



Rental Assistance Demonstration (RAD)

Quick Reference Guide to Multifamily Housing Requirements

Department of Housing and Urban Development (HUD)

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1 Introduction

1.1 Purpose of this Guide

This guide provides instruction to owners (including Public Housing Agencies) converting their projects to Project-Based Rental Assistance (PBRA) authorized under the Rental Assistance Demonstration (RAD). The purpose of this guide is not to be all-inclusive or overly descriptive of HUD Multifamily Housing program requirements but rather to highlight certain requirements owners converting under RAD should be aware of. The guide is a starting point for owners converting under RAD to become familiar with HUD Multifamily Housing program requirements. This guide applies only to conversions of public housing and Section 8 Moderate Rehabilitation (Mod Rehab) assistance to PBRA. It does not apply to RAD conversions of assistance to Project Based Voucher (PBV) assistance.

1.2 Background

RAD is authorized by the Consolidated and Further Continuing Appropriations Act of 2012 (Pub. L. No. 112-55, approved November 18, 2011), as amended by the Consolidated Appropriations Act, 2014 (Public Law 113-76, approved January 17, 2014) and the Consolidated and Further Continuing Appropriations Act, 2015 (Public Law 113-235, approved December 6, 2014).

RAD allows projects funded under the public housing and Mod Rehab program to convert their assistance to long-term, project-based Section 8 rental assistance contracts. Under RAD, public housing agencies (PHAs) may choose between two forms of Section 8 Housing Assistance Payment (HAP) contracts: PBVs or PBRA. No incremental funds are authorized. PHAs and Mod Rehab owners will convert their assistance at current subsidy levels. The Consolidated and Further Continuing Appropriations Act, 2015 authorizes up to 185,000 public housing units to convert assistance under the first component, to be selected competitively. While the RAD statute, as amended, contains language authorizing HUD to convert Section 8 Moderate Rehabilitation (Mod Rehab) projects (including Mod Rehab SROs) under the First Component, HUD is exercising its discretion to prioritize public housing conversions under the competitive requirements of the first component.

Additional demonstration history along with instructions for RAD, including eligibility and selection criteria, can be found in the joint Office of Public and Indian Housing and Office of Housing Notice PIH 2012-32 (HA), REV-2. Rather than describe program requirements in complete detail, this guide is a complement to PIH 2012-32 (HA), REV-2, and will identify the requirements using a brief summary and reference the location to where the detailed requirements are found.

For purposes of this guide, PHAs and Mod Rehab owners converting assistance to PBRA HAP contracts are referred to as owners.

2 Use of Multifamily Housing Systems

The Department utilizes several systems to track and monitor properties with PBRA HAP contracts. As part of the conversion from public housing and Mod Rehab assistance to a PBRA HAP, owners are required to conform with system requirements and guidelines as outlined below and in all existing and subsequent Department guidance. Questions relating to HUD Multifamily Housing systems should be addressed to the Multifamily Housing Helpdesk at 1-800-767-7588.

2.1 Obtaining a WASS ID from REAC TAC

Individuals must obtain a Web Access Secure System (WASS) ID in order to access Multifamily Housing Systems. For further guidance and information on applying for a WASS ID, contact the Real Estate Assessment Center (REAC) Technical Assistance Center (TAC) team at 1-888-245-4860.

2.2 Previous Participation Certification (Form HUD-2530) and Active Partners Performance System

In accordance with 24 CFR 200, Subpart H, Section 200.210-200.245, it is the Department's policy that participants in its housing programs be responsible individuals and organizations that will honor their legal, financial, and contractual obligations. The regulation establishes uniform standards for approval, disapproval, or withholding of action on principals in projects based upon their past performance as well as other aspects of their records. In order for individuals or corporate entities to participate or play a role in a Multifamily Housing property, they must obtain HUD's approval. Applicants may request HUD's approval by submitting a HUD-2530 (Previous Participation Certification) form to the RAD Transaction Manager overseeing the conversion request. This approval is required prior to the RAD conversion and execution of the PBRA HAP Contract. Refer to PIH 2012-32 (HA), REV-2 for exemptions to Previous Participation requirements. Approvals that may be necessary after conversion, such as changes in ownership entity, will be processed by the HUD Account Executive/Project Manager in the appropriate Multifamily Regional Center/Program Center.

