

## **Rental Assistance Demonstration (RAD) Significant Amendment**

The Housing Authority of the City of Milwaukee (HACM) is amending its Annual and 5-Year PHA Plan because it was a successful applicant in the Rental Assistance Demonstration (RAD) for a total portfolio conversion. As a result, HACM will be converting to Project Based Vouchers under the guidelines of PIH Notice 2012-32, REV-2 and any successor Notices. Upon conversion to Project Based Vouchers the Authority will adopt the resident rights, participation, waiting list and grievance procedures listed in Section 1.6 of PIH Notice 2012-32, REV-2; and relocation activities in compliance with Joint Housing PIH Notice H-2014-09/PIH-2014-17. These resident rights, participation, waiting list and grievance procedures are appended to this Attachment. Additionally, the Housing Authority of the City of Milwaukee certifies that it is currently compliant with all fair housing and civil rights requirements, including those imposed by any remedial orders or agreements, namely the Section 3 Voluntary Compliance Agreement between HACM and HUD entered into on August 8, 2014. The site complies with the Site selection requirements set forth at 24 CFR § 983.57, the Fair Housing Act, Title VI of the Civil Rights Act of 1964 including implementing regulations at 24 CFR § 1.4(b)(3), Section 504 of the Rehabilitation Act of 1973 including implementing regulations at 24 CFR § 8.4(b)(5), and the Americans with Disabilities Act.

RAD was designed by HUD to assist in addressing the capital needs of public housing by providing HACM with access to private sources of capital to repair and preserve its affordable housing assets. Please be aware that upon conversion, the Authority's Capital Fund Budget will be reduced by the pro rata share of Public Housing Developments converted as part of the Demonstration, and that HACM may also borrow funds to address their capital needs. The Housing Authority of the City of Milwaukee will also be contributing Capital Funds in the amount of \$7,277,845 towards the 1<sup>st</sup> phase of the portfolio conversion. HACM will also consider using future Replacement Housing Factor grant or Demolition/Disposition Transition Funding grant currently estimated at \$6,009,000, existing unrestricted reserves and rent-bundling as deemed necessary to make the conversion of the project(s) financially feasible.

Below, please find specific information related to the Public Housing Development(s) selected for 1<sup>st</sup> phase RAD conversion: Although HACM has received HUD approval for a total portfolio conversion, management will continually evaluate the financial feasibility of individual development or AMP conversion.

<u>Name of Public Housing Project</u>	<u>PIC Development ID:</u>	<u>Conversion Type (ie PBV or PBRA)</u>	<u>Transfer of Assistance: (if yes, please put the location if known, and # of units transferred)</u>
Cherry Court, LLC	WI002000064	PBV	No
<u>Total Units:</u>	<u>Pre-RAD Unit Type (ie Family Senior, etc)</u>	<u>Post-RAD unit Type if different (ie Family, Senior, etc)</u>	<u>Capital Fund allocation of Development (Annual Capital Fund Grant Attributable to the Project, if known) OR (Total Annual Capital Fund allocation divided by the total number of public housing units in PHA multiplied by total number of units in project)</u>
70	Mixed	Mixed	\$41,882
<b>Bedroom Type</b>	<b>Number of Units Pre-Conversion</b>	<b>Number of Units Post-Conversion</b>	<b>Change in Number of Units per Bedroom Type and Why (De Minimis Reduction, Transfer of Assistance, Unit Reconfigurations, etc)</b>
Studio/Efficiency	-	-	-
One Bedroom	70	70	0
Two Bedroom	-	-	-
Three Bedroom	-	-	-
Four Bedroom	-	-	-
Five Bedroom	-	-	-
Six Bedroom	-	-	-

<u>Name of Public Housing Project</u>	<u>PIC Development ID:</u>	<u>Conversion Type (ie PBV or PBRA)</u>	<u>Transfer of Assistance: (if yes, please put the location if known, and # of units transferred)</u>
Convent Hill, LLC	WI002000065	PBV	No
<u>Total Units:</u>	<u>Pre-RAD Unit Type (ie Family Senior, etc)</u>	<u>Post-RAD unit Type if different (ie Family, Senior, etc)</u>	<u>Capital Fund allocation of Development (Annual Capital Fund Grant Attributable to the Project, if known) OR (Total Annual Capital Fund allocation divided by the total number of public housing units in PHA multiplied by total number of units in project)</u>
42	Elderly	Elderly	\$25,302
<b>Bedroom Type</b>	<b>Number of Units Pre-Conversion</b>	<b>Number of Units Post-Conversion</b>	<b>Change in Number of Units per Bedroom Type and Why (De Minimis Reduction, Transfer of Assistance, Unit Reconfigurations, etc)</b>
Studio/Efficiency	-	-	-
One Bedroom	42	42	0
Two Bedroom	-	-	-
Three Bedroom	-	-	-
Four Bedroom	-	-	-
Five Bedroom	-	-	-
Six Bedroom	-	-	-

<u>Name of Public Housing Project</u>	<u>PIC Development ID:</u>	<u>Conversion Type (ie PBV or PBRA)</u>	<u>Transfer of Assistance: (if yes, please put the location if known, and # of units transferred)</u>
Lapham Park, LLC	WI002000075	PBV	No
<u>Total Units:</u>	<u>Pre-RAD Unit Type (ie Family Senior, etc)</u>	<u>Post-RAD unit Type if different (ie Family, Senior, etc)</u>	<u>Capital Fund allocation of Development (Annual Capital Fund Grant Attributable to the Project, if known) OR (Total Annual Capital Fund allocation divided by the total number of public housing units in PHA multiplied by total number of units in project)</u>
131	Elderly	Elderly	\$182,611
<b>Bedroom Type</b>	<b>Number of Units Pre-Conversion</b>	<b>Number of Units Post-Conversion</b>	<b>Change in Number of Units per Bedroom Type and Why (De Minimis Reduction, Transfer of Assistance, Unit Reconfigurations, etc)</b>
Studio/Efficiency	-	-	-
One Bedroom	109	109	0
Two Bedroom	22	22	0
Three Bedroom	-	-	-
Four Bedroom	-	-	-
Five Bedroom	-	-	-
Six Bedroom	-	-	-

<u>Name of Public Housing Project</u>	<u>PIC Development ID:</u>	<u>Conversion Type (ie PBV or PBRA)</u>	<u>Transfer of Assistance: (if yes, please put the location if known, and # of units transferred)</u>
Olga Village, LLC	WI002000068	PBV	No
<u>Total Units:</u>	<u>Pre-RAD Unit Type (ie Family Senior, etc)</u>	<u>Post-RAD unit Type if different (ie Family, Senior, etc)</u>	<u>Capital Fund allocation of Development (Annual Capital Fund Grant Attributable to the Project, if known) OR (Total Annual Capital Fund allocation divided by the total number of public housing units in PHA multiplied by total number of units in project)</u>
37	Elderly	Elderly	\$24,024
<b>Bedroom Type</b>	<b>Number of Units Pre-Conversion</b>	<b>Number of Units Post-Conversion</b>	<b>Change in Number of Units per Bedroom Type and Why (De Minimis Reduction, Transfer of Assistance, Unit Reconfigurations, etc)</b>
Studio/Efficiency	-	-	-
One Bedroom	27	27	0
Two Bedroom	10	10	0
Three Bedroom	-	-	-
Four Bedroom	-	-	-
Five Bedroom	-	-	-
Six Bedroom	-	-	-

<u>Name of Public Housing Project</u>	<u>PIC Development ID:</u>	<u>Conversion Type (ie PBV or PBRA)</u>	<u>Transfer of Assistance: (if yes, please put the location if known, and # of units transferred)</u>
Westlawn Gardens, LLC	WI002000071	PBV	No
<u>Total Units:</u>	<u>Pre-RAD Unit Type (ie Family Senior, etc)</u>	<u>Post-RAD unit Type if different (ie Family, Senior, etc)</u>	<u>Capital Fund allocation of Development (Annual Capital Fund Grant Attributable to the Project, if known) OR (Total Annual Capital Fund allocation divided by the total number of public housing units in PHA multiplied by total number of units in project)</u>
64	Elderly & Family	Elderly & Family	\$48,398
<b>Bedroom Type</b>	<b>Number of Units Pre-Conversion</b>	<b>Number of Units Post-Conversion</b>	<b>Change in Number of Units per Bedroom Type and Why (De Minimis Reduction, Transfer of Assistance, Unit Reconfigurations, etc)</b>
Studio/Efficiency	-	-	-
One Bedroom	47	47	0
Two Bedroom	6	6	0
Three Bedroom	2	2	0
Four Bedroom	8	8	0
Five Bedroom	1	1	0
Six Bedroom	-	-	-

