



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

**Office of Public and Indian Housing
Office of Housing**

Special Attention of:
Public Housing Agencies
Public Housing Hub Office Directors
Public Housing Program Center Directors
Multifamily HUB Directors
Multifamily Program Center Directors
Regional and Field Office Directors
Regional Administrators
Performance Based Contract Administrators

**Notice H-2020-09
Notice PIH-2020-26**

Issued: 9/18/2020

Expires: This Notice remains in effect until amended, superseded, or rescinded.

Amends: H 2019-09, PIH 2019-23

SUBJECT: Rental Assistance Demonstration (RAD) – Supplemental COVID-19 Guidance

Purpose

This notice provides supplemental program instructions to and amends Notice H-2019-09, PIH 2019-23, Rental Assistance Demonstration – Final Implementation, Revision 4, (RAD Notice) published on September 5, 2019.

- 1) CARES Act Operating Fund and RAD.** The CARES Act provided an additional \$685,000,000 for the Public Housing Operating Fund to “prevent, prepare for, and respond to coronavirus, including to provide additional funds for public housing agencies (PHAs) to maintain normal operations and take other necessary actions during the period that the program is impacted by coronavirus.” Obligations of CARES Act Supplemental Operating Fund grant amounts are calculated based on each project’s pro rata Calendar Year (CY) 2020 Operating Fund eligibility at the time HUD obligates the supplemental funds. Per Notice PIH 2020-07, HUD has chosen to obligate these funds to PHAs in a single obligation.

As properties convert through RAD, for the remainder of the first Calendar Year in which a HAP Contract is effective (the “year of conversion”), HUD obligates Operating Funds and Capital Funds to the PHA for the Covered Project at the level of public housing subsidy that the Covered Project would have been eligible to receive absent the RAD conversion. Per Section 1.13.B.6.ii of the RAD Notice: “The amount of Operating Funds that can be used for HAP payments during the year of conversion is capped at HUD’s obligations of Operating

Subsidy to the project for the remainder of the year after conversion, pro-rated by the portion of units in the PIC Development that are converting and will be removed from PIC.” PHAs are also permitted to utilize public housing funds as a source of capital in the development budget to support conversion. (See Section 1.5.A).

This notice describes the eligibility for Covered Projects for a supplemental CARES Act payment from the CARES Act Operating Subsidy obligation for PHAs with a HAP Effective date in 2020. If HUD extends the period of performance, the applicability of this provision will extend to conversions with a HAP effective date before the end of the CARES Act Supplemental Operating Funds period of performance.

At the PHA’s discretion, Covered Projects are eligible to receive up to the CARES Act Operating Fund Grant amount provided to the PIC Development, pro-rated only by the portion of ACC units in the PIC Development that converted and were removed from the ACC and PIC. CARES Act Operating Funds may only be transferred to a project converted through RAD in the year of the HAP effective date. The supplemental CARES Act payment may be used for project operating expenses; capital expenses identified in the covered project’s development budget, including costs associated with acquisition, demolition and site preparation, rehabilitation or construction, financing costs, construction or rehabilitation, and relocation; and costs related to combatting coronavirus as described in Section 6 of PIH 2020-07.

Please note that PHAs may only draw down CARES Act Operating Subsidy for immediate expenditures. The Owner must provide the PHA a request for funds for an eligible project expenditure and, upon receipt, immediately expend those funds for that use, then report to the PHA on the expenditure of those funds. Further, all CARES Act Operating Funds must be expended during the period of performance, which ends on December 31, 2020 (unless extended by HUD under separate Notice). HUD will develop a process by which PHAs will report all expenditures of CARES Act supplemental funds, and will articulate reporting requirements, to include submission requirements, at a later date.

- 2) **Alternative to Group Resident Meetings.** The RAD Notice requires that PHAs and Owners conduct resident meetings prior to conversion, that they receive and provide response to comments received during those meetings, and that documentation is maintained and submitted to HUD. While HUD has allowed PHAs and owners to use technologies to hold such meetings remotely as necessary to limit the need for public in-person meetings, the RAD Notice still envisions that such meetings will be held communally. To reduce the need for in-person contact, by this notice, a PHA or Owner may utilize alternative means to inform and consult with residents individually or in small groups, particularly residents with limited access to or acuity with technologies that may be employed in a remote meeting, in order to

mitigate transmission of COVID-19. Except with HUD approval, PHA's may use this alternative format for resident meetings until the later of the termination date of the national emergency declared by the President on March 13, 2020 or December 31, 2020. Any alternative must:

- a. Proactively outreach to residents, informing them of an opportunity for a one-on-one or small group meeting, which could be in-person or by phone or other technology;
- b. Effectively convey required and relevant information to all residents, which may include individual meetings or calls with residents, advanced distribution of flyers or other materials to resident mailboxes or doors;
- c. Create an accessible vehicle for resident comments and questions. Consideration of accessibility should take into account the technology and resources available to residents;
- d. Provide residents an accessible vehicle for access to comments and questions submitted by others and the PHA's or Owner's response;
- e. Provide residents with a means to ask additional questions related to the conversion;
- f. Accommodate the needs of persons with disabilities or with limited English proficiency (LEP); and
- g. Ensure documentation of the date of communication with residents and the names of participating residents.

Given that alternative forms of communication may not have been previously implemented and on their own cannot replicate the benefits of a group resident meeting, it is important that PHAs err on the side of over-communicating and providing multiple venues for questions and comments. In addition to these individual or small-group meetings, PHAs are encouraged to maintain ongoing contact with residents to provide updates on conversion plans and maintain a venue for further questions or comments.

While HUD approval for the specific communication strategy is not required, PHAs should engage with the Office of Recapitalization if questions should arise regarding resident notification and engagement.

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