New Rental Assistance Demonstration (RAD) Notices to Implement Certain FY 18 Provisions and Supplement RAD Notice Revision 3

July 9, 2018
Welcome

Ask questions at the end! Here’s how:

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

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– Send in questions via the “Question” feature
RENTAL ASSISTANCE DEMONSTRATION: IMPLEMENTATION OF CERTAIN FISCAL YEAR (FY) 2018 APPROPRIATIONS ACT PROVISIONS
Background

FY 18 Appropriations Act:

• Expanded public housing cap to **455,000 units** from 225,000 units
  • over 133,000 units were on the waiting list and can now be awarded
  • ~**97,000 units remaining** (unreserved)

• Made certain changes to RAD’s “second component” (Rent Supp/RAP, Mod Rehab, PRAC)

• Increased public housing Capital Fund appropriation over FY 17 levels
RAD Rent-Setting

• “Modified FY 16 RAD Rents” (published at www.hud.gov/rad):

<table>
<thead>
<tr>
<th>FY 16 Operating Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ FY 16 Tenant Rents</td>
</tr>
<tr>
<td>+ FY 18 Capital Fund</td>
</tr>
<tr>
<td>= Modified FY 16 RAD Rent</td>
</tr>
</tbody>
</table>

• Who will use “Modified FY 16 RAD Rents”?
  – All awards issued before the end of the year (i.e., those being awarded from the waiting list)
  – Pre-existing awards where PHA request an amendment to their CHAP
RAD Rent-Setting (continued)

• Awards issued on or after January 1, 2019 will have “FY 18 RAD Rents:”

| FY 18 Operating Fund | + FY 18 Tenant Rents | + FY 18 Capital Fund | = FY 18 RAD Rent |

• At any point prior to closing a PHA may withdraw an active award and request new RAD authority **without submitting a new Application**
  – Rents set based on the applicable RAD rent base year
  – HUD will treat this as a CHAP amendment
  – CHAP will retain original issuance date
# Implementation of Certain Fiscal Year (FY) 2018 Appropriations Act Provisions

## RAD Rent Base Years based on Award Date

<table>
<thead>
<tr>
<th>Properties Awarded RAD Authority:</th>
<th>RAD Rent Base Year</th>
<th>First OCAF Applied to CHAP Prior to Conversion In:</th>
<th>Eligible for CHAP Amendment to Update RAD Rent?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under the original 60,000 unit cap</td>
<td>FY 12</td>
<td>2014</td>
<td>Yes</td>
</tr>
<tr>
<td>Above the original 60,000 unit cap but subject to the increased 185,000 cap</td>
<td>FY 14</td>
<td>2015</td>
<td>Yes</td>
</tr>
<tr>
<td>Above the 185,000 unit cap but subject to the increased 225,000 cap</td>
<td>FY 16</td>
<td>2017</td>
<td>Yes</td>
</tr>
<tr>
<td>Between 7/2/18 – 12/31/18</td>
<td>Modified FY 16*</td>
<td>2019</td>
<td>Yes</td>
</tr>
<tr>
<td>On or after January 1, 2019</td>
<td>FY 18</td>
<td>2019</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Waiting List and Multiphase Awards

• Awards off of the waiting list:
  – HUD expects to make awards within **60 days of submission of application**
  – PHAs that had submitted **Letters of Interest** to reserve a place on the waiting list have until **September 4, 2018** to submit a RAD Application, Portfolio Award, or Multiphase Award

• For all Multiphase awards issued after March 22, 2018, PHAs will have until **September 30, 2024** to submit application for the final phase
  – For any previously awarded Multi-phase awards, HUD will permit extensions on a case-by-case basis.
RAD Second Component

• Rent-Setting for Rent Supp and RAP conversions
  – For properties in high cost areas, **rents will be set at comparable market** rent without regard to the HUD-published Fair Market Rent
  – “High cost area” are those identified in Housing Notice 2017–06

• **Prohibition against re-screening**
  – Conversion of Rent Supp, RAP, Mod Rehab, SRO, and 202 PRACs may not be the basis for re-screening or termination of assistance or eviction of any tenant family in a property participating in the demonstration, and such a family shall not be considered a new admission for any purpose, including compliance with income targeting

• **Conversion Requirements for 202 PRACs will be implemented in a forthcoming Revision 4 of the RAD Notice**
Housing Notice 2018-05/PIH 2018-11, published July 2, 2018

RENTAL ASSISTANCE DEMONSTRATION (RAD) – SUPPLEMENTAL GUIDANCE
Background

• Makes five changes to Section 1 (Public Housing) of RAD Notice Revision 3 to make RAD simpler and more effective