<u>Name of Public Housing Project</u>	<u>PIC Development ID:</u>	<u>Conversion Type (ie PBV or PBRA)</u>	<u>Transfer of Assistance: (if yes, please put the location if known, and # of units transferred)</u>
Scattered Sites I, LLC	WI001000066	PBV	No
<u>Total Units:</u>	<u>Pre-RAD Unit Type (ie Family Senior, etc)</u>	<u>Post-RAD unit Type if different (ie Family, Senior, etc)</u>	<u>Capital Fund allocation of Development (Annual Capital Fund Grant Attributable to the Project, if known) OR (Total Annual Capital Fund allocation divided by the total number of public housing units in PHA multiplied by total number of units in project)</u>
24	Family	Family	\$24,706
<b>Bedroom Type</b>	<b>Number of Units Pre-Conversion</b>	<b>Number of Units Post-Conversion</b>	<b>Change in Number of Units per Bedroom Type and Why (De Minimis Reduction, Transfer of Assistance, Unit Reconfigurations, etc)</b>
Studio/Efficiency	-	-	-
One Bedroom	-	-	-
Two Bedroom	-	-	-
Three Bedroom	19	19	0
Four Bedroom	4	4	0
Five Bedroom	1	1	0
Six Bedroom	-	-	-

<u>Name of Public Housing Project</u>	<u>PIC Development ID:</u>	<u>Conversion Type (ie PBV or PBRA)</u>	<u>Transfer of Assistance: (if yes, please put the location if known, and # of units transferred)</u>
Scattered Sites II, LLC	WI002000067	PBV	No
<u>Total Units:</u>	<u>Pre-RAD Unit Type (ie Family Senior, etc)</u>	<u>Post-RAD unit Type if different (ie Family, Senior, etc)</u>	<u>Capital Fund allocation of Development (Annual Capital Fund Grant Attributable to the Project, if known) OR (Total Annual Capital Fund allocation divided by the total number of public housing units in PHA multiplied by total number of units in project)</u>
12	Family	Family	\$13,096
<b>Bedroom Type</b>	<b>Number of Units Pre-Conversion</b>	<b>Number of Units Post-Conversion</b>	<b>Change in Number of Units per Bedroom Type and Why (De Minimis Reduction, Transfer of Assistance, Unit Reconfigurations, etc)</b>
Studio/Efficiency	-	-	-
One Bedroom	-	-	-
Two Bedroom	-	-	-
Three Bedroom	7	7	0
Four Bedroom	2	2	0
Five Bedroom	3	3	0
Six Bedroom	-	-	-



<u>Name of Public Housing Project</u>	<u>PIC Development ID:</u>	<u>Conversion Type (ie PBV or PBRA)</u>	<u>Transfer of Assistance: (if yes, please put the location if known, and # of units transferred)</u>
Highland Gardens, LLC	WI002000049	PBV	No
<u>Total Units:</u>	<u>Pre-RAD Unit Type (ie Family Senior, etc)</u>	<u>Post-RAD unit Type if different (ie Family, Senior, etc)</u>	<u>Capital Fund allocation of Development (Annual Capital Fund Grant Attributable to the Project, if known) OR (Total Annual Capital Fund allocation divided by the total number of public housing units in PHA multiplied by total number of units in project)</u>
46	Mixed	Mixed	\$27,257
<b>Bedroom Type</b>	<b>Number of Units Pre-Conversion</b>	<b>Number of Units Post-Conversion</b>	<b>Change in Number of Units per Bedroom Type and Why (De Minimis Reduction, Transfer of Assistance, Unit Reconfigurations, etc)</b>
Studio/Efficiency	-	-	-
One Bedroom	46	46	0
Two Bedroom	-	-	-
Three Bedroom	-	-	-
Four Bedroom	-	-	-
Five Bedroom	-	-	-
Six Bedroom	-	-	-

<u>Name of Public Housing Project</u>	<u>PIC Development ID:</u>	<u>Conversion Type (ie PBV or PBRA)</u>	<u>Transfer of Assistance: (if yes, please put the location if known, and # of units transferred)</u>
Townhomes at Carver Park, LLC	WI002000046	PBV	No
<u>Total Units:</u>	<u>Pre-RAD Unit Type (ie Family Senior, etc)</u>	<u>Post-RAD unit Type if different (ie Family, Senior, etc)</u>	<u>Capital Fund allocation of Development (Annual Capital Fund Grant Attributable to the Project, if known) OR (Total Annual Capital Fund allocation divided by the total number of public housing units in PHA multiplied by total number of units in project)</u>
51	Family	Family	\$52,658
<b>Bedroom Type</b>	<b>Number of Units Pre-Conversion</b>	<b>Number of Units Post-Conversion</b>	<b>Change in Number of Units per Bedroom Type and Why (De Minimis Reduction, Transfer of Assistance, Unit Reconfigurations, etc)</b>
Studio/Efficiency	-	-	-
One Bedroom	-	-	-
Two Bedroom	-	-	-
Three Bedroom	35	35	0
Four Bedroom	10	10	0
Five Bedroom	6	6	0
Six Bedroom	-	-	-

<u>Name of Public Housing Project</u>	<u>PIC Development ID:</u>	<u>Conversion Type (ie PBV or PBRA)</u>	<u>Transfer of Assistance: (if yes, please put the location if known, and # of units transferred)</u>
College Court	WI002000011	PBV	No
<u>Total Units:</u>	<u>Pre-RAD Unit Type (ie Family Senior, etc)</u>	<u>Post-RAD unit Type if different (ie Family, Senior, etc)</u>	<u>Capital Fund allocation of Development (Annual Capital Fund Grant Attributable to the Project, if known) OR (Total Annual Capital Fund allocation divided by the total number of public housing units in PHA multiplied by total number of units in project)</u>
251	Elderly & Mixed	Elderly & Mixed	\$347,266
<b>Bedroom Type</b>	<b>Number of Units Pre-Conversion</b>	<b>Number of Units Post-Conversion</b>	<b>Change in Number of Units per Bedroom Type and Why (De Minimis Reduction, Transfer of Assistance, Unit Reconfigurations, etc)</b>
Studio/Efficiency	-	-	-
One Bedroom	251	251	0
Two Bedroom	-	-	-
Three Bedroom	-	-	-
Four Bedroom	-	-	-
Five Bedroom	-	-	-
Six Bedroom	-	-	-

<u>Name of Public Housing Project</u>	<u>PIC Development ID:</u>	<u>Conversion Type (ie PBV or PBRA)</u>	<u>Transfer of Assistance: (if yes, please put the location if known, and # of units transferred)</u>
Holton Terrace	WI002000008	PBV	No
<u>Total Units:</u>	<u>Pre-RAD Unit Type (ie Family Senior, etc)</u>	<u>Post-RAD unit Type if different (ie Family, Senior, etc)</u>	<u>Capital Fund allocation of Development (Annual Capital Fund Grant Attributable to the Project, if known) OR (Total Annual Capital Fund allocation divided by the total number of public housing units in PHA multiplied by total number of units in project)</u>
120	Mixed	Mixed	\$165,706
<b>Bedroom Type</b>	<b>Number of Units Pre-Conversion</b>	<b>Number of Units Post-Conversion</b>	<b>Change in Number of Units per Bedroom Type and Why (De Minimis Reduction, Transfer of Assistance, Unit Reconfigurations, etc)</b>
Studio/Efficiency	-	-	-
One Bedroom	120	120	0
Two Bedroom	-	-	-
Three Bedroom	-	-	-
Four Bedroom	-	-	-
Five Bedroom	-	-	-
Six Bedroom	-	-	-