Effective on July 1, 2006, the Active Partner Performance System (APPS) was fully implemented and the use of this system by all participants is required. The system provides a method for participants to store and manage all data pertaining to their participation in HUD Multifamily Programs and then to submit future APPS Previous Participation Certificates (APPC) online, in HUD's secure web based environment. Please refer to the APPS Industry User Guide for more information via the following link:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/apps/appsindustryug.

If a participant is notified that approval is conditional or being withheld or disapproved,

the participant may request reconsideration by the Multifamily Participation Review Committee (MPRC) or the participant may request an administrative hearing before a Departmental Officer. To make a request for reconsideration, the request must be submitted in writing within 30 calendar days of the receipt of the notice. If the MPRC does not act favorably when reconsidering the request, the participant can request an administrative hearing.

2.3 Tenant Rental Assistance Certification System (TRACS)

Owners of properties converting to PBRA under RAD are responsible for processing tenant certifications, tenant recertifications, and subsidy billings using automated software that conforms to HUD specifications. Owners are responsible for electronically transmitting required data either directly or through a service provider to HUD. RAD projects will be serviced by HUD until further notice.

TRACS compliant software used to produce certifications and subsidy billings must be obtained from a vendor who certifies that the software is compliant with HUD requirements. As HUD requirements are updated to reflect changes or revisions in legislation, regulations, handbooks, notices, or HUD format electronic data transmission requirements, owners are responsible for ensuring that the software they use to complete, review, and transmit data is updated accordingly. Additional information regarding TRACS is available at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/trx/trxsum

2.4 Enterprise Income Verification (EIV) System

Use of HUD's Enterprise Income Verification System is required as a third party source to verify tenant employment and income information during mandatory reexaminations or recertifications of family composition and income and to reduce administrative and subsidy payment errors. Multifamily Housing's EIV system is different from the EIV system used by Public and Indian Housing. Owners must follow all EIV requirements as identified in HUD Handbook 4350.3, REV-1.

Owners of properties converting to PBRA under RAD must:

1. Remove PIH EIV access effective at the contract execution date by contacting the EIV Coordinator at the HUD Regional Center/Program Center, and
2. Obtain access to Multifamily Housing's EIV system within 90 days from the date the HAP Contract is signed.

2.5 Financial Statement Requirements

The owner must comply with HUD's Uniform Financial Reporting Standards codified in 24 CFR Part 5 Subpart H. Owner entities will be required to submit financial information to HUD on an annual basis in the form and substance prescribed by HUD through the internet to the Financial Assessment Subsystem—Multifamily Housing (FASSMF) or in

such non-electronic format as HUD may allow. FASSMF automates the submission of annual financial data for properties with HUD subsidies, grants, and/or FHA-insured mortgages. FASSMF also facilitates management and prioritization of the multifamily housing portfolio by performing automated assessments of the financial data, highlighting projects for which compliance deficiencies are identified. Please see the Financial Assessment Subsystem—Multifamily Housing Industry User Guide (<http://portal.hud.gov/hudportal/documents/huddoc?id=chp01-introduction.pdf>) for further information on FASSMF financial statement submission.

Where a Public Housing Agency (PHA) is the owner of multifamily project(s), PHAs are required to submit consolidated financial statements to PIH-REAC via FASS-PHA. However, the PHA must submit separate unaudited information for each multifamily project via FASSMF. This only applies in instances where the PHA owns the multifamily project(s) and the multifamily project(s) have the same tax identification number as the PHA. If the owner of the property converting to PBRA assistance under the RAD program has a different tax identification number from the PHA, the owner must submit an audited or owner-certified financial statement based on the requirements of HUD's Uniform Financial Reporting Standards codified in 24 CFR Part 5 Subpart H. Please see the Financial Assessment Subsystem—Multifamily Housing Industry User Guide (<http://portal.hud.gov/hudportal/documents/huddoc?id=chp01-introduction.pdf>) for further information on FASSMF financial statement submission.

3 Monitoring

As part of the conversion to PBRA, the owner will be subject to certain Multifamily Housing monitoring and oversight protocol. Information on monitoring is outlined below and changes or clarifications can be found in existing or subsequent Departmental policy and guidance.

