



Rental Assistance Demonstration (RAD): What Residents & Advocates Need to Know Now

**NLIHC Public Housing Resident Webinar
September 18, 2012**





Today's Presentation

- Why the Rental Assistance Demonstration (RAD)?
- Role of Residents in Developing RAD
- Major Features of RAD
- Resident Considerations about RAD

Today's Presenters

- Patrick Costigan, HUD Office of the Secretary
- Ron Ashford, HUD Public Housing Supportive Services
- Ed Gramlich, National Low Income Housing Coalition



WHY RAD?



- **HUD provides rental assistance to over 4.6M households**
 - 1.1M PH households
 - 3.5M households in MF or Section 8 like units
 - Plus 1.8M LIHTC units—through Treasury
- **Insufficient federal funding for public housing has left \$25.6B, or \$23,365/unit, in capital needs across the nation**
 - Losing 10,000-15,000 hard units each year
- **Federal government alone cannot meet the capital repair and replacement needs of Public Housing**
 - Current rules prohibit PHAs from accessing the same resources
 - Section 8 or low income housing tax credit (LIHTC) properties can

ROLE OF RESIDENTS IN DEVELOPING RAD

- **Resident input a key driver in the evolution of TRA → PETRA → RAD**
 - Partnered with National Housing Law Project (NHLP) to conduct nationwide resident outreach for TRA
 - Formed Resident Engagement Group (REG)
 - Held historic resident convenings at HUD
 - Met with Secretary Donovan and senior HUD staff
 - Continued meetings with residents and advocates during RAD development
- **RAD is not TRA or PETRA**
 - Reflects input from residents and advocates that were part of the process from the start





RAD KEY GOALS

RAD allows selected Public Housing, and at-risk assisted Multifamily “legacy” programs to convert their form of assistance to long-term Section 8 Housing Assistance Payment (HAP) contracts

Key RAD Goals

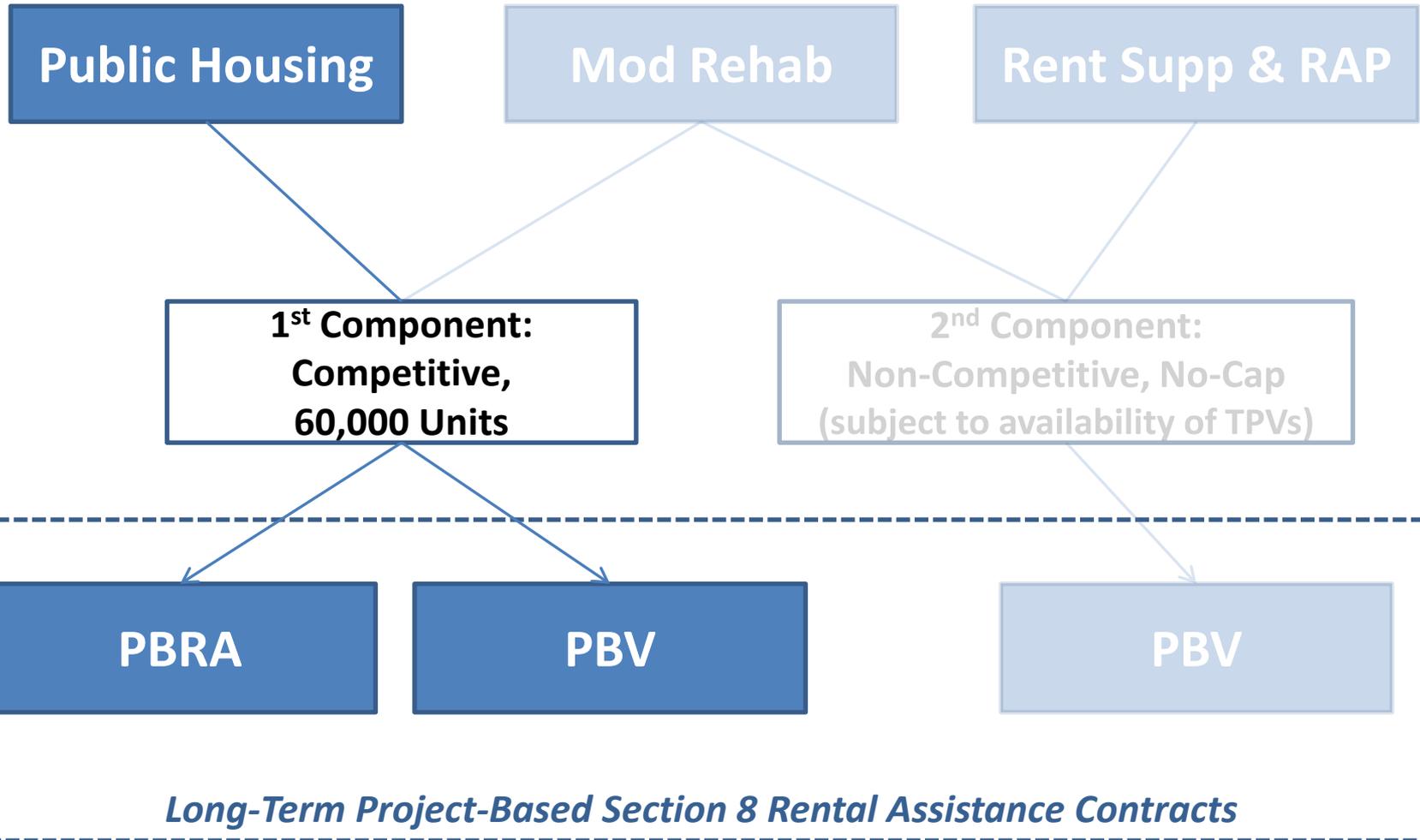
- Build on the proven Section 8 platform
- Leverage private capital to make needed repairs and preserve affordable housing units
- Offer residents greater choice and mobility