<u>Name of Public Housing Project</u>	<u>PIC Development ID:</u>	<u>Conversion Type (ie PBV or PBRA)</u>	<u>Transfer of Assistance: (if yes, please put the location if known, and # of units transferred)</u>
Mitchell Court	WI002000017	PBV	No
<u>Total Units:</u>	<u>Pre-RAD Unit Type (ie Family Senior, etc)</u>	<u>Post-RAD unit Type if different (ie Family, Senior, etc)</u>	<u>Capital Fund allocation of Development (Annual Capital Fund Grant Attributable to the Project, if known) OR (Total Annual Capital Fund allocation divided by the total number of public housing units in PHA multiplied by total number of units in project)</u>
100	Elderly & Mixed	Elderly & Mixed	\$139,377
<b>Bedroom Type</b>	<b>Number of Units Pre-Conversion</b>	<b>Number of Units Post-Conversion</b>	<b>Change in Number of Units per Bedroom Type and Why (De Minimis Reduction, Transfer of Assistance, Unit Reconfigurations, etc)</b>
Studio/Efficiency	-	-	-
One Bedroom	100	100	0
Two Bedroom	-	-	-
Three Bedroom	-	-	-
Four Bedroom	-	-	-
Five Bedroom	-	-	-
Six Bedroom	-	-	-

<u>Name of Public Housing Project</u>	<u>PIC Development ID:</u>	<u>Conversion Type (ie PBV or PBRA)</u>	<u>Transfer of Assistance: (if yes, please put the location if known, and # of units transferred)</u>
Locust Court	WI002000015	PBV	No
<u>Total Units:</u>	<u>Pre-RAD Unit Type (ie Family Senior, etc)</u>	<u>Post-RAD unit Type if different (ie Family, Senior, etc)</u>	<u>Capital Fund allocation of Development (Annual Capital Fund Grant Attributable to the Project, if known) OR (Total Annual Capital Fund allocation divided by the total number of public housing units in PHA multiplied by total number of units in project)</u>
230	Mixed	Mixed	\$318,382
<b>Bedroom Type</b>	<b>Number of Units Pre-Conversion</b>	<b>Number of Units Post-Conversion</b>	<b>Change in Number of Units per Bedroom Type and Why (De Minimis Reduction, Transfer of Assistance, Unit Reconfigurations, etc)</b>
Studio/Efficiency	-	-	-
One Bedroom	230	230	0
Two Bedroom	-	-	-
Three Bedroom	-	-	-
Four Bedroom	-	-	-
Five Bedroom	-	-	-
Six Bedroom	-	-	-

<u>Name of Public Housing Project</u>	<u>PIC Development ID:</u>	<u>Conversion Type (ie PBV or PBRA)</u>	<u>Transfer of Assistance: (if yes, please put the location if known, and # of units transferred)</u> Yes – 18 units will be located at the adjacent AMP – Westlawn Gardens. Part of the CNI/RAD Transformation Plan
Westlawn West	WI002000070	PBV	
<u>Total Units:</u>	<u>Pre-RAD Unit Type (ie Family Senior, etc)</u>	<u>Post-RAD unit Type if different (ie Family, Senior, etc)</u>	<u>Capital Fund allocation of Development (Annual Capital Fund Grant Attributable to the Project, if known) OR (Total Annual Capital Fund allocation divided by the total number of public housing units in PHA multiplied by total number of units in project)</u> \$623,280
394	Family	Family	
<b>Bedroom Type</b>	<b>Number of Units Pre-Conversion</b>	<b>Number of Units Post-Conversion</b>	<b>Change in Number of Units per Bedroom Type and Why (De Minimis Reduction, Transfer of Assistance, Unit Reconfigurations, etc)</b>
Studio/Efficiency	-	-	-
One Bedroom	94	112	+18 (Unit reconfiguration)
Two Bedroom	178	150	-28 (Unit reconfiguration)
Three Bedroom	94	96	+2 (Unit reconfiguration)
Four Bedroom	28	36	-8 (Unit reconfiguration)
Five Bedroom	-	-	-
Six Bedroom	-	-	-
<u>(If performing a</u> (Explain any changes in the policies that govern eligibility, admissions,			

Transfer of  
Assistance):

selection, and occupancy of units at the project after it has been converted.) N/A

DRAFT



**Resident Rights, Participation, Waiting List and Grievance Procedures**  
**If converting to PBV:**

<b>Project Based Voucher Requirements (Section 1.6 of PIH Notice 2012-32, REV-2 and the Joint Housing PIH Notice H-2014- 09/ PIH-2014-17)</b>
<b>Tenant Protections Under Joint Housing PIH Notice H-2014-09/ PIH-2014-17.)</b>
1. Right to Return and Relocation Assistance
<b>Tenant Protections Under Section 1.6.C</b>
1. No re-screening of tenants upon conversion
2. Under-Occupied Unit
3. Renewal of Lease
4. Phase-in of tenant rent increase:
5. FSS and ROSS-SC programs;
6. Resident Participation and Funding.
7. Termination notification
8. Grievance process
9. Earned Income Disregard.
10. When Total Tenant Payment Exceeds Gross Rent.
11. Jobs Plus
<b>Tenant Protections Under Section 1.6.D</b>
1. Establishment of Waiting List
2. Choice Mobility

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**Significant Amendment Definition**

**If your PHA is changing its definition for substantial deviation to the PHA Plan, below find a suggested version:**

As part of the Rental Assistance Demonstration (RAD), HACM is redefining the definition of a substantial deviation from the PHA Plan to exclude the following RAD-specific items:

- a. The decision to convert to either Project Based Rental Assistance or Project Based Voucher Assistance;
- b. Changes to the Capital Fund Budget produced as a result of each approved RAD Conversion, regardless of whether the proposed conversion will include use of additional Capital Funds;
- c. Changes to the construction and rehabilitation plan for each approved RAD conversion; and
- d. Changes to the financing structure for each approved RAD conversion.

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**Policies for Rental Assistance Demonstration Properties**  
**(This will be added as a chapter in the Section 8 Administrative Plan)**

**Introduction**

This chapter describes the HACM policies related to Component 1 of the Rental Assistance Demonstration (RAD) program.

The specific policies that differ from the Section 8 Project-Based Voucher Program is included in this RAD Administrative Plan. The policies applicable to both programs are covered under the Project-Based Vouchers Administrative Plan of the Section 8 Administrative Plan

**Part I: General Requirements**

**A. Overview**

HACM will operate select properties and units under the component 1 of the Rental Assistance Demonstration Program (RAD), a program developed by the Department of Housing and Urban Development (HUD) that seeks to preserve and protect public and affordable housing. Under RAD, properties are funded through a long-term Housing Assistance Payment (HAP) contract under Section 8 of the U.S. Housing Act of 1937, as opposed to capital and operating subsidy under Section 9, which funds traditional public housing. HUD is currently authorized to transition up to 185,000 units nationwide under RAD as a strategy to provide more stable funding and access to alternative financing resources to maintain HACM properties. The transition to RAD offers HACM an opportunity to draw upon a more predictable funding stream under the Section 8 platform (based on historical funding patterns and Congressional appropriations) and secure other non-Federal sources of funds to finance capital improvements. HACM is proposing a full portfolio conversion which includes nearly 3,500 units under the RAD program in order to improve long-term funding opportunities for existing properties while preserving the rights and protections of HACM residents. The following HACM properties have been proposed to transition to RAD:

AMP	Property	Office Address	Units	Type
WI002000013	ARLINGTON COURT	1633 N. Arlington Pl.	230	PBV
WI002000018	BECHER COURT	1802 W. Becher St.	118	PBV
WI002000046	CARVER PARK, LLC	1901 N. 6 <sup>th</sup> Ave.	51	PBV
WI002000064	CHERRY COURT, LLC	1525 N. 24 <sup>th</sup> St.	70	PBV
WI002000011	COLLEGE COURT	3334 W. Highland Blvd.	251	PBV
WI002000065	CONVENT HILL, LLC	455 E. Ogden Ave.	42	PBV
WI002000049	HIGHLAND GARDENS, LLC	1818 W. Juneau Ave.	46	PBV
WI002000001	HILLSIDE	1419 N. 8 <sup>th</sup> St.	470	PBV
WI002000008	HOLTON TERRACE	2825 N. Holton St.	120	PBV
WI002000075	LAPHAM PARK, LLC	1901 N. 6 <sup>th</sup> St.	131	PBV
WI002000019	LINCOLN COURT	2325 S. Howell Ave.	110	PBV
WI002000015	LOCUST COURT	1350 E. Locust St.	230	PBV
WI002000091	MERILL PARK	222 N. 33 <sup>rd</sup> St.	120	PBV

