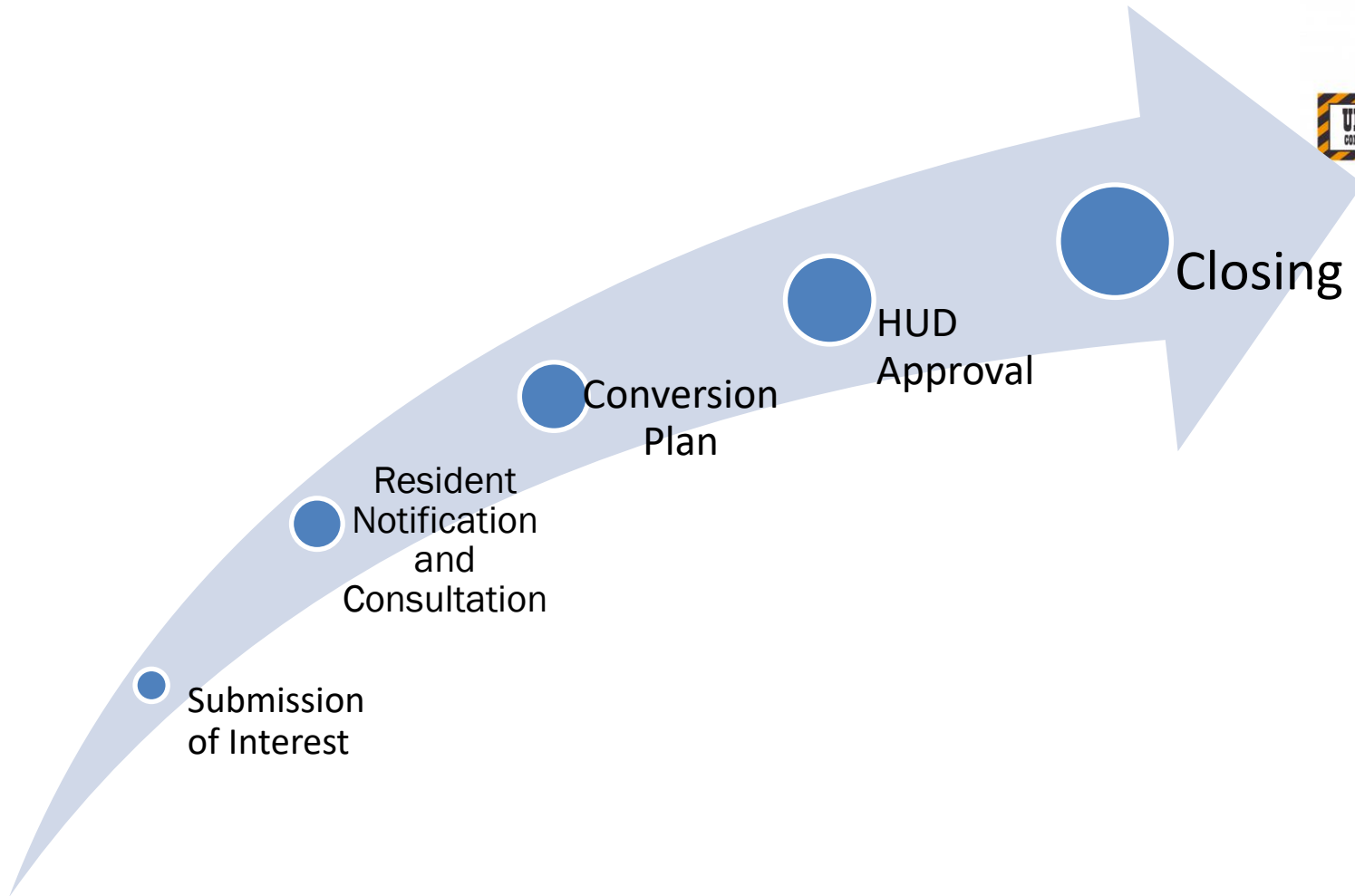
RAD Core Principles

#4 Ensure current residents benefit from the conversion

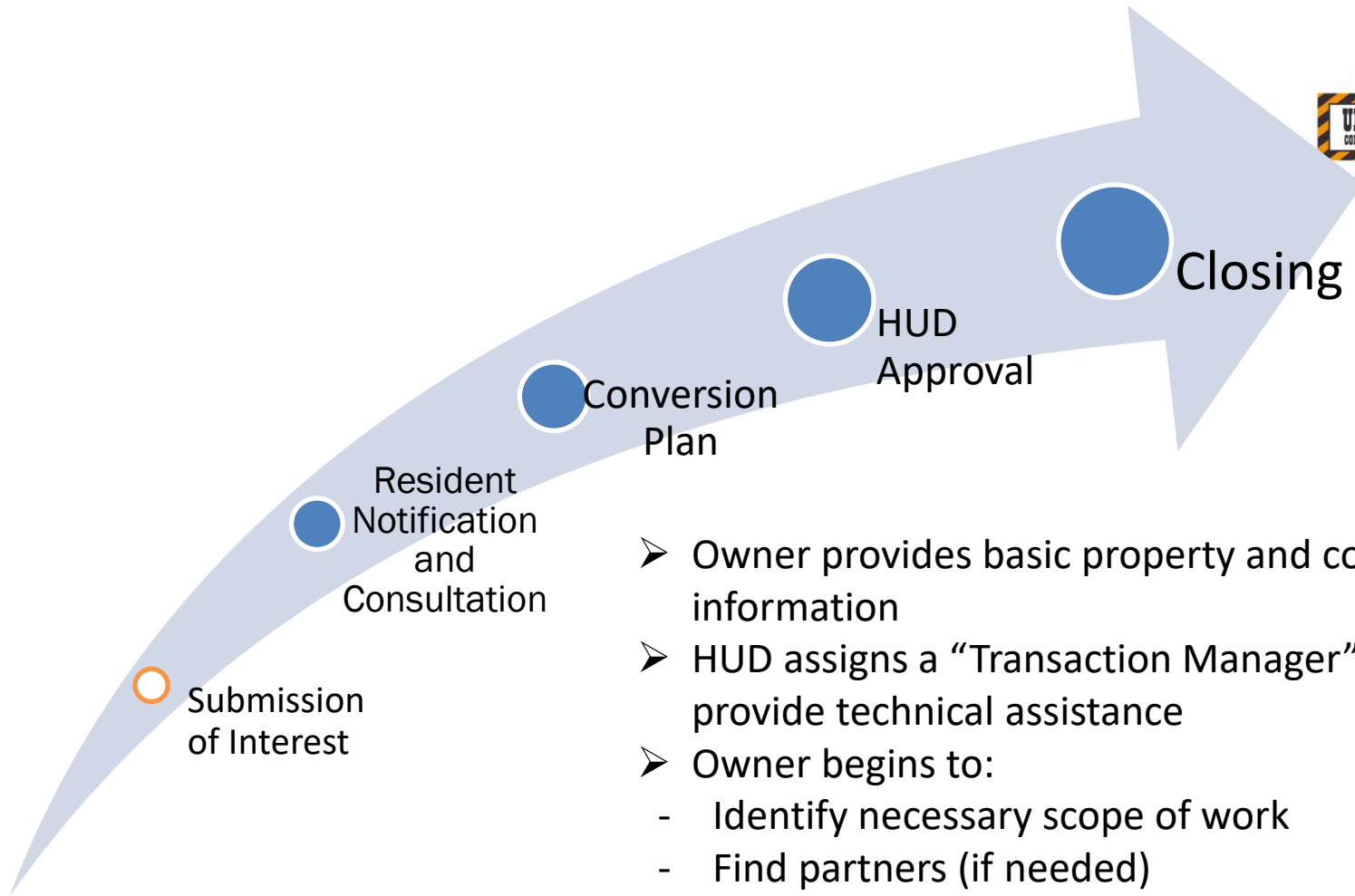
- Resident meetings and notices
- Right to remain in or return to the property
- No Rescreening as a result of RAD
- Relocation assistance