RAD CONVERSION ELIGIBILITY

PAT





RAD CONVERSION PROCESS



- **RAD is voluntary – PHAs choose to apply**
 - Starting September 24
- **Up to 60,000 Public Housing units can convert assistance**
- **Assistance converts to long-term, property-based Section 8 contracts, either**
 - Project Based Voucher (PBV) Contracts, administered by HUD’s Office Public and Indian Housing (PIH)
 - Project Based Rental Assistance (PBRA) Contracts, administered by HUD’s Office Multifamily Programs (OMFP)



1-1 PRESERVATION OF PUBLIC HOUSING



- **PHAs must maintain the same # of deeply affordable units**
 - One-for-one replacement of units with a “de-minimus” or minor exception
- **“De-minimus” allows PHAs to reduce the # of assisted units by up to 5% or 5 units, whichever is greater, without HUD approval**
- **PHAs can also reduce units that have been**
 - Vacant for 2 or more years
 - Reconfigured, such as an efficiency made into a 1-bedroom unit
 - Converted to use for social services
- **No permanent involuntary displacement of residents can occur as a result of conversion**



PUBLIC HOUSING OWNERSHIP

Conversion will not require a change in ownership

- Public or non-profit ownership or control
- Two exceptions
 - For-profit ownership to facilitate low-income tax credits (LIHTCs)
 - If foreclosure, bankruptcy, or termination for cause – dispose first to capable public entity, then other capable entities as determined by Secretary



LONG-TERM AFFORDABILITY

- Initial Contract Term
 - PBRA: 20 years
 - PBV: 15 years (or 20 years with PHA approval)
- Secretary must renew contract and PHA must accept
- Long-term use agreement extended with each contract renewal



RESIDENT CHOICE-MOBILITY

PBV—adheres to current program rules

- Minimum residency: 1 year
- Waitlist priority if tenant-based assistance is not immediately available

PBRA—different rules

- Minimum residency: 2 years
- PHA may limit Choice-Mobility vouchers to 1/3 of turnover vouchers, or moves to 15% of the project's assisted units
 - If limited, resident wait-list policy for HCVs to exercise choice-mobility option
- HUD may exempt up to 10% of converted units under RAD from this requirement where no vouchers are available





RESIDENT NOTIFICATION & CONSULTATION

PHAs must notify and consult with residents in advance of, and throughout, the conversion of assistance

- Prior to Conversion
 - Conduct at least two meetings with residents of projects proposed for initial application
 - Provide opportunity for residents of proposed projects to comment
 - Address resident comments in writing
- Upon approval of initial application (Commitment to Enter into HAP, or CHAP), conduct at least one more resident meeting
- Upon Issuance of RAD Conversion Commitment
 - Notify each affected household of conversion approval
 - Inform households of specific conversion plans/impacts
- Affected households that do not want to transition to new program can be offered transfer to other Public Housing as available