WI002000017	MITCHELL COURT	2600 W. National Ave.	100	PBV
WI002000068	OLGA VILLAGE, LLC	722 W. Washington	37	PBV
WI002000007	PARKLAWN	4434 W. Marion St.	380	PBV
WI002000062	RIVERVIEW	1300 E. Kane Place	180	PBV
WI002000010	SCATTERED SITES - DEMO	5003 W. Lisbon Ave.	61	PBV
WI002000060	SCATTERED SITES - HHOMES	1818 W. Juneau Ave.	56	PBV
WI002000063	SCATTERED SITES- CHERRY	1525 N. 24 <sup>th</sup> St.	70	PBV
WI002000016	SCATTERED SITES N & WEST	5003 W. Lisbon Ave.	144	PBV
WI002000061	SCATTERED SITES- SOUTH	P.O. Box 772	64	PBV
WI002000066	SSITES I, LLC	455 E. Ogden Ave.	24	PBV
WI002000067	SSITES II, LLC	455 E. Ogden Ave.	12	PBV
WI002000070	WESTLAWN	6419 W. Custer Ave.	394	PBV
WI002000071	WESTLAWN GARDENS, LLC	5555 N. 62 <sup>nd</sup> St.	64	PBV

HACM's RAD properties will operate as project-based vouchers (PBV) that will be subject to HUD's regulations governing the program and by HACM's policies outline herein.

## **B. RAD Property-based Vouchers Vs. Traditional Project-based Voucher Assistance**

Except as otherwise noted in this chapter, the HACM policies for the traditional PBV program (as outlined in Chapter 27) also apply to the RAD PBV program and its participants.

### **Part II: RAD PBV Contract and Administrative Terms**

Under the Demonstration, HUD has the authority to waive statutory and regulatory provisions governing the PBV program, or to establish alternative requirements for the effective conversion of assistance. Additionally, the RAD statute imposes certain unique requirements.

Listed below are the "special" requirements applicable to public housing projects converting assistance to long-term PBV assistance under the First Component of the Demonstration, with reference to the affected statute and/or regulation, where applicable. Special requirements are grouped into four categories: Project Selection, Contract Terms, Resident Rights and Participation, and Other Miscellaneous Provisions. All other regulatory and statutory requirements of the PBV program in 24 CFR § Part 983 and section 8(o)(13) of the United States Housing Act of 1937 (the Act) apply, including environmental review, Davis-Bacon, and fair housing requirements.

## **A. RAD PBV Project Selection.**

1. **Maximum Amount of PBV assistance.** Covered Projects do not count against the maximum amount of assistance a PHA may utilize for the PBV program, which is 20 percent of the amount of budget authority allocated to a PHA under the Housing Choice Voucher program. To implement this provision, HUD is waiving section 8(o)(13)(B) of the Act as well as 24 CFR § 983.6 with respect to Covered Projects. As a result, a PHA that is administering RAD PBV assistance does not take the Budget Authority (BA) attributable to the RAD PBV into consideration when calculating the 20 percent limitation for any non-RAD PBV actions. In other words, the BA

committed to RAD PBV is excluded from both the numerator and the denominator when calculating the percent of available BA that may be project-based for non-RAD PBV.

2. **Cap on the Number of PBV Units in Each Project.** The 25 percent limitation on the number of units that may receive PBV assistance in a project is increased to 50 percent. An assisted household cannot be involuntarily displaced as a result of this provision.

A Project Owner may still project-base 100 percent of the units in a project provided it meets the exceptions explained in this paragraph. Units are not counted against the 50 percent cap in the following cases: (i) Units in a single-family building; (ii) Excepted units in a multifamily project (as the term is defined in 24 CFR Section 983.3). "Excepted units" means units in a multifamily project that are specifically made available for qualifying families. "Qualifying families" means: (i) Elderly and/or disabled families; and/or (ii) Families receiving supportive services. For a project to qualify for the exception, PHAs must include in the PHA administrative plan the type of services offered to families and the extent to which such services will be provided. See 24 CFR 983.56 for a more detailed discussion on excepted units. For applicable program rules for complying with the supportive services exception, see 24 CFR § 983.56(b)(2)(II)(B).

For purposes of RAD, the requirement that a family must actually receive services to reside in the excepted unit has been modified. Families living (existing/current household also known as in-place households) in units subject to a proposed RAD conversion must be given the option to receive supportive services. If such services are declined by the household, the unit shall remain under the HAP contract, the household shall not be terminated from the PBV program, and the decision to decline an offer to receive supportive services shall not represent a ground for lease termination. Once the initial household residing in the excepted unit under RAD vacates such unit, all PBV program requirements related to the required receipt of supportive services shall apply in accordance with 24 CFR §§ 983.56, 983.257(c), 983.261(a) and (d).

To implement these provisions, HUD is implementing alternative requirements for section 8(o)(13)(D) of the Act as well as related provisions of 24 CFR §§ 983.56, 983.257(c), 983.261(a) and (d) for initial occupancy in the Covered Project.

3. **Owner Proposal Selection Procedures.** HUD is waiving 24 CFR § 983.51. With respect to site selection standards, HUD requires compliance with the site selection standards as set forth in this Notice.
4. **Site selection** – Compliance with PBV Goals, section 8(o)(13)(C)(ii) of the Act and 24 CFR § 983.57(b)(1) and (c)(2). HUD waives these provisions having to do with deconcentration of poverty and expanding housing and economic opportunity, for the existing site.

## **B. RAD PBV Contract Terms.**

1. **Length of Contract.** Covered Projects shall have an initial HAP term of at least 15 years (up to 20 years upon request of the Project Owner and with approval by the administering Voucher Agency). To implement this provision, HUD is specifying alternative requirements for section 8(o)(13)(F) of the Act (which establishes a maximum term of 15 years) as well as 24 CFR § 983.205(a) (which governs contract term). Project Owners are required to make available for

occupancy by eligible tenants the number of assisted units under the terms of the contract and may not reduce the number of assisted units without HUD approval. Any HUD approval of a PHA's request to reduce the number of assisted units under the contract is subject to conditions that HUD may impose. MTW agencies may not alter this requirement.

2. **Mandatory Contract Renewal.** In accordance with RAD Statute, upon expiration of the initial contract and each renewal contract, the administering Voucher Agency must offer, and the Project Owner must accept, renewal of the contract subject to the terms and conditions applicable at the time of renewal and the availability of appropriations each year for such renewal. Consequently, section 8(o)(13)(G) of the Act, as well as 24 CFR § 983.205(b), governing the PHA discretion to renew the contract for terms of up to 15 years, will not apply. MTW agencies may not alter this requirement.
3. **Ownership or Control.** As mandated in HUD's regulations governing RAD, HACM will retain ownership rights or control of RAD properties through the initial term and all subsequent renewal terms of the HAP contract.
  - i. HACM will maintain operational control of RAD properties through direct ownership by holding legal title to the property or through direct or indirect legal authority to order the financial, legal, or other interests of the RAD Property.
  - ii. Legal authority may be established via contract, partnership share or agreement of an equity partnership, voting rights, majority share of general partner interest in a limited partnership, or otherwise.
  - iii. All current and future ownership entities are subject to the eligibility requirements of Section 1.3 of PIH Notice 2012-2, REV 2 and any successor notices.
1. **RAD Use Agreement.** Pursuant to the RAD statute, a Covered Project shall have an initial RAD Use Agreement that will:
  - i. Be recorded in a superior position to all liens on the property;
  - ii. Run until the conclusion of the initial term of the HAP contract, automatically renew upon extension or renewal of the HAP contract for a term that coincides with the renewal term of the HAP contract, and remain in effect even in the case of abatement or termination of the HAP contract (for the term the HAP contract would have run, absent the abatement or termination), unless the Secretary approves termination of the RAD Use Agreement in the case of a transfer of assistance;
  - iii. Provide that in the event that the HAP contract is removed due to breach, non-compliance or insufficiency of Appropriations, for all units previously covered under the HAP contract, new tenants must have incomes at or below eighty percent (80%) of the area median income (AMI) at the time of admission and rents may not exceed thirty percent (30%) of eighty percent (80%) of AMI for an appropriate size unit for the remainder of the term of the RAD Use Agreement; and
  - iv. Require compliance with all applicable fair housing and civil rights requirements, including the obligation to affirmatively further fair housing and all applicable site selection and neighborhood standards.