RAD PROCESS AND RESIDENT ENGAGEMENT

RAD Process Illustrated



Submission of Interest



Submission of Interest

Resident Notification and Consultation

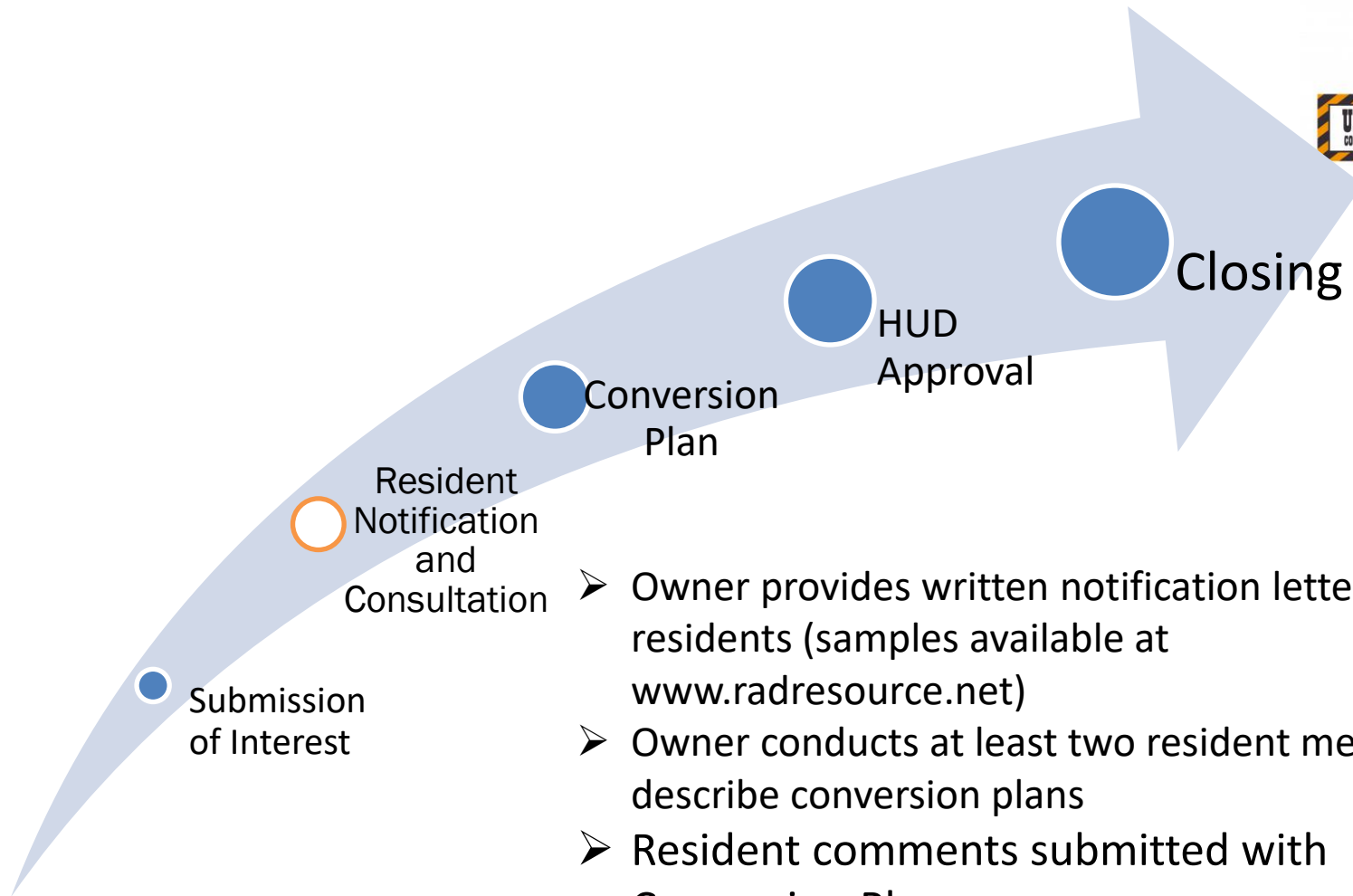
Conversion Plan

HUD Approval

Closing

- Owner provides basic property and contract information
- HUD assigns a “Transaction Manager” to provide technical assistance
- Owner begins to:
 - Identify necessary scope of work
 - Find partners (if needed)
 - Secure financing commitments