• Revision 3 Notice as amended by the Supplemental Notice is available at www.hud.gov/RAD/library/notices
Streamlined RAD Conversion for Small PHAs

Background

• Over 800 of the nation’s 3,000 Public Housing Authorities have 50 or fewer public housing units under public housing ACC

• These agencies own approximately 27,000 units or about 2.5% of the total public housing stock

• Typically not staffed to undertake complex HUD program, but Section 8 platform still attractive

• Meanwhile, PIH 2018-04 authorizes Section 18 Disposition approval for PHAs with 50 or fewer units
Streamlined RAD Conversion for Small PHAs

Eligibility:

• PHAs with 50 or fewer public housing units
• PHAS score = 75 or higher, PASS = 30 or higher, & not PHAS substandard or Capital Fund troubled
• Not proposing construction, rehab, transfer of assistance, or relocation
• If converting to PBV, PHA voucher administrator must have at least 100 units under HCV ACC
Streamlined RAD Conversion for Small PHAs

• RAD Application simplified

• Exempt from CNA. Instead, certifications needed that
  – The PHA has assessed the property for any exigent health and safety hazards and, if applicable, has completed any necessary repairs.
  – The property can be sustained for 20 years as decent, safe, and sanitary housing at the published RAD contract rents.
  – PHA has provided the Owner the lead-related records and the Owner has agreed to evaluate and control lead-based paint hazards.
  – Site complies with accessibility standards

• Environmental Review: “Tiered review”
  – HUD will make program-wide compliance determinations and complete only a site-specific compliance review for limited set of laws and authorities
Streamlined RAD Conversion for Small PHAs

Financing Plan Requirements

• Conversion Overview
• Type of conversion
• Certifications in lieu of CNA
• Limited Environmental Review
• Fair Housing, Accessibility, and Relocation Checklist (confirming inapplicability)
• Sources & Uses carrying over PH funds

• Operating pro forma (with $500 per unit Annual Deposit to Replacement Reserve)
• Estimated public housing funds available for HAP subsidy
• Resident Comments
• Title Report
Streamlined RAD Conversion

Next Steps

• Processing Guide for Small PHA Conversion + Training

• Environmental Review “Tiered Review”

• Repositioning Toolkit for Small PHAs (RAD, Section 18, etc.) + Training
Rent Bundling Between RAD and Non-RAD PBV

- Permits cost neutral rent bundling between RAD PBV and PHA’s non-RAD PBV contracts

<table>
<thead>
<tr>
<th>100 units RAD PBV Contract</th>
<th>100 unit non-RAD PBV Contract</th>
<th>Total Monthly Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Contract Rent</td>
<td>$600</td>
<td>$1,000</td>
</tr>
<tr>
<td>Contract Rent after Rent-Bundling</td>
<td>$800</td>
<td>$800</td>
</tr>
</tbody>
</table>

- “Donor” HAP contract must be executed before recipient HAP contract
- Owner with the non-RAD PBV contract must request decreases rent and must agree to OCAF-adjustments
PBV Tenant Paid Utility Savings and Site Specific Utility Allowances

- PHAs may elect to establish a site-specific Utility Allowance for Project-Based Vouchers instead of the standard Voucher program-wide utility allowance schedule.
  - When project includes non-RAD PBV units, a waiver is still required and must be requested for both contracts.

- When conversion will result in the reduction of one or more utility components (e.g., gas, water & sewer, electric) used to establish the Utility Allowance, HUD will permit the RAD contract rent to be increased by 75% of the projected utility savings.
Developer Fee Incentive For Preference for Households Exiting Homelessness or Permanent Supportive Housing

Provide a 25% increase in the maximum HUD-allowed developer fee for PHAs/owners that will adopt a waiting list preference for:

a) Homeless applicants referred by the local Continuum of Care and/or

b) Applicants exiting permanent supportive housing

Must evidence participation in coordinated entry operated by local CoC
1. Closes a potential loophole in order to ensure the substantial preservation of assistance

2. Where PHAs are blending RAD and Section 18 (as described in PIH Notice 2018-04. Also see “RAD and Section 18 Blend FAQs” on RAD Resource Desk), all residents will be subject to the RAD relocation requirements found in PIH/Housing Notice 2016-17
   – Resident notices and meetings
   – Right to return
   – Timing of relocation
   – URA assistance and payments
Materials


• Modified FY 16 RAD Rents

• Housing Notice 2018-05/PIH 2018-11 “RAD Supplemental Guidance”

Available at www.hud.gov/RAD/library/notices
Questions?

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