2. **Initial Contract Rent Setting.** HUD has calculated initial contract rents for every public housing project based on each project's subsidy under the public housing program. All RAD applications, including applications for Portfolio or Multi-Phase awards, will have initial contract rents based on their "RAD rent base year:"

- i. All properties awarded under the original 60,000 unit cap have initial contract rents based on FY 2012 funding levels ("FY 12 RAD rent base year"). These rents will be adjusted each year by HUD's published OCAF starting in CY 14 and established in the HAP contracts at the time of conversion. Thus, for a project in this category that closes in 2015, the initial contract rents will be based on 2012 funding, with an OCAF adjustment for both 2014 and 2015.
- ii. All properties awarded above HUD's original 60,000 unit cap but subject to the increased 185,000 cap in effect as of the date of the REV-2 Notice will have initial contract rents based on FY 2014 funding levels ("FY 14 RAD rent base year"). These rents will be adjusted each year by HUD's published OCAF starting in CY 15 and established in the HAP contracts at the time of conversion. Thus, for a project in this category that closes in 2015, the initial contract rents will be based on 2014 funding, with an OCAF adjustment for 2015.
- iii. Subsequent to authority to convert additional units, properties will have initial contract rents based on a future RAD rent base year in HUD's sole discretion.

PHAs may have additional discretion in establishing initial contract rents using the following flexibilities:

- iv. Rent Bundling. PHAs may adjust subsidy (and initial contract rents) across multiple projects as long as the PHA does not exceed the aggregate subsidy for all of the projects the PHA has submitted for conversion under RAD. This use, which HUD refers to as "bundled" rents, is permissible when a PHA submits applications for two or more projects. There is no limit to the number of projects that a PHA may bundle.
- v. Future Replacement Housing Factor (RHF) or Demolition Disposition Transition Funding (DDTF). PHAs that are scheduled to receive ongoing RHF or DDTF funding in future years may choose to forgo any ongoing RHF or DDTF grants and repurpose the subsidy to augment the RAD rent.

Notwithstanding HUD's calculation or the above-mentioned flexibilities, initial PBV contract rents are subject to the statutory and regulatory PBV requirements governing contract rents (see 24 CFR § 983.301),

3. **Method of Adjusting Contract Rents.** Contract rents will be adjusted only by HUD's OCAF at each anniversary of the HAP contract, subject to the availability of appropriations for each year of the contract term. As such, section 8(o)(13)(I) of the Act and 24 CFR §§ 983.301 and 983.302, concerning rent determinations, shall not apply when adjusting rents. The rent to owner may at no time exceed the reasonable rent charged for comparable unassisted units in private market, as determined by the Contract Administrator in accordance with 24 CFR §

983.303.22 However, the rent to owner shall not be reduced below the initial rent to owner for dwelling units under the initial HAP contract.

4. **Transfer of Assistance.** HACM reserves the right to transfer the HAP contract, RAD Use Agreement, and all or part of rental assistance provided under RAD to another property at initial conversion or after 10 years from the effective date of the initial HAP contract.

Transfers of assistance must be approved by HUD and may be granted if the property is economically non-viable, physically obsolete, severely distressed, or uninhabitable due to unforeseen circumstances such as natural disasters, or the transfer is in the best interest of the property's residents.

5. **Agreement Waiver and RAD Rehab Assistance Payments.** For public housing conversions to PBV there will be no Agreement to Enter into a Housing Assistance Payments (AHAP) contract. Therefore, all regulatory references to the AHAP, including regulations under 24 CFR § 983 subpart D is waived. Instead, the PHA and Project Owner will enter into a HAP contract before construction begins.

Funding during construction will be provided on the following terms: that are not occupied at any point during the initial repairs as a result of rehabilitation or construction as identified in the approved Financing Plan and RAD Conversion Commitment may be eligible, subject to the conditions below, for Rehab Assistance Payments equal to the Public Housing Operating Fund and the Capital Fund amounts that formed the basis for the calculation of initial contract rents. During the period of rehabilitation or construction as identified in the HAP Contract, the maximum number of units for which a Project Owner can receive RAD Rehab Assistance Payments is limited to the number of units eligible for Operating Fund subsidy prior to conversion (which is typically associated with the occupied units). As a result, some units in the Converted Property may not be eligible for Rehab Assistance Payments.

Following the earlier of the end of the construction period identified in the HUD- approved Financing Plan or actual construction, the PHA will no longer be eligible to receive RAD Rehab Assistance Payments, and all units under contract will be eligible for payment only for occupied units or for vacancy payments, as applicable.

6. **HQS Inspections.** Under current regulations at 24 CFR 983.103(b) a unit covered under a HAP contract must be inspected and must meet HQS before assistance can be paid on behalf of a household. In addition, section 8(o)(8)(A) of the Act provides that HAP Contract units must be inspected to ensure compliance with HQS prior to payment of any assistance on behalf of a family. Under RAD, HUD requires that all units meet HQS no later than the date of completion of initial repairs as indicated in the RAD Conversion Commitment. Consequently, HUD is waiving and establishing an alternative requirement to 24 CFR 983.103(b) and section 8(o)(8)(A) of the Act.
7. **Floating Units.** For mixed-income Converting Projects where PHAs are currently exercising their discretion to allow subsidized units to float within a project redeveloped with funding under a Choice Neighborhoods Implementation or HOPE VI grant, or as part of a Mixed-Finance project, upon the request of the Voucher Agency that will administer the Covered Project, HUD will permit PBV assistance to float among unoccupied units within the project

having the same bedroom size. A unit to which assistance is floated must be comparable in condition to the unit it is replacing (i.e., the unit must be of the same quality and amenities as the unit it is replacing). Assistance may float from a Section 504 accessible unit only to another Section 504 accessible unit that has the same bedroom size and accessibility features. Units that float are not specifically designated under the HAP contract. Therefore, the requirements in 24 CFR 983.203(c) that the HAP contract provide “the location of each contract unit” and “the area of each contract unit” are waived. Instead, the HAP contract must specify the number and type of units in the property that are designated as RAD units, including any excepted units. From the time of the initial execution of the PBV RAD HAP contract, the property must maintain the same number and type of RAD units, including the same number and type of Section 504 accessible units.

Floating units are subject to all of the requirements in this Notice and the PBV regulations, including physical inspections, rent adjustments, and income-mixing requirements. The alternative requirements with respect to floating units do not apply to non-RAD PBV units.

8. **Vacancy Payment.** If an assisted family moves out of a contract unit, HACM may provide vacancy payments to the owner for a period extending from the beginning of the first calendar month after the move-out month for a period not to exceed two full months following the move-out monthly. HACM may only make vacancy payments to the owner if:
  - i. The owner gives HACM prompt, written notice certifying that the family has vacated the unit and the date when the family moved out (to the best of the owner’s knowledge and belief);
  - ii. The owner certifies that the vacancy is not the fault of the owner and that the unit was vacant during the period for which is claimed;
  - iii. The owner certifies that it has taken every reasonable action to minimize the likelihood and length of vacancy; and
  - iv. The owner provides any additional information required and requested by HACM to verify that the owner is entitled to the vacancy payment.