Resident Notification and Consultation



Submission of Interest

Resident Notification and Consultation

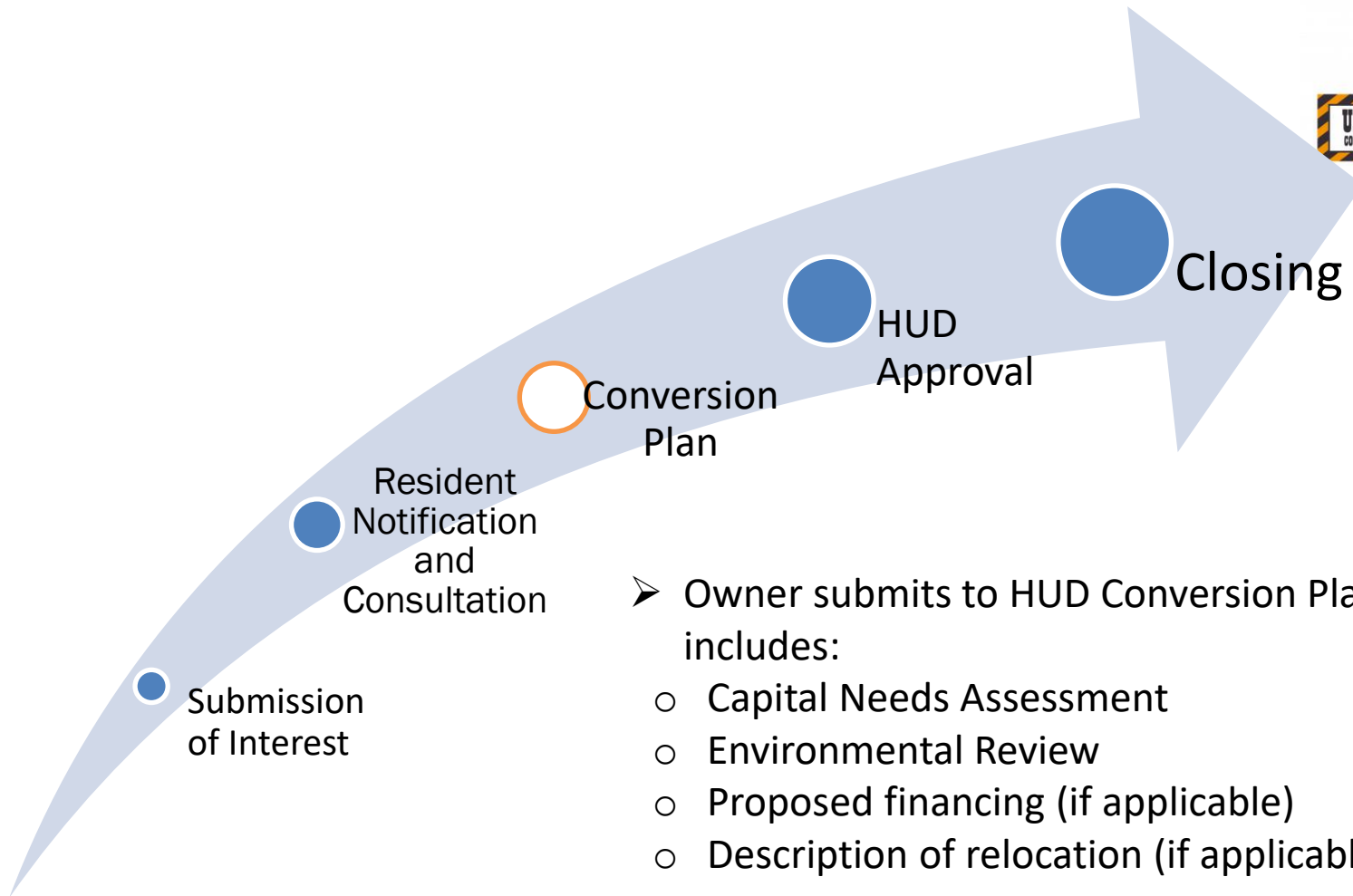
Conversion Plan

HUD Approval

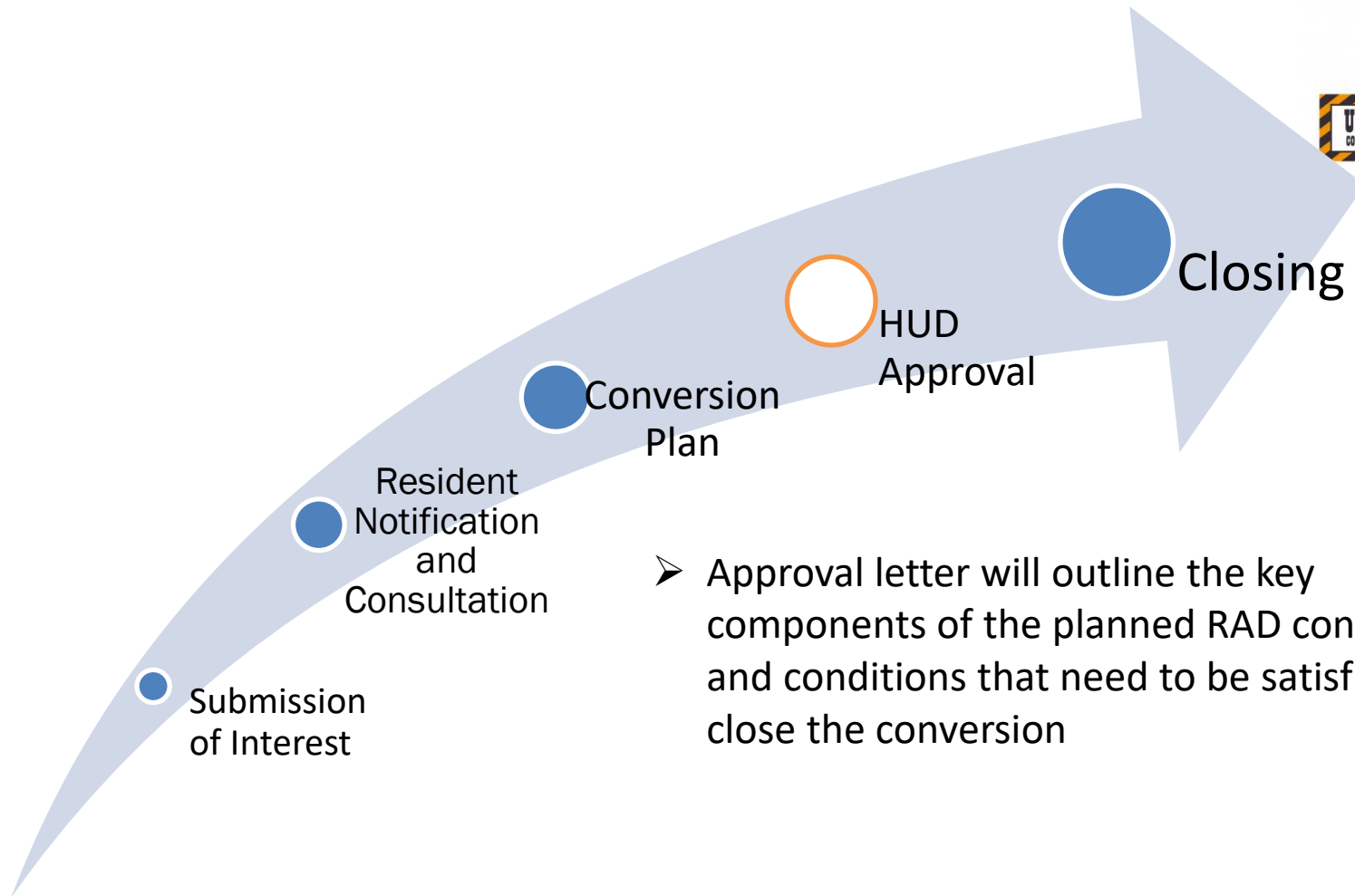
Closing

- Owner provides written notification letters to all residents (samples available at www.radresource.net)
- Owner conducts at least two resident meetings to describe conversion plans
- Resident comments submitted with Conversion Plan