3.1 Management and Occupancy Reviews (MORs)

In accordance with 24 CFR Part 880.612, a management and occupancy review (MOR) must be conducted at the project to determine whether the owner is in compliance with the PBRA RAD Contract and the assisted units are in decent, safe, and sanitary condition.. In accordance with existing Multifamily guidance, a full MOR should be conducted within six months of the effective date of the RAD contract, subject to available funding. If funding is not available, the Multifamily Regional Center/Program Center will conduct a limited MOR (commonly termed a “desk review”). For additional guidance on what the MOR entails, please see HUD Handbook 4350.1, Chapter 6 Project Monitoring and Appendix 2 of this chapter, Management and Occupancy Review (MOR) Frequently Asked Questions.

3.2 Physical Inspections

In accordance with 24 CFR Part 5, Subpart G, HUD housing must be maintained in decent, safe, sanitary condition, and in good repair. Any housing receiving HUD

assistance must be maintained in a manner that meets the physical condition standards set forth in the regulation 24 CFR Part 5 Subpart G, Section 5.703.

A physical inspection will take place as soon as possible after closing. If rehabilitation is occurring at the project and the project has FHA insurance, the first inspection will not occur until the rehabilitation is complete. If rehabilitation is being done and the project does not have FHA financing, the owner can submit a formal written request to the local Multifamily Regional Center/Program Center to postpone the initial inspection until rehabilitation is complete. After the initial inspection, the schedule of subsequent physical inspections will be determined by 24 CFR Part 200 Subpart P.

If during the initial or subsequent physical inspections the owner receives a REAC inspection score below 60, the policies outlined in Notice H 2011-24 will apply. For more information on how to prepare for a REAC inspection, see “Preparing for REAC Inspections” at http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_17204.pdf.

4 Owner Preparation for Contract Related Items

There are several contract-related items an owner will need to be familiar with prior to closing. However, because they are detailed in the joint Office of Public and Indian Housing and Office of Housing Notice PIH-2012-32 (HA), REV-2, they are not elaborated on in this guide. Please see the joint notice for specific instructions on each of the below:

- Term of Contract
- Mandatory HAP Contract Renewal (only for Conversions from Public Housing)
- Ownership or Control
- RAD Use Agreement
- Initial Contract Rent Setting
- Method of Adjusting Contract Rents
- Distributions
- Transfer of Assistance
- RAD Rehab Assistance

Additionally, for each obligation of funds, the recipient is required to have a Data Universal Numbering System (DUNS) Number and a valid registration in the Central Contractor Registration. The DUNS Number assignment is free for all businesses required to register with the US Federal government for contracts or grants. Registration is required and available at: <http://fedgov.dnb.com/webform>

5 Owner Preparation for Funding

To prepare for a seamless transition and to minimize burden, Multifamily Housing recommends that owners use their site software to prepare the form HUD-50059 and 50059-A for all tenants in the period between executing the RAD Conversion

Commitment (RCC) and the HAP Contract effective date. This will ensure any discrepancies with TRACS transmissions will be addressed prior to actual 50059 submissions to TRACS and prior to vouchers being paid from the PBRA LOCCS account. Tenants can maintain their existing date for their annual reexamination of family income and composition.

Owners must begin submitting the form HUD-50059 and 50059-A to TRACS beginning on the HAP Contract effective date. Owners should note the deadline for transmission of vouchers and all related TRACS files supporting the voucher is the 10th day of the month directly preceding the voucher payment month. For example, the February voucher TRACS transmission would be due on January 10.

For the remainder of the first Calendar Year in which a HAP contract becomes effective, a converted project will be funded through the public housing accounts at the level of public housing subsidy available to that project in that year. HUD has recently released two new files to assist PHAs in calculating and accessing the public housing subsidy that will be available to converted properties:

- 1) **Initial Year Funding – Processing Instructions.** This document provides instructions for how to calculate and access the public housing funding that will be available for the converted property, including submission requirements and HUD review. In addition, this document provides instructions on how to access Capital Funds that are going to be contributed into the Development budget of a RAD transaction. The instructions can be accessed at:

http://www.radresource.net/sources/public/Initial%20Year%20Funding_%20Process%20Instructions.pdf.

- 2) **Initial Year Funding Tool.** This Excel workbook guides a PHA through estimating the funding that will be available for a property. Submission of this workbook with the Financing Plan satisfies the Financing Plan requirement to provide an estimate of public housing funds available for HAP subsidy (See Attachment 1A.P of PIH Notice 2012-32 Rev 2). This tool will also be submitted in final form at closing. The tool can be accessed at:

<http://www.radresource.net/home.cfm>.