### **Part III: RAD Resident Rights & Provisions**

#### **A. RAD PBV Resident Rights and Participation.**

1. **No Re-screening of Tenants upon Conversion.** Pursuant to the RAD statute, at conversion, current households are not subject to rescreening, income eligibility, or income targeting. Consequently, current households will be grandfathered for conditions that occurred prior to conversion but will be subject to any ongoing eligibility requirements for actions that occur after conversion. For example, a unit with a household that was over-income at time of conversion would continue to be treated as an assisted unit. Thus, 24 CFR § 982.201, concerning eligibility and targeting, will not apply for current households.<sup>24</sup> Once that remaining household moves out, the unit must be leased to an eligible family.
2. **Right to Return.** Any resident that may need to temporarily be relocated to facilitate rehabilitation or construction has a right to return to an assisted unit at the Covered Project once rehabilitation or construction is completed. Permanent involuntary displacement of residents may not occur as a result of a project’s conversion of assistance, including, but not limited to, as a result of a change in bedroom distribution, a de minimis reduction of units, the reconfiguration of efficiency apartments, or the repurposing of dwelling units in order to



facilitate social service delivery. Where the transfer of assistance to a new site is warranted and approved, residents of the Converting Project will have the right to reside in an assisted unit at the new site once rehabilitation or construction is complete.

3. **Renewal of Lease.** Upon the resident's lease expiration, all RAD leases will be renewed unless good cause exists. Good Cause may include grounds for lease termination, income eligibility, or other non-compliance factors. Good cause will be determined by HACM. This provision must be incorporated into the tenant lease or tenancy addendum, as appropriate. See HUD Form 52530c.
4. **Phase-in of Tenant Rent Increases.** If a tenant's monthly rent increases by more than the greater of 10 percent or \$25 purely as a result of conversion, the rent increase will be phased in over 3 years. To implement this provision, HUD is specifying alternative requirements for section 3(a)(1) of the Act, as well as 24 CFR § 983.3 (definition of "total tenant payment" (TTP)) to the extent necessary to allow for the phase-in of tenant rent increases.

For purposes of this section "standard TTP" refers to the TTP calculated in accordance with regulations at 24 CFR §5.628 and the "most recently paid TTP" refers to the TTP recorded on line 9j of the family's most recent HUD Form 50058. If a family in a project converting from Public Housing to PBV was paying a flat rent immediately prior to conversion, HACM should use the flat rent amount to calculate the phase-in amount for Year 1, as illustrated below.

Three Year Phase-in:

- Year 1: Any recertification (interim or annual) performed prior to the second annual recertification after conversion – 33% of difference between most recently paid TTP or flat rent and the standard TTP
- Year 2: Year 2 Annual Recertification (AR) and any Interim Recertification (IR) prior to Year 3 AR – 66% of difference between most recently paid TTP and the standard TTP
- Year 3: Year 3 AR and all subsequent recertifications – Full standard TTP

Please Note: Once the standard TTP is equal to or less than the previous TTP, the phase-in ends and tenants will pay full TTP from that point forward.

5. **Family Self Sufficiency (FSS) and Resident Opportunities and Self Sufficiency Service Coordinator (ROSS-SC) programs.** Public Housing residents that are current FSS participants will continue to be eligible for FSS once their housing is converted under RAD, and HACM will be allowed to use any remaining PH FSS funds, to serve those FSS participants who live in units converted by RAD. Due to the program merger between PH FSS and HCV FSS that took place pursuant to the FY14 Appropriations Act (and was continued in the FY15 Appropriations Act), no special provisions are required to continue serving FSS participants that live in public housing units converting to PBV under RAD.

All PHAs will be required to administer the FSS program in accordance with FSS regulations at 24 CFR Part 984, the participants' contracts of participation, and the alternative requirements established in the "Waivers and Alternative Requirements for the FSS Program" Federal Register notice, published on December 29, 2014, at 79 FR 78100.25

Further, upon conversion to PBV, already escrowed funds for FSS participants shall be transferred into the HCV escrow account and be considered TBRA funds, thus reverting to the HAP account if forfeited by the FSS participant.

Current ROSS-SC grantees will be able to finish out their current ROSS-SC grants once their housing is converted under RAD. However, once the property is converted, it will no longer be eligible to be counted towards the unit count for future ROSS-SC grants, nor will its residents be eligible to be served by future ROSS-SC grants, which, by statute, can only serve public housing residents.

6. **Resident Participation and Funding.** To support resident participation following conversion of assistance, residents of Covered Projects converting assistance to the PBV program will have the right to establish and operate a resident organization for the purpose of addressing issues related to their living environment, which includes the terms and conditions of their tenancy as well as activities related to housing and community development.
  - i. **Legitimate Resident Organization.** A Project Owner must recognize legitimate resident organizations and give reasonable consideration to concerns raised by legitimate resident organizations. A resident organization is legitimate if it has been established by the residents of a Covered Project, meets regularly, operates democratically, is representative of all residents in the project, and is completely independent of the Project Owner, management, and their representatives. In the absence of a legitimate resident organization at a Covered Project, HUD encourages the Project Owner and residents to work together to determine the most appropriate ways to foster a constructive working relationship, including supporting the information of a legitimate residents organization. Residents are encouraged to contact the Project Owner directly with questions or concerns regarding issues related to their tenancy. Project Owners are also encouraged to actively engage residents in the absence of a resident organization; and
  - ii. **Protected Activities.** Project Owners must allow residents and resident organizers to conduct the following activities related to the establishment or operation of a resident organization:
    - a. Distributing leaflets in lobby areas;
    - b. Placing leaflets at or under residents' doors;
    - c. Distributing leaflets in common areas;
    - d. Initiating contact with residents;
    - e. Conducting door-to-door surveys of residents to ascertain interest in establishing a resident organization and to offer information about resident organizations;
    - f. Posting information on bulletin boards;
    - g. Assisting resident to participate in resident organization activities;
    - h. Convening regularly scheduled resident organization meetings in a space on site and accessible to residents, in a manner that is fully independent of management representatives. In order to preserve the independence of resident organizations, management representatives may not attend such meetings unless invited by the resident organization to specific meetings to discuss a specific issue or issues; and

- i. Formulating responses to Project Owner's requests for:
  1. Rent increases;
  2. Partial payment of claims;
  3. The conversion from project-based paid utilities to resident-paid utilities;
  4. A reduction in resident utility allowances;
  5. Converting residential units to non-residential use, cooperative housing, or condominiums;
  6. Major capital additions; and
  7. Prepayment of loans.

In addition to these activities, Project Owners must allow residents and resident organizers to conduct other reasonable activities related to the establishment or operation of a resident organization.

Project Owners shall not require residents and resident organizers to obtain prior permission before engaging in the activities permitted in this section.

- iii. **Meeting Space.** Project Owners must reasonably make available the use of any community room or other available space appropriate for meetings that is part of the multifamily housing project when requested by:
  - a. Residents or a resident organization and used for activities related to the operation of the resident organization; or
  - b. Residents seeking to establish a resident organization or collectively address issues related to their living environment.

Resident and resident organization meetings must be accessible to persons with disabilities, unless this is impractical for reasons beyond the organization's control. If the project has an accessible common area or areas, it will not be impractical to make organizational meetings accessible to persons with disabilities.

Project Owners may charge a reasonable, customary and usual fee, approved by the Secretary as may normally be imposed for the use of such facilities in accordance with procedures prescribed by the Secretary, for the use of meeting space. A PHA may waive this fee.

- iv. **Resident Organizations.** A resident organizer is a resident or non-resident who assists residents in establishing and operating a resident organization, and who is not an employee or representative of current or prospective Project Owners, managers, or their agents.

Project Owners must allow resident organizers to assist residents in establishing and operating resident organizations.

- v. **Canvassing.** If a Covered Project has a consistently enforced, written policy against canvassing, then a non-resident resident organizer must be accompanied by a resident while on the property of the project.

If a project has a written policy favoring canvassing, any non-resident resident organizer must be afforded the same privileges and rights of access as other uninvited outside parties in the normal course of operations. If the project does not have a consistently enforced, written policy against canvassing, the project shall be treated as if it has a policy favoring canvassing.

A resident has the right not to be re-canvassed against his or her wishes regarding participation in a resident organization.

- vi. **Funding.** Project Owners must provide \$25 per occupied unit annually for resident participation, of which at least \$15 per occupied unit shall be provided to the legitimate resident organization at the covered property. These funds must be used for resident education, organizing around tenancy issues, and training activities. In the absence of a legitimate resident organization at a Covered Project:

- a. HUD encourages the Project Owner s and residents to work together to determine the most appropriate ways to foster a constructive working relationship, including supporting the formation of a legitimate residents organization. Residents are encouraged to contact the Project Owner directly with questions or concerns regarding issues related to their tenancy. Project Owner are also encouraged to actively engage residents in the absence of a resident organization; and
- b. Project Owner s must make resident participation funds available to residents for organizing activities in accordance with this Notice. Residents must make requests for these funds in writing to the Project Owner. These requests will be subject to approval by the Project Owner.

