



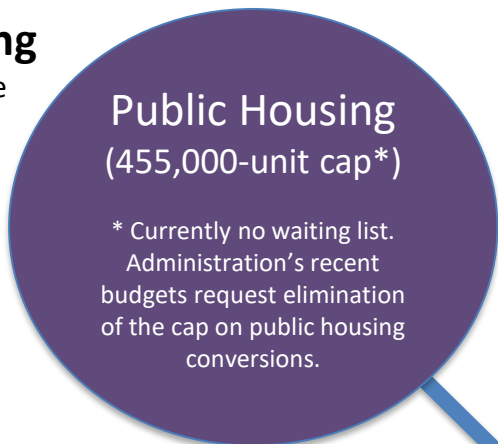
# Rental Assistance Demonstration (RAD) Update



# Structure of RAD

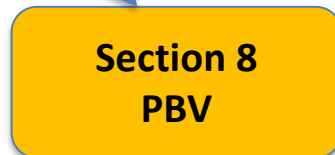
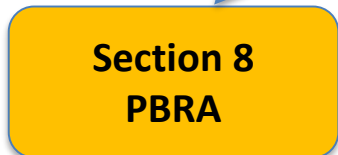
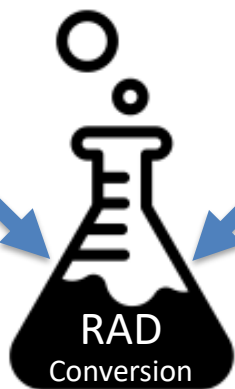
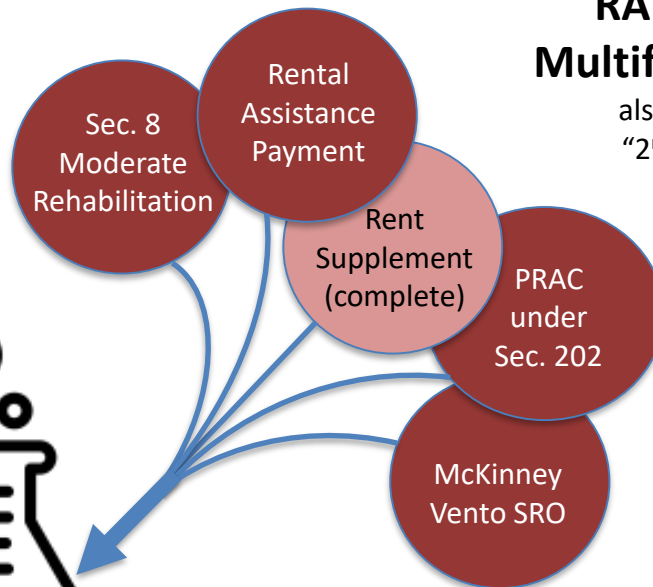
## RAD for Public Housing

also known as the "1<sup>st</sup> Component"



## RAD for Other Multifamily Housing

also known as the "2<sup>nd</sup> Component"



# RAD Conversions – Public Housing

**122,858 Public Housing Units**

converted from Public Housing to Section 8.

**\$7.8 Billion (roughly \$60K per unit)**

in construction investment\* in RAD Component 1 properties. It would have taken participating PHAs 46 years to accumulate enough public housing Capital Funds to complete a similar amount of construction.

**Roughly 140,000 Public Housing Units**

in the RAD pipeline

**Roughly 190,000 Public Housing Units**

of available RAD authority for new applications

# RAD Conversions – Other Multifamily

**Rent Supp Portfolio Successfully Preserved**

**2 RAP Properties Remaining**

**Final RS/RAP Conversions will close by November**

Two prospective RAP conversions and one retroactive conversion met the application deadline.

**5,675 Mod Rehab & MR/SRO Units Converted**

of which 30% were in FY2019. The momentum seems to be building.

**Doors Opened for Section 202 PRAC Conversions**

on September 5, 2019. Already, roughly 30+ expressions of interest.

