



INSIDE THIS ISSUE

- » Congress Authorizes the Rental Assistance Demonstration (RAD)
- » Public Housing Unit Inspections
- » PIH Notices

Congress Authorizes the Rental Assistance Demonstration (RAD)

In 2010, the Department worked with a wide range of stakeholders—including the public housing industry, multifamily owners and managers, residents, advocates, and Members of Congress—on an initiative generally known as Transforming Rental Assistance (TRA) to develop new tools to help preserve public and assisted rental housing. Based on feedback on TRA, in 2011 the Department proposed a Rental Assistance Demonstration (RAD), which would allow projects funded under the Public Housing, Rent Supplement, Rental Assistance, and Moderate Rehabilitation programs to convert to long-term Section 8 rental assistance. Congress authorized RAD in November of last year.

One of the main objectives of RAD is to address the large backlog of capital needs that has accumulated over the years in public housing, estimated at \$26 billion or about \$23,365 per unit. The Capital Fund program provides the primary source of funding for repairs and renovations in public housing, but current funding levels only reach a small percentage of that backlog. Largely due to this chronic funding shortfall, over 150,000 Public Housing units have been lost to demolition or disposition over the past 15 years, and the inventory continues to lose thousands more units every year as properties continue to deteriorate.

Regrettably, the structure of the Public Housing program makes it extremely difficult for PHAs to access private debt and equity. One of the main reasons behind converting public housing to long-term Section 8 rental assistance is to allow PHAs to finance their long-term capital needs, something which is common practice in every other affordable housing program.

Under RAD, PHAs and owners of Mod Rehab properties will have the option of converting their current form of rental assistance for 60,000 units to either a:

- **Project-Based Voucher (PBV) Contract**, which PHAs administer locally. The Department will offer administrative flexibility and waive certain current rules to make the PBV option a more viable financing tool; or
- **Project-Based Rental Assistance (PBRA) Contract**, administered by the Department’s Office of Multifamily Housing Programs. Congress has authorized a PBRA option for PH and Mod Rehab properties that is eligible for renewal under the Multifamily Assisted Housing Reform and Affordability Act (MAHRAA).

In addition, owners of Mod Rehab, Rent Supp, and RAP properties participating in RAD will be able to convert tenant protection vouchers (TPVs), which become available upon contract expiration or termination, to PBVs as a means of preserving these units.

Participation in RAD will be *completely voluntary*. Properties converting their assistance under RAD will be limited to current funding and will be selected through a competition.

RAD represents an important step in preserving affordable homes for decades to come. The Department anticipates publishing a proposed RAD program Notice in early 2012 and welcomes public comment.

Please check <http://www.hud.gov/rad> for the latest information on RAD. You can also email rad@hud.gov with questions or join the mailing list [here](#).



Public Housing Unit Inspections



Section 6(f)(3) of the United States Housing Act of 1937 requires that PHAs inspect each public housing project annually to ensure that the

project's units are maintained in accordance with the housing quality standards in 24 CFR part 5. HUD implemented this language by requiring that each PHA conduct annual inspections of all public housing dwelling units when it made those inspections part of the Public Housing Assessment System (PHAS) management operations score. With the publication of the revised PHAS on February 23, 2011 (76 FR 10136), a PHA's physical inspection of public housing units is no longer a component of the PHAS score; however, the annual physical inspection of public housing projects remains a statutory requirement.

PHAs should continue using the Uniform Physical Condition Standards (UPCS) in 24 CFR 5, Subpart G, Physical Condition Standards and Inspection Requirements, to conduct annual project inspections. These standards address both the inspection of the site area, building systems and components, and dwelling units.

PHAs are obligated by statute to inspect each project annually. However, because there is no longer an annual unit inspection requirement, PHA's now have the latitude to schedule unit inspections in a manner that can satisfy the statute's intent and simultaneously free up resources, especially those necessary to provide unit maintenance. PHAs may wish to consider these alternatives:

- **Inspect a representative sample of units.** If properly executed, a representative sample of units at each project will reveal systemic issues and recurring maintenance items for the project manager's more intensive action;
- **Establish a risk hierarchy based on historical records.** Some units, especially those with long-term residents, habitually inspect well; by identifying those, the PHA can concentrate on the units which represent maintenance challenges. This means that PHAs could schedule units that routinely inspect well less frequently than annually, and which would be dependent on the individual unit's/tenant's past inspection results.

Of course there are other ways of approaching deciding which units are inspected annually and which are not. Have you found something different that you'd like to share with the PHA community? Tell us by sending an email to PIHIRC@FirstPic.org

Contact us:

Public and Indian Housing Information
Resource Center (PIH IRC)
2614 Chapel Lake Drive
Gambrills, MD 21054
Toll free number: 1-800-955-2232
Fax number: 1-443-302-2084
E-mail: pihirc@firstpic.org
(Put "HUD PHM Newsletter" in the subject line)

PIH Notices

PIH 2011-65, "Timely Reporting Requirements of the Family Report (form HUD-50058 and form HUD- 50058 MTW) into the Public and Indian Housing Information Center" issued November 30, 2011. The purpose of this notice is to extend Notice PIH 2010-25 which established timeframes for timely reporting of the Family Report (form HUD-50058) into the Public and Indian Housing Information Center (PIC), explained PIC modifications and clarified Family Self-Sufficiency (FSS) reporting requirements. The Department places great importance on the data it receives from PIC. The Department relies on PHAs to submit accurate, complete and timely data to administer, monitor and report on the management of its rental assistance programs. In order to fully justify its budget requests to Congress, the Department needs full cooperation from all PHAs in meeting their reporting requirements in a timely manner. This notice applies to PHAs administering Housing Choice Voucher (HCV) programs (including the project-based certificate, project-based voucher and homeownership programs), the Section 8 Moderate Rehabilitation (MR) program, the Public Housing (PH) program and the MTW program.

PIH 2011-66, "Terminal Guidance on Disaster Housing Assistance Program - Ike (DHAPIke) and Extension Operating Requirements" issued December 7, 2011. This Notice serves to provide Public Housing Agencies (PHAs) with updated information on the most current extension of the DHAP- Ike program. Modifications have been made which will change the PHAs' administration of the program. The information provided in this notice will supersede the guidance provided in the following notices: PIH 2008-38, PIH 2008-45, PIH 2010-22, and PIH 2011-35. This Notice also sets forth amendments to the Extension Operating Requirements, which establish the policies and procedures for the October 2011 DHAP-Ike Extension. The DHAP-Ike is a HUD-FEMA initiative to provide monthly rental assistance, service connections, security deposit and utility deposit assistance for eligible families displaced from their homes by Hurricanes Gustav or Ike. The program was scheduled to end on September 30, 2011, but was extended for the final time with an absolute termination date no later than January 31, 2012.

HUD's PIH Notices can be viewed online at:
http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/publications/notices