- 7. **Resident Procedural Rights.** The following items must be incorporated into both the Section 8 Administrative Plan and the Project Owner's lease, which includes the required tenancy addendum, as appropriate.

- i. **Termination Notification.** HUD has incorporated an additional termination notification requirement to comply with section 6 of the U.S. Housing Act of 1937 as may be amended (the Act) for public housing projects that convert assistance under RAD. In addition to the regulations at 24 CFR § 983.257 related to Project Owner termination of tenancy and eviction the termination procedure for RAD conversions to PBV will require that PHAs provide adequate written notice of termination of the lease which shall not be less than:
  - a. A reasonable period of time, but not to exceed 30 days:
    - 1. If the health or safety of other tenants, PHA employees, or persons residing in the immediate vicinity of the premises is threatened; or
    - 2. In the event of any drug-related or violent criminal activity or any felony conviction;
  - b. 14 days in the case of nonpayment of rent; and
  - c. 30 days in any other case, except that if a State or local law provides for a shorter period of time, such shorter period shall apply.
- ii. **Grievance Process.** Pursuant to requirements in the RAD Statute, HUD is establishing additional procedural rights to comply with section 6 of the Act.

For issues related to tenancy and termination of assistance, PBV program rules require the Project Owner to provide an opportunity for an informal hearing, as outlined in 24 CFR § 982.555. RAD will specify alternative requirements for 24 CFR § 982.555(b) in part, which outlines when informal hearings are not required, to require that:

- a. In addition to reasons that require an opportunity for an informal hearing given in 24 CFR § 982.555(a)(1)(i)-(vi),<sup>26</sup> an opportunity for an informal hearing must be given to residents for any dispute that a resident may have with respect to a Project Owner action in accordance with the individual's lease or the contract administrator in accordance with RAD PBV requirements that adversely affect the resident's rights, obligations, welfare, or status.
  1. For any hearing required under 24 CFR § 982.555(a)(1)(i)-(vi), the contract administrator will perform the hearing, as is the current standard in the program. The hearing officer must be selected in accordance with 24 CFR § 982.555(e)(4)(i).
  2. For any additional hearings required under RAD, the Project Owner will perform the hearing.
- b. There is no right to an informal hearing for class grievances or to disputes between residents not involving the Project Owner or contract administrator.
- c. The Project Owner gives residents notice of their ability to request an informal hearing as outlined in 24 CFR § 982.555(c)(1) for informal hearings that will address circumstances that fall outside of the scope of 24 CFR § 982.555(a)(1)(i)-(vi).
- d. The Project Owner provides opportunity for an informal hearing before an eviction.

Current PBV program rules require that hearing procedures must be outlined in HACM's Section 8 Administrative Plan.

8. **Earned Income Disregard (EID).** Tenants who are employed and are currently receiving the EID exclusion at the time of conversion will continue to receive the EID after conversion, in accordance with regulations at 24 CFR § 5.617. Upon the expiration of the EID for such families, the rent adjustment shall not be subject to rent phase-in, as described in Section III(A)(4); instead, the rent will automatically rise to the appropriate rent level based upon tenant income at that time.

Under the Housing Choice Voucher program, the EID exclusion is limited only to persons with disabilities (24 CFR § 5.617(b)). In order to allow all tenants (including non-disabled persons) who are employed and currently receiving the EID at the time of conversion to continue to benefit from this exclusion in the PBV project, the provision in section 5.617(b) limiting EID to disabled persons is waived. The waiver, and resulting alternative requirement, apply only to tenants receiving the EID at the time of conversion. No other tenant (e.g., tenants who at one time received the EID but are not receiving the EID exclusion at the time of conversion e.g., due to loss of employment; tenants that move into the property following conversion, etc.,) is covered by this waiver.

9. **Jobs Plus.** Jobs Plus grantees awarded FY14 and future funds that convert the Jobs Plus target projects(s) under RAD will be able to finish out their Jobs Plus period of performance at that site unless significant re-location and/or change in building occupancy is planned. If either is planned at the Jobs Plus target project(s), HUD may allow for a modification of the Jobs Plus work plan or may, at the Secretary's discretion, choose to end the Jobs Plus program at that project.
10. **When Total Tenant Payment Exceeds Gross Rent.** Under normal PBV rules, HACM may only select an occupied unit to be included under the PBV HAP contract if the unit's occupants are eligible for housing assistance payments (24 CFR §983.53(d)). Also, a PHA must remove a unit from the contract when no assistance has been paid for 180 days because the family's TTP has risen to a level that is equal to or greater than the contract rent, plus any utility allowance, for the unit (i.e., the Gross Rent)) (24 CFR §983.258. Since the rent limitation under this Section of the Notice may often result in a family's TTP equaling or exceeding the gross rent for the unit, for current residents (i.e residents living in the public housing property prior to conversion), HUD is waiving both of these provisions and requiring that the unit for such families be placed on and/or remain under the HAP contract when TTP equals or exceeds than the Gross Rent. Further, HUD is establishing the alternative requirement that the rent to owner for the unit equal the family's TTP until such time that the family is eligible for a housing assistance payment. HUD is waiving as necessary to implement this alternative provision, the provisions of Section 8(o)(13)(H) of the Act and the implementing regulations at 24 CFR 983.301 as modified by Section 1.6.B.5 of the PIH Notice 2012-32 REV 2. In such cases, the resident is considered a participant under the program and all of the family obligations and protections under RAD and PBV apply to the resident. Likewise, all requirements with respect to the unit, such as compliance with the HQS requirements, apply as long as the unit is under HAP contract. Assistance may subsequently be reinstated if the tenant becomes eligible for assistance. HACM is required to process these individuals through the Form- 50058 submodule in PIC.

Following conversion, 24 CFR §983.53(d) applies, and any new families referred to the RAD PBV project must be initially eligible for a HAP payment at admission to the program, which means their TTP may not exceed the gross rent for the unit at that time. Further, a PHA must remove a unit from the contract when no assistance has been paid for 180 days. If units are removed from the HAP contract because a new admission's TTP comes to equal or exceed the gross rent for the unit and if the project is fully assisted, HUD is imposing an alternative requirement that HACM must reinstate the unit after the family has vacated the property; and, if the project is partially assisted, HACM may substitute a different unit for the unit on the HAP contract in accordance with 24 CFR §983.207 or, where "floating" units have been permitted.

11. **Under-Occupied Unit.** If a family is in an under-occupied unit under 24 CFR§ 983.259 at the time of conversion, the family may remain in this unit until an appropriate-sized unit becomes available in the Covered Project. When an appropriate sized unit becomes available in the Covered Project, the family living in the under- occupied unit must move to the appropriate-sized unit within a reasonable period of time, as determined by the administering Voucher Agency. In order to allow the family to remain in the under-occupied

unit until an appropriate-sized unit becomes available in the Covered Project, 24 CFR 983.259 is waived.

12. **Resident Supportive Services.** HACM works to assist residents in moving toward economic self-sufficiency. In support of this goal and for applicable program rules for complying with the supportive services exception under PBV regulations, HACM requires that a family must have at least one member receiving at least one qualifying supportive service. Current residents prior to conversion and residents who elect to employ their right to return only need be offered supportive services. If these families chose not to accept supportive services, they cannot be terminated unless for good cause. New admissions post conversion will be subject to requirements of resident supportive services.

All Resident Supportive Service requirements will comply with 24 CFR § 983.56, 983.257(c), 983.261(a) and (d).