6 Owner Preparation for Occupancy Related Items

6.1 Waiting List

The Project owner can utilize a project-specific waiting list or an owner/management agent community waiting list. An owner/management agent community waiting list is different from the public housing community-wide waiting list. Prior to RAD conversion, the PHA shall refer to PIH 2012-32 (HA), REV-2 for guidance to consider the best means to transition applicants from the current public housing waiting list.

The creation of the waiting list is to be done using existing PIH rules including any posting or notification requirements and may be done using the lottery system. For more information on creating a project waiting list see 24 CFR 903.7(b)(2)(ii)-(iv). After conversion, the project waiting list must conform to the requirements outlined in HUD Handbook 4350.3 REV-1, Chapter 3, Section 3.

Project Owners may adopt a preference for elderly single persons pursuant to 24 CFR § 5.655(c)(5) and Housing Handbook 4350.3, Chapter 4. Project Owners who wish to adopt a preference for populations that are not identified in 24 CFR § 5.655(c)(5) (e.g., elderly families, near-elderly single persons, near-elderly families), may do so pursuant to Housing Notice 2013-21 (July 25, 2013). An owner may not adopt a preference that would have the purpose or effect of substantially delaying or denying the participation of other eligible families in the program on the basis of race, color, national origin, religion, sex, disability, or familial status, or would create or perpetuate segregation.

6.2 Affirmative Fair Housing Marketing Plan

Each owner converting under RAD must develop and provide a description of the Affirmative Fair Housing Marketing Plan (AFHMP) for the property to comply with the requirements of Subpart M of 24 CFR, part 200. The AFHMP must be attached to the RAD PBRA HAP Contract as Exhibit 3 to both the RAD PBRA HAP Contract for conversions from Public Housing and the RAD PBRA HAP Contract for conversions from Moderate Rehabilitation. The AFHMP is to be completed using Form HUD-935.2A. The AFHMP is a requirement of the Financing Plan submission and must be approved prior to closing.

The Fair Housing Act requires HUD to administer all programs and activities relating to HUD in a manner that affirmatively furthers fair housing. See HUD Handbook 4350.3 REV-1, paragraph 2-9 for a discussion of Civil Rights Related Program Requirements which implement this obligation as well as paragraph 4-12 and 4-29. Additionally, Subpart M of 24 CFR, part 200, sets forth HUD's equal opportunity regulations for affirmative fair housing marketing under FHA subsidized and unsubsidized housing programs.

6.3 Management Agent Certification Requirements

The project owner is responsible for seeking out and selecting a management agent, which is subject to the approval of HUD. HUD reviews management agent performance, experience, and capabilities to protect the public and its own interests. HUD does not disapprove agents to penalize program participants who have had past performance problems.

There are different types of management agents:

1. Owner/Manager—the owner and the management agent are the same business entity;

2. Identity of Interest Management Agent—an individual or entity that provides management services to the project has a relationship with the project owner that is such that selection of the management agent and determination of the management fee will not be determined through an arms-length transaction;
3. Independent Fee Management Agent—a management company or individual that has no IOI relationship with the owner and no financial interest or involvement in the project, other than earning a fee for providing management services; and
4. Project Administrator—an individual who directs the day-to-day activities of a project designed for elderly, handicapped, or disabled residents, and who reports to the Board of Directors.

All types of management agents must be approved by the applicable HUD Regional Center/Program Center (Form HUD-9839-A, -B, or -C and Form HUD-9832). The HUD Regional Center/Program Center will also conduct all Previous Participation Clearance (Form HUD-2530) reviews for projects and approval must be obtained prior to execution of the PBRA HAP contract. Refer to PIH 2012-32 (HA), REV-2 for exemptions to Previous Participation requirements.

Please refer to HUD Handbook 4381.5, The Management Agent Handbook, Chapter 2: Approval of Management Agents for detailed instructions. The management fee is an eligible property expense and will pertain to the management agent of the specific property.

6.4 Reserve Fund for Replacement

The owner is required to establish and maintain a Reserve Fund for Replacement in an interest-bearing account to aid in funding extraordinary maintenance and repair and replacement of capital items in accordance with applicable regulations. The owner is required to commence deposits to the Reserve Fund for Replacement upon the effective date of the contract. A 20-year reserve schedule will be established in the Capital Needs Assessment (CNA) tool. Funds will be held by the mortgagee and may be drawn from the Reserve Fund for Replacement and used only in accordance with HUD guidelines and with the approval of, or as directed by, HUD. In the event the project is not subject to any financing, funds will be held by the owner, and may be drawn from the reserve account in accordance with HUD guidelines and with the approval of, or as directed by, HUD. Please consult HUD Handbook 4350.1, Chapter 4 Reserve Fund for Replacements, for additional guidance.