Conversion Plan

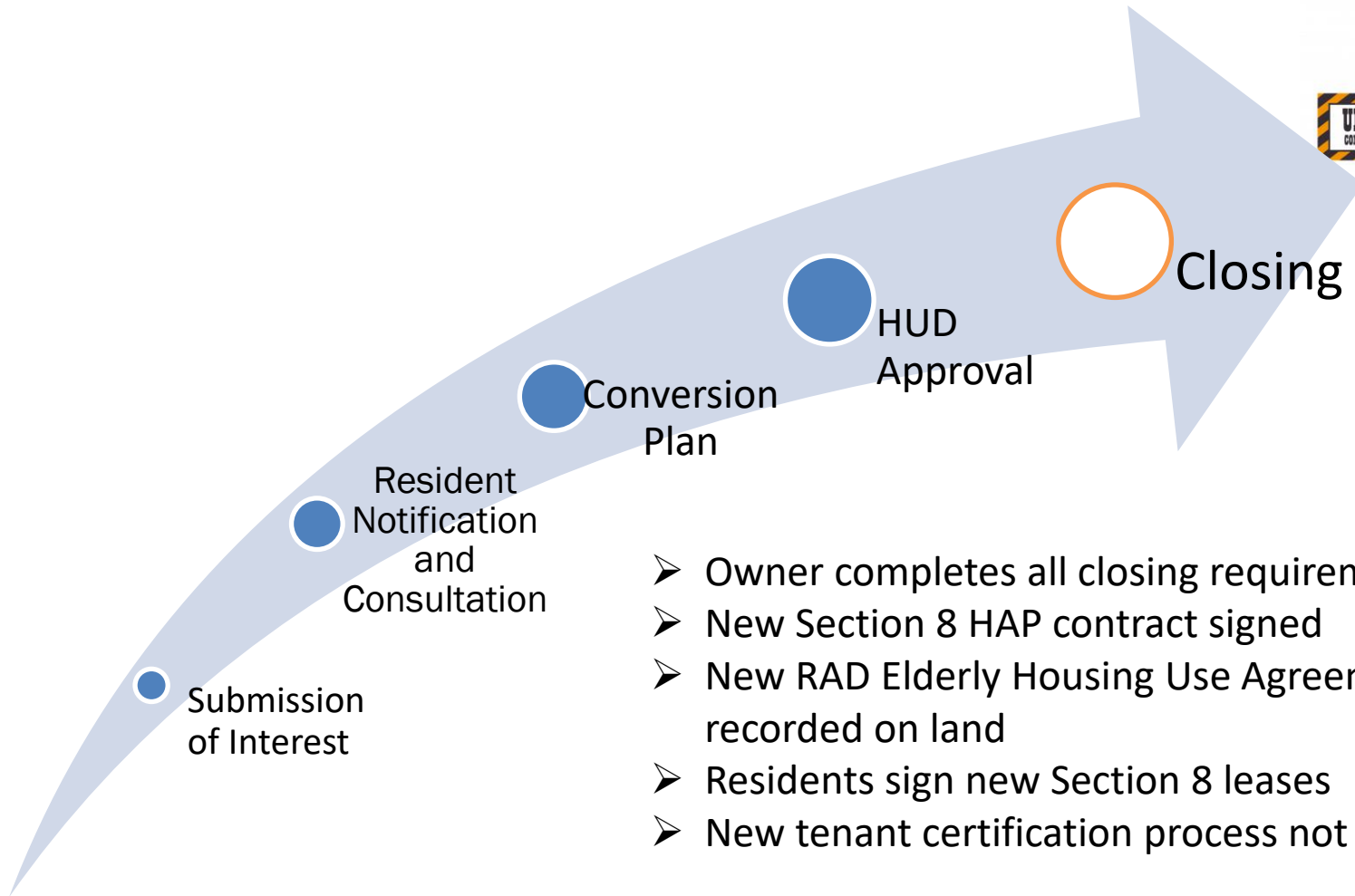


HUD Approval



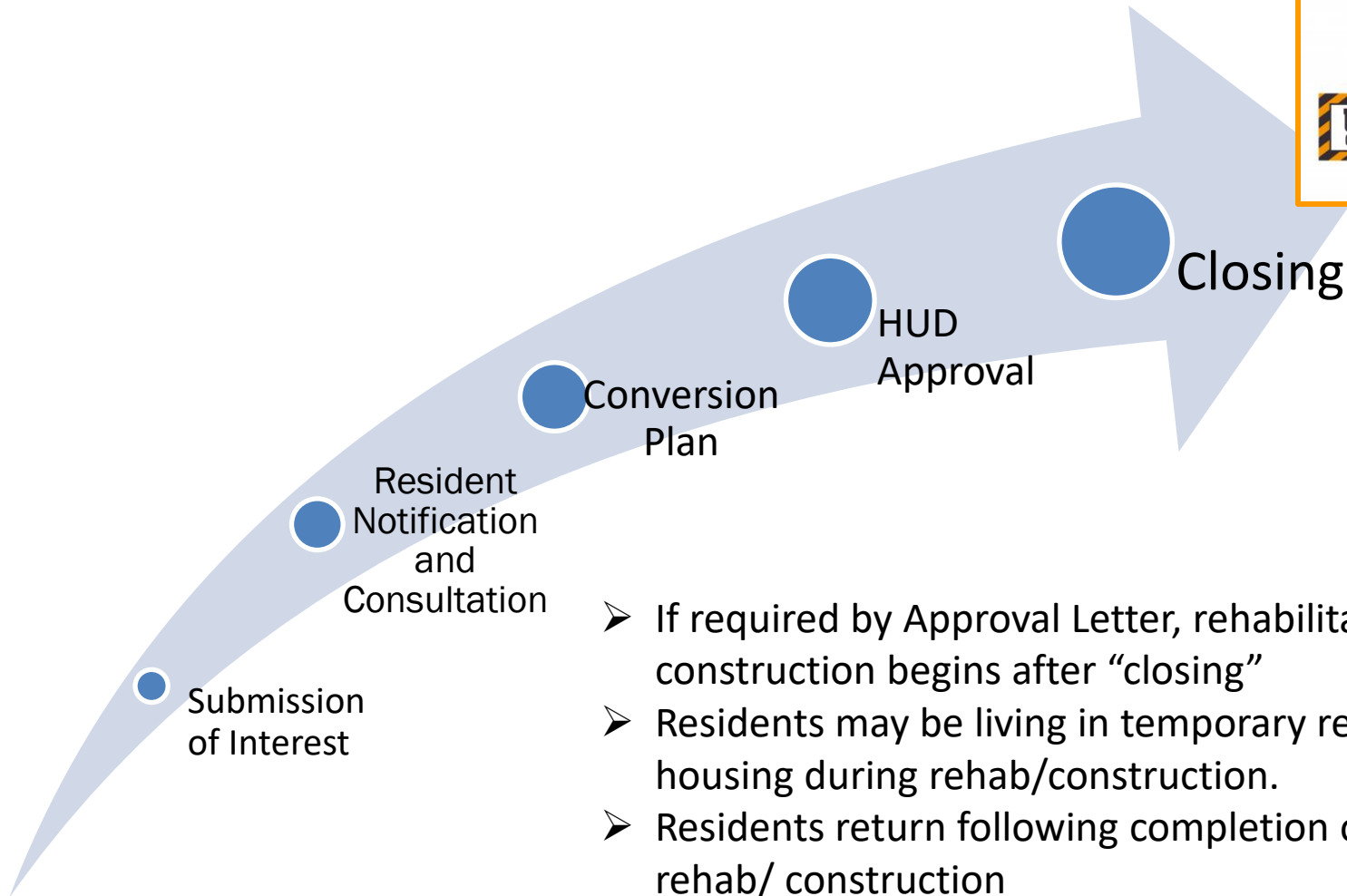
- Approval letter will outline the key components of the planned RAD conversion and conditions that need to be satisfied to close the conversion