# RAD Notice

- Housing 2019-09/PIH 2019-23 (“RAD Notice Rev 4”) published September 5, 2019
- Four Sections
  1. Public Housing conversions
  2. Mod Rehab/SRO conversions
  3. Rent Supplement and Rental Assistance Payment conversions
  4. **New!** Section 202 Project Rental Assistance Contract (PRAC) conversions
- Don’t just hit print!

# RAD for Section 202 PRACs

- Section 8 rents based on PRAC rents, which may be adjusted prior to conversion based on budget (e.g., justified by capital needs assessment)
- Annual rent adjustment by operating cost adjustment factor (OCAF)
- RAD Elderly Housing Use Agreement replaces the Capital Advance documentation and adds 20 years of required affordability
- 20-year HAP contract which must be renewed throughout the term of the Use Agreement

# Key RAD for PRAC Requirements

- Non-Profit Ownership or Control
- Supportive Services for Residents
- Robust Resident Protections
- Davis Bacon Generally Not Applicable
- Capital Needs Assessment
- Environmental Review
- Operating Reserve & Cash Flow
- Sales and Refinance Proceeds

# Supplemental Materials



# RAD for PRAC Conversion Process

## Initial Submission of Interest

- Submitted on the RAD Resource Desk
- Provides basic owner and property information
- HUD assigns a Transaction Manager to work with the owner

## Resident Notification and Consultation

- Written notification of conversion proposal
- At least 2 resident meetings with opportunities to comment

## Conversion Plan

- Submit detailed proposal after completion of the owner's planning process
- Demonstrate the physical and financial viability of the project
- Demonstrate compliance with program requirements

## RAD Approval

- Approves the Conversion Plan
- Sets out conditions to closing
- Outlines terms of the conversion and required construction

## Closing & Conversion

- Execution of Conversion Agreement
- Termination of PRAC and Capital Advance documentation
- Entry into Section 8 HAP Contract & RAD Elderly Housing Use Agreement

