



## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-6106-N-01]

### Rental Assistance Demonstration: Supplemental Guidance on Final Notice

**AGENCY:** Office of the Assistant Secretary for Housing-Federal Housing Commissioner and Office of the Assistant Secretary for Public and Indian Housing, HUD.

**ACTION:** Notice.

**SUMMARY:** On July 26, 2012, HUD announced through notice in the Federal Register the implementation of the statutorily authorized Rental Assistance Demonstration (RAD), which provides the opportunity to test the conversion of public housing and other HUD-assisted properties to long-term, project-based Section 8 rental assistance. The July 26, 2012 notice provided for full implementation of RAD, and the posting of the Final Program Notice (Final Program Notice, PIH-2012-32) on HUD's RAD website. HUD subsequently issued a number of revised program notices, the most recent on January 12, 2017 (PIH 2012-32/Housing 2017-03 REV-3). This notice announces the posting of a supplement to the most current notice PIH 2012-32/Housing 2017-03 REV-3 (RAD Supplemental Notice, PIH 2018-11/H 2018-05). As provided by the RAD Statute, this notice addresses the requirement that the demonstration may proceed after HUD publishes the terms of the notice in the Federal Register. This notice summarizes the key changes made to the PIH 2012-32/Housing 2017-03 REV-3 through the RAD Supplemental Notice, PIH 2018-11/H 2018-05. This notice also meets the RAD statutory requirement to publish at least 10 days before they may take effect, waivers and alternative requirements authorized by the statute, which does not prevent the demonstration, as modified, from proceeding immediately.

**DATES:** The RAD Supplemental Notice, PIH 2018-11/H 2018-05, other than those items listed as new statutory or regulatory waivers or alternative requirements specified in this notice, is effective **[insert date of publication in the FEDERAL REGISTER]**.

The new statutory and regulatory waivers and alternative requirements are effective **[insert date that is 10 days after date of publication in the FEDERAL REGISTER]**.

**ADDRESSES:** Interested persons are invited to submit questions or comments electronically to [rad@hud.gov](mailto:rad@hud.gov).

**FOR FURTHER INFORMATION CONTACT:** William A. Lavy, Director, Program Administration Division, Office of Recapitalization, Office of Multifamily Programs, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 6230, Washington, DC 20410; telephone 202-708-0614. (This is not a toll-free number.) Individuals with speech or hearing impairments may access this number through TTY by calling the toll-free Federal Relay Service at 1-800-877-8339. To assure a timely response, HUD recommends that requests for further information be submitted electronically to the email address [rad@hud.gov](mailto:rad@hud.gov).

#### **SUPPLEMENTARY INFORMATION:**

##### **I. Background**

RAD, authorized by the Consolidated and Further Continuing Appropriations Act, 2012 (Pub. L. 122-55, signed November 18, 2011) (2012 Appropriations Act), allows for the conversion of assistance under the public housing, Rent Supplement (Rent Supp), Rental Assistance (RAP), Moderate Rehabilitation (Mod Rehab), and Mod Rehab Single Room Occupancy (SRO) programs (collectively, “covered programs”) to long-term, renewable assistance under Section 8. The most recent version of the RAD program notice is PIH 2012-

32/Housing 2017-03, REV-3, located at [https://www.hud.gov/sites/documents/RAD\\_Notice\\_Rev3\\_Final.docx](https://www.hud.gov/sites/documents/RAD_Notice_Rev3_Final.docx).

## **II. Key Changes**

The following highlights key changes to the RAD program that are included in the Supplemental Program Notice:

### First Component (Public Housing Conversions)

1. Expands the rent setting flexibility referred to as Rent Bundling in the current RAD program notice PIH 2012-32/Housing 2017-03 to permit PHAs to rent bundle between RAD Project-Based Voucher (PBV) and non-RAD PBV projects. Under this provision, rents of non-RAD PBV contracts are reduced by the equivalent increase to the RAD PBV initial contract rents.

2. Permits PHAs to establish project-specific utility allowances for Covered Projects. When a RAD conversion results in the reduction of one or more utility components used to establish the utility allowance, HUD will permit the RAD contract rent to be increased by a portion of the utility savings.

3. Provides alternative developer fee limits when a PHA adopts a waiting list preference for households exiting homelessness.

4. Establishes that HUD will disapprove a proposed conversion where a PHA is using 24 CFR 970.17(b) or 970.17(c) to dispose of other units at a proposed project and HUD determines that the PHA's use of both RAD and disposition under those sections undermines the unit replacement requirements of the RAD program.

5. Creates a streamlined conversion option for PHAs that have a very small public housing portfolio of 50 units or less that will not involve any rehabilitation, new construction, or relocation.

### **III. New Waivers and Alternative Requirements**

The RAD Statute provides that waivers and alternative requirements authorized under the First Component must be published by notice in the Federal Register no later than 10 days before the effective date of such notice. Under the Second Component of RAD, HUD is authorized to waive or alter the provisions of subparagraphs (C) and (D) of section 8(o)(13) of the United States Housing Act of 1937 (42 U.S.C. 1437f) (the 1937 Act).

HUD has previously published its waivers and alternative requirements for RAD, on July 26, 2012 (77 FR 43850), July 2, 2013 (78 FR 39759), June 26, 2015 (80 FR 36830), and January 19, 2017 (82 FR 6615). This notice only includes waivers and alternative requirements not previously published or that have changed from previous publications. Although waivers or alternative requirements under the Second Component are not subject to a Federal Register publication requirement, the new Second Component waivers and alternative requirements are included in this notice as a matter of convenience.

The new waiver and alternative requirement is:

1. PBV Site-Specific Utility Allowances. Provisions affected: 24 CFR 983.301(f)(2)(ii), 24 CFR 983.2(c)(6)(iii) and 24 CFR 982.517; RAD Implementation Notice, Attachment 1C: Calculation of HAP Contract Rents for Conversions of Assistance from Public Housing to PBRA or PBV. Waiver: HUD has determined that the specified sections of its regulations will not apply to RAD conversions to Project Based Vouchers (PBV). Alternative requirements: The Utility Allowance shall be calculated in the manner specified in Housing Notice H-2015-04

(June 22, 2015) unless PIH promulgates utility allowance guidance specific to the PBV program. The Project Owner may carry out all activities of owners and management agents associated with Housing Notice 2015-04, but the PHA must ensure that the Utility Allowance is calculated correctly.

#### **IV. Revised Program Notice Availability**

The RAD Supplemental Notice (PIH 2018-11/H 2018-05) can be found on RAD's website, [www.hud.gov/RAD](http://www.hud.gov/RAD).

#### **V. Finding of No Significant Impact**

A Finding of No Significant Impact (FONSI) with respect to the environment has been made in accordance with HUD regulations in 24 CFR part 50, which implemented section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)). The FONSI is available for public inspection during regular business hours in the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street SW, Room 10276, Washington, DC 20410-0500. Due to security measures at the HUD Headquarters building, please schedule an appointment to review the FONSI by calling the Regulations Division at (202) 708-3055 (this is not a toll-free number). Individuals with speech or hearing impairments may access this number via TTY by calling the Federal Relay Service at (800) 877-8339.

Dated: June 22, 2018.

**Dominique Blom,**

*General Deputy Assistant Secretary for Public*

*and Indian Housing.*

**Brian Montgomery,**

*Assistant Secretary for Housing,  
Federal Housing Commissioner.*

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