6.5 Lease Requirements for Existing Tenants

All properties converting under RAD must use form HUD 90105-A *Model Lease for Subsidized Programs* which is available on HUDCLIPS. Leases for existing tenants must have a lease effective date equal to the HAP Contract effective date. The lease must be signed by both the owner and the tenant on or before the HAP Contract effective date. Tenants must also be provided with all attachments listed in paragraph 27 of the lease,

including form HUD-50059 and 50059-A and the property's house rules, at the time the lease is signed.

6.6 House Rules

For other HUD programs, the decision about whether to develop house rules beyond the resident rights requirements for a property rests solely with the owner. However, owners of properties converting under RAD must adhere to the resident rights and participation requirements identified in Section 1.7 of PIH 2012-32 (HA), REV-2 and Attachment 3 of this guide. If owners develop additional house rules for a property beyond these resident rights, the rules must be consistent with HUD requirements for operating HUD subsidized projects, must be reasonable, and must not infringe on tenants' civil rights.

Developing a set of house rules is a prudent practice. By identifying both allowable and prohibited activities in housing units and common areas, owners provide a structure for treating tenants equitably and for making sure that tenants treat each other with consideration. House rules are also beneficial in keeping the properties safe and clean and making them more appealing and livable for the tenants.

House rules are an attachment to the lease, but do not replace the lease. House rules must not create a disparate impact on tenants based on race, color, national origin, religion, sex, disability, or familial status.

6.7 Pets

Existing pets must be grandfathered into the property at RAD conversion. Owners have the ability, however, to restrict pets to households which were not part of the RAD conversion.

Owners must develop Pet Rules using the requirements found in 24 CFR Part 5, Subpart C, HUD Handbook 4350.1, and HUD Handbook 4350.3 REV-1, Chapter 6.

Requirements covering lease provisions for pets can be found in Section 9.4 below.

6.8 Tenant Selection Plan

Owners must develop and make public written tenant selection policies and procedures that include descriptions of the eligibility requirements and income limits for admission. Figure 4-2 in HUD Handbook 4350.3 REV-1 provides guidance for a tenant selection plan (TSP). The TSP must include any preferences in place including any elderly restriction or preferences in the admission of tenants. The restriction or preference must cite the supporting documentation to ensure nondiscrimination in the selection of tenants. The contents of the TSP must also be consistent with the purpose of improving housing opportunities and be reasonably related to program eligibility and an applicant's ability to perform the obligations of the lease.

Paragraph 4-4 and Figure 4-2 of HUD Handbook 4350.3 REV-1 identify all required topics as well as the recommended topics for the TSP.

6.9 Utility Allowances

In general, the utility allowances in the HAP contract at closing must be the utility allowances that are in effect for each public housing unit type prior to conversion. Refer to PIH 2012-32 (HA), REV-2, Attachment 1C, which includes information on how an alternative utility allowance may be established at conversion when the Owner can demonstrate that energy saving improvements will result in measurable utility cost savings.

In accordance with Housing Notice H 2015-04, properties undergoing new construction or substantial rehab may establish initial utility allowances for new or rehabilitated units based on an analysis completed at underwriting through an energy consumption model, but only in the first year of occupancy post-construction. When the property is occupied and the owner can obtain 12 months of consumption data, the owner must then follow the methodology in Notice H 2015-04 and establish a baseline analysis.

For properties not undergoing new construction or substantial rehab, the owner must follow the methodology in Notice H 2015-04 and establish a baseline analysis beginning with the first contract anniversary after the RAD conversion.

If an owner fails to submit a utility analysis with a rent adjustment submission, the owner's rent adjustment will be withheld until a utility analysis is provided to HUD. Once the required documents are received, HUD will retroactively implement the rent adjustment.

7 Resident Rights and Participation

Owners must be aware of the resident rights and participation requirements identified in Section 1.7 of PIH 2012-32 (HA), REV-2 and Attachment 3 of this guide. These rights must be included in the house rules portion of the lease for properties converting under RAD.