SIGNIFICANT AMENDMENT CHANGE

HUD considers RAD conversions to be a “Significant Amendment” to a PHA Plan

- Discussions with resident organizations and other residents can begin at any time
 - Ideally before the two required meetings with residents of projects proposed for conversion, and prior to the initial application
- HUD requires that the Significant Amendment be made after preliminary approval is granted (CHAP)
 - Can be 2 months after a conversion application is submitted
 - Well before final conversion is approved (HAP)
- RAB involvement, PHA-wide notice, broad public outreach & public hearing required as part of Significant Amendment





RAD RENT & TENANCY PROVISIONS



- **Residents will continue to pay 30% adjusted income**
 - If monthly rent increases by more than greater of 10% or \$25 purely as a result of conversion (only likely in “flat rent” scenarios), rent increases will be phased in over 3 years (or 5 years if PHA elects)
- **No rescreening of residents upon conversion—will not affect continued residency**
- **Residents will have the first *right to return* if rehab or construction requires temporary relocation**
- **Permanent involuntary displacement of residents may not occur as a result of the project’s conversion of assistance**

RAD RESIDENT PROVISIONS

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- **Family Self-Sufficiency (FSS) & Resident Opportunities and Self-Sufficiency (ROSS-SC)**
 - FSS & ROSS-SC participants may continue in programs
 - **Resident Participation & Funding**
 - Residents can establish & operate legitimate resident organizations
 - PHAs must recognize legitimate resident organizations
 - PHAs must provide \$25 per occupied unit annually for resident participation per current PH program rules
 - **Resident Procedural Rights**
 - PHAs must abide by additional (to PBV & PBRA) grievance and termination provisions to be consistent with rights afforded by Section 6 of the Housing Act



RAD RESIDENT PROVISIONS



- **Resident Participation—instead of Section 964 provisions for Public Housing**
 - If convert to PBRA, then Multifamily Section 245 participation provisions apply
 - If convert to PBV, then provisions similar to Section 245 apply
- **Section 245-like rights include**
 - Right to establish and operate a “legitimate resident organization,” including
 - Leafleting, surveys, site meetings
 - Respond to PHA requests to increase rents, changes in utilities, make major capital repairs, prepay loans



KEY RAD DATES



Public Housing (& Mod Rehab)

- Initial Application Window Opens 9/24/2012
- Initial Application Window Closes 10/24/2012
- Ongoing Application Window Opens 10/25/2012
- Preliminary Awards 11/2012
- Final Awards 6-12 months later



IF YOUR PHA IS APPLYING FOR RAD

Some Good Questions to Ask

- Which developments are being considered for conversion?
- Does the PHA intend to apply for PBV or PBRA, and why?
- When is the PHA discussing conversion plans with residents?
- How do I submit my feedback on the plans?
- When will the PHA share their responses to feedback?
- How can I be involved moving forward?





RAD Notice, application materials, and additional resources can be found at

www.hud.gov/rad

Email questions to rad@hud.gov





APPENDIX





PROJECT-BASED VOUCHERS

PBVs Now (via PHAs)

- Project base up to 20% of voucher inventory
- 25% cap for projects unless units qualify for exceptions
 - Elderly
 - Disabled
 - Families receiving supportive services
- Use “turnover vouchers” to support mobility component

PBVs under RAD

- Lifts the 20% voucher inventory cap
- Raises per-project cap to 50%
 - Exceptions still apply, however if family declines supportive services, “grandfathered” in
 - Once initial family vacates, supportive service requirement applies
- Long-term contracts/affordability controls/PHA must renew
- Improved resident provisions through additional grievance procedures and termination notice requirements





PROJECT-BASED RENTAL ASSISTANCE



PBRA Now

- No current authority for PH to convert to PBRA
- No current “choice-mobility” provisions

PBRA under RAD

- Long-term renewable contract and use restriction
- Choice-mobility requirement introduced
- Improved resident provisions through additional grievance procedures and termination notice requirements



