



The contents of this document, except when based on statutory or regulatory authority or law, does not have the force and effect of law and is not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.

Both RAD and Section 18 Obsolescence have specific criteria for determining the capital needs of existing housing units. This document compares the submission requirements for capital needs studies and vendor qualifications under RAD and Section 18.

When repositioning, PHAs may want to consider reducing their costs by procuring a Capital Needs Assessment (CNA) that will satisfy both RAD and Section 18 Obsolescence criteria. However, if a PHA is primarily focused on demonstrating obsolescence, the CNA should focus on demonstrating the immediate (3 years) capital needs of the property. RAD CNAs cover twenty years. If a PHA is primarily focused on repositioning through RAD, it should wait to procure a CNA until AFTER it has a HUD-approved RAD Application.

Table with 3 columns: Common Name, Required Repair Needs, Exemptions. Rows compare RAD and Section 18 Obsolescence criteria for Capital Needs Assessments (CNA) and Physical Needs Assessment (PNA).

1 The RAD requirements are explained in Notice H-2019-09 PIH-2019-23 (HA).

2 If a PHA is doing a RAD/Section 18 Blend, please follow the RAD CAN requirements.



	Rental Assistance Demonstration (RAD)¹	Section 18 Obsolescence (Demolition or Disposition)²
Form of Submission	For RAD, the PHA must use HUD’s CNA eTool for submitting the capital needs assessment.	For Section 18, HUD requests that the PNA is submitted in an excel format. Supporting documents need to be including, such as third-party reports and/or photographs.
Output Documents	The RAD Capital Needs Assessment is a web-based Tool that provides an analysis of all building components at the property, including their current expected useful life, recommended replacement and evaluation of various alternatives. The report also provides a narrative description of the overall condition of the property, the maintenance records and anticipated repairs/replacements that the owner is considering. The report must include photographs of the property, all building components and units. Additionally, RAD requires and Energy Audit that quantifies the utility consumption at the property and recommends replacements to make the operation more efficient.	PHA must submit form HUD-52860-A (4/2018) and HUD-52860-B (4/2018), along with a list of specific and detailed work-items that require rehabilitation or repair (immediate needs within the next three years), preferably prepared by an outside engineer or architect in two components (scope of work and cost-estimates). Use of a Nationally recognized cost estimator is recommended. Refer to Notice PIH 2018-04 Section 4 (A) (1) for more details.
Vendor Qualifications	HUD recommends the following Qualifications for a Vendor who is performing a CNA: <ol style="list-style-type: none"> 1. Be professionally experienced in preparing and providing CNAs 2. At least 4 years of experience performing physical property inspections and cost estimations for PHAs for the purposes of RAD transactions; demonstrated knowledge of applicable multifamily building standards and codes; demonstrated knowledge of energy-efficiency practices; and a working knowledge of commonly used computer technology (MS Excel, Access, etc.). 3. Must have required licenses. 4. Have training and experience to evaluate building systems, health, and safety conditions, and physical and structural conditions, and to provide cost estimates for maintaining, rehabilitating, or improving deficiencies, using both traditional and Green principles. Must also have environmental expertise, as inspection will include environmental issues. 	HUD recommends the following Qualifications for a Vendor who is performing a PNA: <ol style="list-style-type: none"> 1. Must have prior experience and required professional licenses (i.e. structural engineering and environmental for relevant third-party reports). LEED designation is not required. 2. Have an acceptable record of performance. Not be under suspension or debarment by HUD or involved as a defendant in criminal or civil action with HUD. 3. Be professionally experienced in preparing physical needs assessments, demonstrated knowledge of local building code requirements for dwelling and non-dwelling structures.



	Rental Assistance Demonstration (RAD)¹	Section 18 Obsolescence (Demolition or Disposition)²
	<ol style="list-style-type: none"> 5. Have the designation of Leadership in Energy and Environmental Design Accredited Professional (LEED AP), in either the United States Green Building Council’s LEED New Construction and Major Renovation or the LEED Existing Building Maintenance and Operations examination tracks, or an equivalent designation. 6. Have completed 10-hours of education in the last calendar year in the areas of Green Building, Sustainability, Energy Efficiency, or Indoor Air Quality. 7. Have knowledge of the requirements for the “green building” standard, if any, identified by the owner, which may include: Enterprise Green Communities, LEED-H, LEED-H Midrise, LEED-NC, ENERGY STAR New Homes, ENERGY STAR Multifamily High Rise, Earth Craft House, Earth Craft Multifamily, Earth Advantage New Homes, Greenpoint Rated New Home, Greenpoint Rated Existing Home (Whole House or Whole Building label), and the National Green Building Standard (NGBS) or other industry-recognized green building standard deemed acceptable by HUD in its sole discretion. 8. Basic knowledge and experience to produce a useful and reliable energy audit pursuant to ASHRAE Level 2 standards. 9. Certification (“energy auditor,” “certified energy auditor,” “certified energy manager,” “HERS Rater”) from a state or national energy auditing certifying agency. Acceptable certifications include those provided by the American Association of Energy Auditors (AEE), the Building Performance Institute (BPI), and the Residential Energy Services Network (RESNET). 10. Demonstrated knowledge of the EPA Energy Star Portfolio Manager System. 	



	Rental Assistance Demonstration (RAD)¹	Section 18 Obsolescence (Demolition or Disposition)²
	<p>11. Have acceptably completed written evaluation reports for similar types of multifamily rental housing projects in similar physical condition and age in the subject market or in similar areas, preferably including two (2) or more buildings that were receiving Section 8 or public housing assistance when the report was prepared and anticipated utilizing LIHTC for the renovations.</p> <p>12. Have an acceptable record of performance with HUD. Not be under suspension or debarment by HUD, or involved as a defendant in criminal or civil action with HUD.</p>	