8 Existing Tenant Household Provisions

Multifamily Housing recommends that owners develop a means of identifying existing households as having been housed prior to the RAD conversion. This document will be especially helpful for future audits the property may undergo and will easily identify those households subject to slightly different requirements than future households coming into the property.

Some occupancy related policies for RAD properties are identified in this section. All requirements found in HUD Handbook 4350.3 REV-1 must also be adhered to.

8.1 Eligibility

Program eligibility determines whether applicants are eligible for assistance. Project eligibility establishes whether applicants are eligible to reside in the specific project to which they have applied.

Pursuant to RAD Statute, at conversion, current households are not subject to rescreening, income eligibility, or income targeting provisions. 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. All in-place tenants at the time of conversion are eligible to remain in the unit and receive assistance according to the rent formula and/or the rent phase-in formula specific to RAD.

Owners do, however, have the ability to rescreen tenants at the time of a tenant's annual or interim recertification in accordance with their screening/eviction procedures found in their policies. See HUD Handbook 4350.3 REV-1, Chapter 8.

If, at conversion, households are over/under-housed, these households must be transferred to appropriately sized units when an appropriate sized unit becomes available. Refer to HUD Handbook 4350.3 REV-1, paragraph 3-23 (H)(1)(a), if there are no appropriately sized units available at the project at conversion.

8.2 PIH Provisions Continuing After Conversion

8.2.1 Family Self-Sufficiency (FSS)

Current Family Self-Sufficiency (FSS) participants will continue to be eligible for FSS once their housing is converted under RAD. All owners will be required to administer the FSS program in accordance with the requirements of 24 CFR 984, the participants' Contracts of Participation (CoP) and future guidance published by HUD.

Once the property is converted, the owner must notify HUD at MF_FSS@hud.gov with the unit number, Head of Household's last name, and start/end date of the CoP for all current FSS participants. This initial notification is required until modifications can be made to TRACS. Multifamily Housing will issue further guidance on the FSS program and enrolling new FSS participants.

If an owner of a converted property refuses to continue a FSS program, the PHA and the owner will enter into an arrangement, allowing the PHA to continue to operate the FSS program. Upon conversion, already escrowed funds for FSS participants shall be transferred into a PBRA escrow account and be considered PBRA funds, thus reverting to PBRA if forfeited by the FSS participants. Please see future Multifamily and other guidance for additional details, including FSS coordinator funding eligibility under a RAD conversion. Until Multifamily issues guidance on the FSS program, owners can refer to the PIH regulations at 24 CFR Part 984 or contact their local HUD office with

questions.

The escrow accounts for households participating in the program must be calculated in accordance with the PIH regulations at 24 CFR Part 984. An owner is permitted to obtain the escrow amount by creating monthly Owner/Agent Request (OARQ) adjustments on the property's HAP voucher and then must deposit the money in the corresponding escrow account. In order for HUD to identify information relating to FSS, and until future updates can be made to TRACS, **all FSS OARQ adjustments must indicate the Unit Number, Head of Household's Last Name, and the words "FSS Participant" in the comments section.** The owner shall deposit the FSS account funds of all participating families into a single depository account.

Current Resident Opportunity and Self Sufficiency-Service Coordinator (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 public housing ROSS-SC grants nor will its residents be eligible to be served by future public housing ROSS-SC grants.

Attached to this guide are supplemental forms titled Sample Family Self-Sufficiency Escrow Account Credit Worksheet and the Sample Family Self-Sufficiency Information Page. These two sample forms are included as Attachment 4 and Attachment 5 to this guide.

8.2.2 Earned Income Disregard

Tenants who are employed and are currently receiving the Earned Income Disregard (EID) exclusion at the time of conversion will continue to receive the EID exclusion after conversion, in accordance with regulations at 24 CFR 960.255. After conversion, no other tenants will be eligible to receive the EID. If a tenant receiving the EID exclusion undergoes a break in employment, ceases to use the EID exclusion, or the EID exclusion expires in accordance with 24 CFR 960.255, the tenant will no longer receive the EID exclusion and the owner will no longer be subject to the provisions of 24 CFR 960.255. Furthermore, tenants whose EID ceases or expires after conversion shall not be subject to the rent phase-in provision, as described in Section 1.7.B.3; instead, the rent will automatically be adjusted to the appropriate rent level based upon tenant income at that time.