Closing



- Owner completes all closing requirements
- New Section 8 HAP contract signed
- New RAD Elderly Housing Use Agreement recorded on land
- Residents sign new Section 8 leases
- New tenant certification process not needed

Construction/Rehab



RESIDENT RIGHTS

Tenant Rents

Resident rents remain affordable after conversion

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

Right to Remain and Right of Return

Most conversions do not involve relocation → residents will remain in-place and cannot be rescreened after the conversion

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

No resident may be permanently, involuntarily displaced

No Rescreening

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

- Residents may not be rescreened as a result of the RAD conversion.
- Following conversion, residents will be protected by standard Section 8 requirements related to tenancy

Relocation

Where relocation is necessary, owners must provide residents with

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

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

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

Alternative Housing Options

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

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

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

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

LIHTC cannot bar the right of return

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

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

RESIDENT PROCEDURAL RIGHTS

For conversions to PBRA, residents gain or retain resident organizing rights (24 CFR Part 245) which safeguard:

- Formation of resident organizations
- Organizing activities
- Meeting space
- Resident organizers
- Canvassing

Choice Mobility

For conversions to PBV, residents may request a tenant-based voucher after living at the converted property for one year (“choice-mobility”)

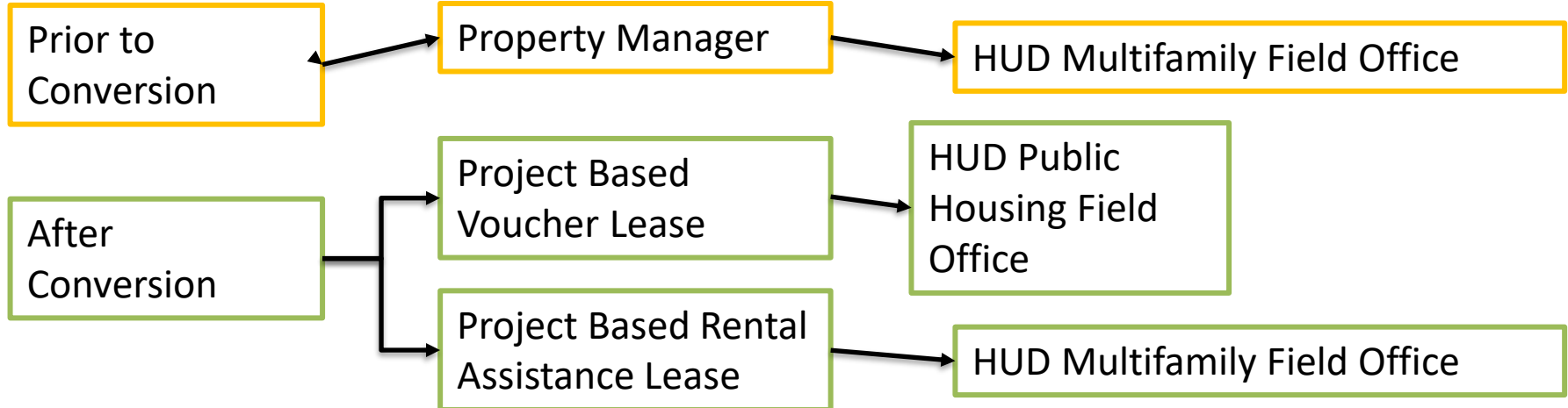
Resident Reminders

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

Questions/Issues?

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

If you seek additional assistance



Public Housing Field Offices: www.hud.gov/program_offices/public_indian_housing/about/field_office

Multifamily Field Offices: www.hud.gov/program_offices/housing/mfh/hsgmfbus/about/subpcs

Thank You and Questions

For more information visit

www.hud.gov/rad

“Resident Information” → “How Does RAD Impact Me?” → Bottom of page
Mod Rehab Resident Fact Sheet (PRAC forthcoming)

Contact: rad2@hud.gov

Join the [RAD LISTSERV](#) for periodic news and updates
(link available at the bottom right of the
www.hud.gov/rad webpage)