RAD EVALUATION

3-Year Authority (to September 30, 2015) for Public Housing & Mod Rehab

Public Housing conversions

- Impact on preservation and improvement of covered projects
- Impact of conversions on residents
- Amount of private capital leveraged for rehab as a result of conversion

Mod Rehab, Rent Supp, & RAP conversions

- FY 2006-2014 Authority
- Comptroller General of US to conduct study of long-term impact on ratio of tenant-based vouchers to project-based vouchers





KEY PROGRAM PROVISIONS: PUBLIC HOUSING



| Provision | Requirement | |
|------------------------------------|---|--|
| | Public Housing | Mod Rehab |
| Application Pools | 4 Census Regions, by PHA size; 58,750 total units | 4 Census Regions, by Mod Rehab size; 1,250 total units |
| Application Ranking Factors | <ul style="list-style-type: none"> • Capital Needs • Choice-Mobility • Green Building • Priority Project | Same |
| Ownership/Control | Public or non-profit ownership or control, except to facilitate tax credits, or, in foreclosure, bankruptcy, termination for cause, wherein project disposed first to capable public entity, then other capable entities as determined by Secretary | N/A |
| Initial Contract Term | <ul style="list-style-type: none"> • PBRA – 20 years • PBV – 15 years (20 with approval of voucher agency) | Same |
| Initial Contract Rents | <ul style="list-style-type: none"> • PBRA – Lower of a) current funding, or b) 120% of FMR (less utility allowance); except where current funding is below market, wherein rent is limited to 150% of FMR • PBV – Lower of a) current funding, b) 110% of FMR (less utility allowance), or c) reasonable rent | Same |



KEY PROGRAM PROVISIONS: PUBLIC HOUSING

Continued

| Provision | Requirement | |
|------------------------------------|--|---|
| | Public Housing | Mod Rehab |
| Capital and Operating Funds | Can be used in financing structure | N/A |
| Contract Rent Adjustments | Annually via Operating Cost Adjustment Factor (OCAF) | Same |
| Contract Renewal | Secretary shall offer and PHA shall accept renewals of such terms as provided in PBV and PBRA programs | <ul style="list-style-type: none"> •PBRA – if owner requests, Secretary renews per MAHRA terms •PBV – per normal PBV rules (up to 15 years) |
| Use Agreement | Long-term use agreement extended with each contract renewal | N/A |
| Resident Choice-Mobility | <ul style="list-style-type: none"> • PBRA – Required after 2 years with PHA option of 15% project cap and 1/3 voucher turnover cap; good-cause exemption for up to 10% of conversions • PBV – Per normal PBV rules | Same |
| PBV Inventory Limitation | Exempt from 20% limitation | Same |





KEY PROGRAM PROVISIONS: PUBLIC HOUSING

Continued



| Provision | Requirement | |
|---|--|-------------------|
| | Public Housing | Mod Rehab |
| PBV Income Mixing | Raised to 50% per property; May go up to 100% if qualified for exemption | Same |
| PBV Competitive Selection of Owner Proposals | Waived | Same |
| PBRA Limitations on Distributions | Waived | N/A |
| No Rescreening at Conversion | Required | Same |
| Resident Consultation | Required | Same |
| Recognition of Legitimate Resident Organizations | Required | Required for PBRA |
| Resident Participation Funding | Continued at \$25 per occupied unit annually | N/A |
| Resident Procedural Rights under Section 6 of 1937 Act | As conveyed under Section 6 of 1937 Housing Act | N/A |
| Davis Bacon Act and Section 3 | Required for initial repairs | N/A |



KEY PROGRAM PROVISIONS: NON-PUBLIC HOUSING

Mod Rehab, Rent Supp, & RAP

| Provision | Requirement |
|--|--|
| Initial Contract Term | 15 years |
| Initial Contract Rents | Per normal PBV rules |
| Contract Rent Adjustments | Annually per normal PBV rules |
| Contract Renewal | Per normal PBV rules (up to 15 years) |
| Resident Choice-Mobility | Per normal PBV rules |
| PBV Inventory Limitation | Exempt from 20% limitation |
| PBV Income Mixing | Raised to 50% per property; May go up to 100% if qualified for exemption |
| PBV Competitive Selection of Owner Proposals | Waived |
| Resident Consultation | Required |