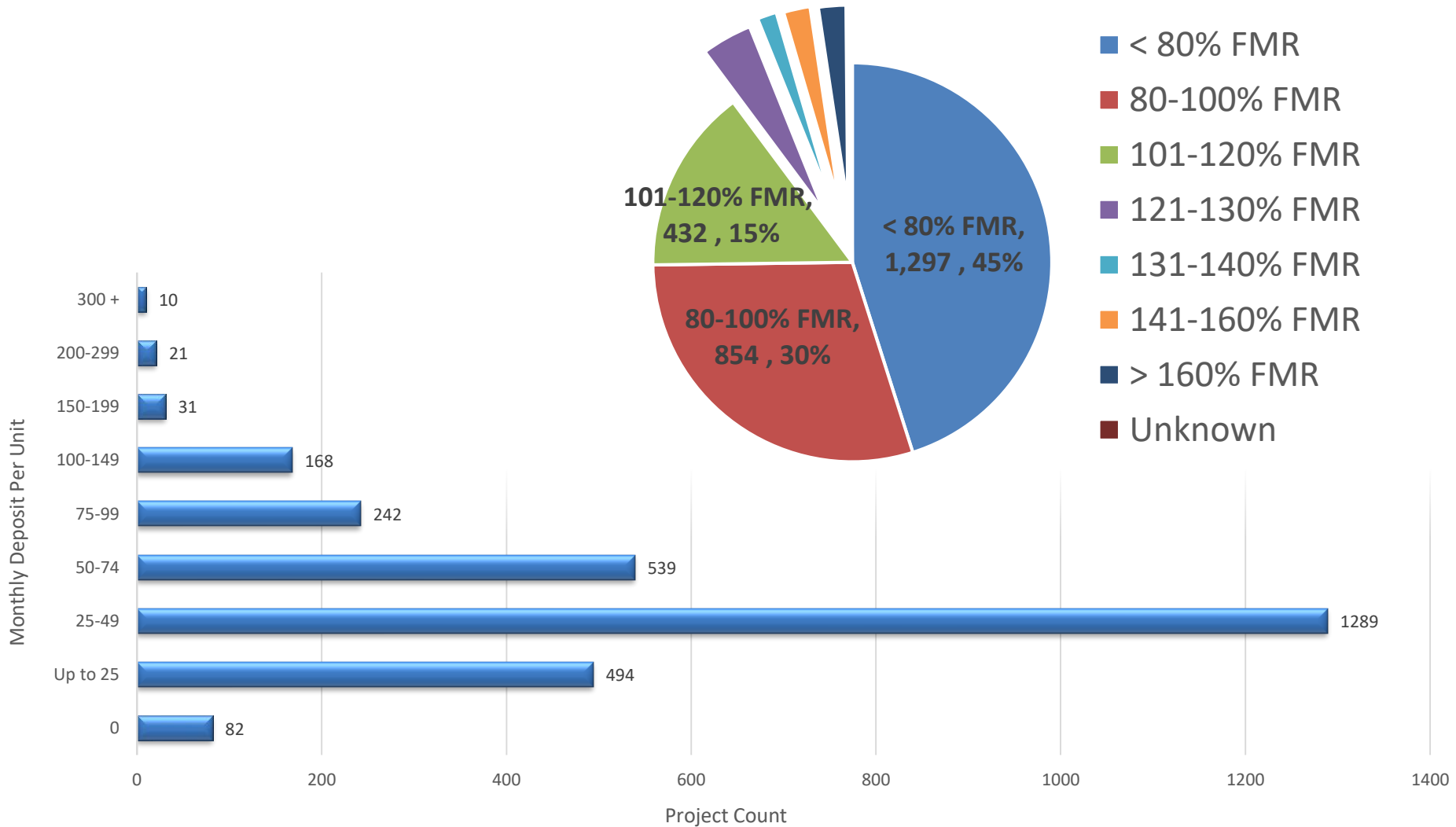
## Rehabilitation/ Construction

- If applicable, work completed in accordance with Conversion Agreement

# Getting Started

- Owner uploads Submission of Interest on [www.RADresource.net](http://www.RADresource.net) with basic project and owner information
  - HUD assigns a Transaction Manager
  - HUD is available for guidance to owners
- Owner is governed by existing PRAC rules and asset management procedures until conversion

# PRAC Rents and Replacement Reserves



# PRAC Budget Based Rent Setting

- HUD Handbook 4350.1 Chapter 7 and October 29, 2015 Memo set forth procedures for PRAC Renewals
- July 17, 2019 OAMPO Memo regarding BBRI's
  - Applies to pending & future 202 PRAC renewals until further notice but an update is expected with FY20 budget
  - R4R deposits to remain at current levels and proposed increases of gross rent exceeding 5% get additional review.
- HUD working group (HQ and field) is developing updated standard operating procedures to guide evaluation of CNAs, R4R requests and BBRI reviews

# Comparison of Contract Types

<b>Contract Type</b>	Project Based Rental Assistance (PBRA)	Project Based Voucher (PBV)
<b>Contract Administration</b>	Performed by HUD	Performed by Public Housing Agency (PHA)
<b>Contract Start</b>	First of month at least 30 days after “closing”	Must be at least 90 days from “closing” date and align with PRAC anniversary date
<b>Inspections</b>	UPCS performed by REAC starting after any required work is completed	HQS performed by PHA
<b>Rent Setting</b>	Based on PRAC Rents, not to exceed 120% of FMR or Small Area FMR	Based on PRAC Rents, not to exceed 110% of FMR, Small Area FMR, or rent reasonableness

# Thank You and Questions

For more information visit

[www.hud.gov/rad](http://www.hud.gov/rad)

Join the [RAD LISTSERV](http://www.hud.gov/rad) for news and updates

(link available at the bottom right of the

[www.hud.gov/rad](http://www.hud.gov/rad) webpage)