- i. Compliance with Resident Supportive Service activities is monitored on an annual basis. If a resident fails to comply with their responsibilities, the property manager will begin lease termination.
- ii. Economic Self-Sufficiency activities are programs and classes that work toward economic and social independence. Such activities include, but are not limited to
  - a. Job readiness, job training, or skills training programs;
  - b. Higher education (college), vocational education, or GED classes;
  - c. Verifiable job search activities or apprenticeship programs;
  - d. Substance abuse or mental health counseling;
  - e. English proficiency or literacy (reading) classes; and
  - f. Parenting classes or budgeting and credit counseling.
- iii. The required hours will not include transit

#### **B. PBV: Other Miscellaneous Provisions**

1. **Access to Records, Including Requests for Information Related to Evaluation of Demonstration.** HACM agrees to provide to HUD, upon a reasonable request, data to support program evaluation, including but not limited to project financial statements, operating data, Choice-Mobility utilization, and rehabilitation work.
2. **Additional Monitoring Requirement.** HACM's Board must approve the operating budget for the Covered Project annually in accordance with HUD requirements.
3. **Davis-Bacon Act and Section 3 of the Housing and Urban Development Act of 1968 (Section 3).** The Davis-Bacon prevailing wage requirements (prevailing wages, the Contract Work Hours and Safety Standards Act, and other related regulations, rules, and requirements) apply to all initial repairs and new construction that are identified in the Financing Plan to the extent that such repairs or construction qualify as development. "Development," as applied to work subject to Davis-Bacon requirements on Section 8 projects, encompasses work that constitutes remodeling that alters the nature or type of housing units in a PBV or PBRA project, reconstruction, or a substantial improvement in the quality or kind of original equipment and materials, and is initiated within 18 months of the HAP contract. Development activity does not include replacement of equipment and materials rendered unsatisfactory because of normal wear and tear by items of

substantially the same kind. Davis-Bacon requirements apply only to projects with nine or more assisted units.

Section 3 (24 CFR Part 135) applies to all initial repairs and new constructions that are identified in the Financing Plan to the extent that such repairs qualify as construction or rehabilitation. In addition, Section 3 may apply to the project after conversion based on the receipt of the use of federal financial assistance for rehabilitation activities.

4. **Establishment of Waiting List.** In establishing the waiting list for the converted project, HACM will utilize the project-specific waiting list that exists at the time of conversion. The waiting list must be established and maintained in accordance with PBV program requirements.

If a project-specific waiting list for the project does not exist, HACM shall establish a waiting list in accordance with 24 CFR § 903.7(b)(2)(ii)-(iv) to ensure that applicants on HACM's public housing community-wide waiting list have been offered placement on the converted project's initial waiting list. In all cases, HACM has the discretion to determine the most appropriate means of informing applicants on the public housing community-wide waiting list given the number of applicants, HACM resources, and admissions requirements of the projects being converted under RAD. Such activities should be pursuant to HACM's policies for waiting list management, including the obligation to affirmatively further fair housing.

HACM may consider contacting every applicant on the public housing waiting list via direct mailing; advertising the availability of housing to the population that is less likely to apply, both minority and non-minority groups, through various forms of media (e.g., radio stations, posters, newspapers) within the marketing area; informing local non-profit entities and advocacy groups (e.g., disability rights groups); and conducting other outreach as appropriate. Applicants on the agency's public housing community-wide waiting list who wish to be placed onto the newly-established site-based waiting list must be done so in accordance with the date and time of their original application to the centralized public housing waiting list. Any activities to contact applicants on the public housing waiting list must be conducted in accordance with the requirements for effective communication with persons with disabilities at 24 CFR § 8.6 and with the obligation to provide meaningful access for persons with limited English proficiency (LEP).

To implement this provision, HUD is specifying alternative requirements for 24 CFR § 983.251(c)(2). However, after the initial waiting list has been established, HACM shall administer its waiting list for the converted project in accordance with 24 CFR § 983.251(c).

5. **Mandatory Insurance Coverage.** The Covered Project shall maintain at all times commercially available property and liability insurance to protect the project from financial loss and, to the extent insurance proceeds permit, promptly restore, reconstruct, and/or repair any damaged or destroyed project property.
6. **Agreement Waiver.** For Public housing conversions to PBV, there will be no Agreement to Enter into a housing Assistance Payments (AHAP) contract. Therefore, all regulatory references to the Agreement (AHAP) including regulations under 24 CFR § 983 Subpart D are



waived. Instead, HACM and the owner will enter into a HAP contract before construction begins.

7. **Future Refinancing.** Project Owners must receive HUD approval for any refinancing or restructuring of permanent debt during the HAP contract term, to ensure the financing is consistent with long-term preservation. (Current lenders and investors are also likely to require review and approval of refinancing of the primary permanent debt.)
8. **Administrative Fees for Public Housing Conversions during Transition Period.** For the remainder of the Calendar Year in which the HAP Contract is effective (i.e. "transition period"), RAD PBV projects will be funded with public housing funds. For example, if the project's assistance converts effective July 1, 2015, the public housing Annual Contributions Contract (ACC) between HACM and HUD will be amended to reflect the number of units under HAP contract, but will be for zero dollars, and the RAD PBV contract will be funded with public housing money for July through December 2015. Since TBRA is not the source of funds, PHAs should not report leasing and expenses into VMS during this period, and PHAs will not receive section 8 administrative fee funding for converted units during this time. .

For fiscal years 2014 and 2015, PHAs operating HCV program received administrative fees for units under a HAP contract, consistent with recent appropriation act references to "section 8(q) of the [United States Housing Act of 1937] and related appropriations act provisions in effect immediately before the Quality Housing and Responsibility Act of 1998" and 24 CFR § 982.152(b). During the transition period mentioned in the preceding paragraph, these provisions are waived, and PHAs will not receive section 8 ongoing administrative fees for PBV RAD units.

After this transition period, the section 8 ACC will be amended to include section 8 funding that corresponds to the units covered by the section 8 ACC. At that time, the regular section 8 administrative fee funding provisions will apply.

9. **Choice-Mobility.** One of the key features of the PBV program is the mobility component, which provides that if the family has elected to terminate the assisted lease at any time after the first year of occupancy in accordance with program requirements, HACM must offer the family the opportunity for continued tenant- based rental assistance, in the form of either assistance under the voucher program or other comparable tenant-based rental assistance.

If as a result of participation in RAD a significant percentage of HACMs HCV program becomes PBV assistance, it is possible for most or all of a HACM's turnover vouchers to be used to assist those RAD PBV families who wish to exercise mobility. While HUD is committed to ensuring mobility remains a cornerstone of RAD policy, HUD recognizes that it remains important for HACM to still be able to use tenant- based vouchers to address the specific housing needs and priorities of the community. Therefore, HUD is establishing an alternative requirement for PHAs where, as a result of RAD, the total number of PBV units (including RAD PBV units) under HAP contract administered by HACM exceeds 20 percent of HACM's authorized units under its HCV ACC with HUD.

The alternative mobility policy provides that an eligible voucher agency would not be required to provide more than three-quarters of its turnover vouchers in any single year to the residents of Covered Projects.

To effectuate this provision, HUD is providing an alternative requirement to Section 8(o)(13)(E) of the Act and 24 CFR part 983.261(c). Please note that this alternative requirement does not apply to PBVs entered into outside of the context of RAD.

10. **Reserve for Replacement.** The Project Owner shall establish and maintain a replacement reserve in an interest-bearing account to aid in funding extraordinary maintenance and repair and replacement of capital items in accordance with applicable regulations. The reserve must be built up to and maintained at a level determined by HUD to be sufficient to meet projected requirements. For FHA transactions, Replacement Reserves shall be maintained in accordance with the FHA Regulatory Agreement. For all other transactions, Replacement Reserves shall be maintained in a bank account covered under a General Depository Agreement (HUD- 51999) or similar instrument, as approved by HUD, where funds will be held by the

Project Owner or mortgagee and may be drawn from the reserve account and used subject to HUD guidelines and as directed by HUD.

11. **Relocation Plans.** HACM is determining the relocation needs of a development on a site-by-site basis. The majority of HACM's RAD conversions will be pursuing a plan that will allow for tenant in place rehabilitation, which will require no relocation. If a resident must be temporarily relocated, it will be at no expense to the resident. The relocation options will be to a vacant unit in the same development, a vacant unit in another HACM development or a vacant unit in the private market. If the relocation requires residents to be relocated, all displaced households will be relocated to comparable dwellings with rights and protections provided under The Uniform Relocation Act 49 CFR part 24.

Relocation plans will be available on HACM's website [www.hacm.org](http://www.hacm.org). HACM will submit an Accessibility and Relocation Checklist to HUD for development with its financing plan as required by the RAD Notice.