

Dear NAHMA Members,

Below, please find information from HUD regarding **two new Rental Assistance Demonstration (RAD) Notices that were published today: Implementation of Fiscal Year 2018 Appropriations Provisions and RAD Supplemental Guidance**. (Please note that the recently authorized conversion of properties assisted by Section 202 Supportive Housing for the Elderly will be implemented in a future notice.)

For more information on RAD, please visit the [website](#) or join HUD's RAD [webinar](#) on June 9<sup>th</sup> (more info below). Thanks,  
Juliana

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HUD published two Rental Assistance Demonstration (RAD) notices today that expand the tools participants have to preserve and recapitalize properties, while continuing to ensure the equitable treatment of residents. These notices are:

- 1) **Rental Assistance Demonstration: Implementation of Certain Fiscal Year (FY) 2018 Appropriations Act Provisions** ([FR-6105-N-01](#)) codifies certain changes to RAD authorized in the FY 18 Appropriations Act, including providing authority for an increased number of public housing units – now a total of 455,000 to convert through RAD; and facilitates the final conversion of the remaining properties assisted under the Rent Supplement and Rental Assistance Payment programs. This Federal Register notice also introduces a critical resident safeguard for all RAD Second Component conversions. See the summary [below](#).
- 2) **Rental Assistance Demonstration (RAD) – Supplemental Guidance** ([PIH-2018-11, H-2018-05](#)) introduces five new innovations that will make the conversion of public housing properties under RAD simpler and more effective, without any new cost to HUD, owners, or occupants. This HUD Housing Notice, and corresponding Federal Register notice, revises certain portions of the RAD Implementation Notice ([H 2017-03/PIH 2012-32 REV-3](#)). See the summary [below](#).

On Monday, July 9, at 2 p.m. EST, HUD will host a live webinar on the provisions of both notices. Please [register here](#) to participate.

## **Summary of Rental Assistance Demonstration: Implementation of Certain Fiscal Year (FY) 2018 Appropriations Act Provisions Federal Register Notice([FR-6105-N-01](#))**

### **First Component (Public Housing Conversions)**

The FY 18 Appropriations Act authorized an additional 230,000 public housing units to convert under RAD. Accordingly, this Notice establishes that:

- 1) The properties that are on the waiting list (over 125,000 units as of today) that receive awards will have rents based on modified FY 16 public housing levels. The rents will be constructed from FY 16 Operating Fund and Tenant rent levels, but will replace the Public Housing Authority's (PHA) FY 16 Capital Funds Formula Grant with the PHA's FY 18 Capital Fund Formula Grant. New applications where the award is made before the end of calendar year 2018 will use these same modified FY 16 RAD rent levels. [Modified FY 16 RAD Rents are available here](#).
- 2) At the end of the calendar year, HUD will calculate RAD rents based on FY 18 Operating Fund, Capital Fund, and Tenant Rent levels ("FY 18 RAD rents") and any new awards made after January 1, 2019, will use these rent levels.

- 3) Any PHAs that submitted “Letters of Interest” to reserve their position on the waiting list have 60 days to submit a complete RAD Application, portfolio award request or multi-phase award requested for the number of units included in their letter of interest. HUD has sent an email to these PHAs notifying them of this deadline. Please note that the RAD application has been significantly simplified.
- 4) Consistent with the statutory change, for any multi-phase awards issued after March 22, 2018, PHAs will have until September 30, 2024, to submit an application for the final phase of the project covered by the award. For any pre-existing multi-phase awards, at the request of a PHA, HUD may approve extensions on a case-by-case basis.
- 5) HUD is establishing a simpler process for PHAs to withdraw and reapply for RAD in order to receive more current rent levels. As a result, PHAs with awards based on an earlier RAD rent base year (FY 12, FY 14, FY 16) may amend their awards to secure RAD rents based on the policy in place at that time (i.e. modified FY 16 RAD rents for amendments made before January 1, 2019; FY 18 RAD rents for amendments made on or after January 1, 2019).

### **Second Component (Rent Supp, RAP, Mod Rehab, Mod Rehab SRO)**

The FY 18 Appropriations Act made three changes to the RAD Second Component. Most significantly, it authorized conversion of properties assisted by Section 202 Supportive Housing for the Elderly Project Rental Assistance Contracts (202 PRACs); however, that option will be implemented in a future notice. This Federal Register notice implements the other two provisions. Specifically, this notice:

- 1) Establishes that contracts provided through the conversion of properties currently assisted through the Rent Supplement and Rental Assistance Payment programs that are located in high-cost areas (as identified in Housing Notice 2017-06) shall have initial rents set at comparable market rents for the market area; and
- 2) Establishes that conversions of assistance under any of the conversion options under the RAD Second Component (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.

### **Summary of Rental Assistance Demonstration (RAD) – Supplemental Guidance HUD Housing Notice ([PIH-2018-11, H-2018-05](#))**

This Supplemental Notice and corresponding Federal Register notice make several changes to RAD Implementation Notice Revision 3. We have published a version of the [Revision 3 Notice as amended by the Supplemental Notice](#), which is available here.

#### **The five changes contained in the Supplemental Notice :**

- 1) Create a streamlined conversion option for about a quarter of the PHAs in the country that have a very small public housing portfolio of 50 units or less, that will not involve any rehabilitation, new construction, or relocation. The streamlined path eliminates several lengthy requirements that are important for larger PHAs, but are not needed or do not apply for small PHAs.
- 2) Expand the rent setting flexibility referred to as “rent bundling” to allow PHAs to blend the subsidy between RAD project-based voucher (PBV) and non-RAD PBV contracts. This

increased flexibility maintains RAD's budget neutrality and gives PHAs increased flexibility to support the financing they may need to convert through RAD.

- 3) Permit PHAs to establish project-specific utility allowances for PBV conversions. This is particularly useful because when the work performed as part of a RAD conversion results in the reduction of one or more utility components used to establish the utility allowance, HUD will permit the RAD contract rent paid to the owner to be increased by a portion of the utility savings, which will support greater financing. This provision entails a waiver of PBV regulations, which has been published in an accompanying [Federal Register Notice](#).
- 4) Provide an incentive to owners to adopt a waiting list preference for households exiting homelessness or permanent supportive housing by permitting a higher developer fee limit. With a higher developer fee limit, HUD hopes to encourage more development of properties that serve or partially serve this population.
- 5) Strengthen policy by establishing that HUD will disapprove a proposed conversion where a PHA is using certain provisions authorizing Section 18 disposition without replacement vouchers, if it will undermine RAD's unit replacement policy. It will also ensure that where RAD and Section 18 are used together towards preservation, residents receive a uniform set of relocation rights and benefits and that the RAD rights prevail.

If you have any questions on these notices, please [join us](#) for the July 9 webinar at 2 p.m. EST or contact [rad@hud.gov](mailto:rad@hud.gov).

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***NAHMA is the leading voice for affordable housing management, advocating on behalf of multifamily property managers and owners whose mission is to provide quality affordable housing.***