8.3 Determining Income and Calculating Rent

All in-place tenants at the time of conversion are eligible to remain in the unit and receive assistance according to the rent formula or the rent phase-in formula specific to RAD. For tenants not subject to rent phase-in, income must be determined and tenant rent must be calculated according to 24 CFR 5.609 and HUD Handbook 4350.3 REV-1, Chapter 5.

Tenants in properties subsidized through the Section 8 program must pay a minimum Total Tenant Payment (TTP) of \$25, unless there is an approved financial hardship exemption. Refer to 24 CFR 5.630 and HUD Handbook 4350.3 REV-1, paragraph 5-26 for Multifamily Housing minimum rent policy for Section 8 properties.

When TTP exceeds the gross rent (contract rent, plus any utility allowance), refer to PIH 2012-32 (HA), REV-2, Section 1.7(B)(9).

8.4 Rent Phase-in

If a resident'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 three years, which an owner may extend to five years. Owners must develop a written policy that determines the length of the phase-in period: three years, five years or a combination depending on circumstances (for example, an owner may create a policy that uses a three year phase-in for smaller increases in rent and a five year phase-in for larger increases in rent. This policy must be in place at conversion and may not be modified after conversion).

Rent increase methodology is explained in detail in Attachment 2.

8.5 Security Deposits

Owners are permitted to continue recognizing security deposit amounts that have been previously provided by tenants who are in-place at the time of the RAD conversion. If tenants in-place at RAD conversion have not previously been required to provide a security deposit, the owner cannot require a security deposit to be collected.

9 Program Requirements for RAD Properties – Tenants after Conversion

9.1 Program Eligibility

Properties converting under RAD are to be treated as Pre-1981 Contracts meaning owners may admit families up to the low-income limit (80 percent of median income). For more information on how to determine and apply income limits, see HUD Handbook 4350.3 REV-1, paragraph 3-6.

9.1.1 Social Security Numbers

All applicants and tenants who do not meet one of the exemption criteria are required by the regulation at 24 CFR 5.216 to disclose and provide verification of their complete and accurate Social Security numbers.

9.1.2 Eligibility of Students

Note: This section applies to individuals applying for assistance after RAD Conversion.

1. Owners must determine a student's eligibility for Section 8 assistance at move-in, annual recertification, initial certification (when an in-place tenant begins receiving Section 8), and at the time of an interim recertification if one of the family composition changes reported is that a household member is enrolled as a student.
2. Section 8 assistance shall not be provided to any individual who:
 - a. Is enrolled as either a part-time or full-time student at an institution of higher education for the purpose of obtaining a degree, certificate, or other program leading to a recognized educational credential; and
 - b. Is under the age of 24; and
 - c. Is not married; and
 - d. Is not a veteran of the United States Military; and
 - e. Does not have a dependent child; and
 - f. Is not a person with disabilities, as such term is defined in 3(b)(3)(E) of the United States Housing Act of 1937 (42 USC 1437a(b)(3)(E)) and was not receiving section 8 assistance as of November 30, 2005. (See Definition E in HUD Handbook 4350.3 REV-1, Figure 3-6); and
 - g. Is not living with his or her parents who are receiving Section 8 assistance; and
 - h. Is not individually eligible to receive Section 8 assistance or has parents (the parents individually or jointly) who are not income eligible to receive Section 8 assistance. See paragraph 3-33 of HUD Handbook 4350.3 REV-1 for verifying parent's eligibility.
3. For a student to be eligible independent of his or her parents (where the income of the parents is not relevant), the student must demonstrate the absence of, or his or her independence from, parents. While owners may use additional criteria for determining the student's independence from parents, owners must use, and the student must meet, at a minimum all of the following criteria to be eligible for Section 8 assistance. The student must:
 - a. Be of legal contract age under state law;
 - b. Have established a household separate from parents or legal guardians for at least one year prior to application for occupancy, or, meet the U.S. Department of Education's definition of an independent student;
 - c. Not be claimed as a dependent by parents or legal guardians pursuant to IRS regulations; and
 - d. Obtain a certification of the amount of financial assistance that will be provided by parents, signed by the individual providing the support. This certification is required even if no assistance will be provided.

See HUD Handbook 4350.3 REV-1, Chapter 3 for more information on student eligibility and calculating income for students.

9.2 Project Eligibility

9.2.1 Specific Population

Properties converting under RAD fall under 880 regulations and can be considered Section 8 New Construction properties. Because of this, they will follow the following definitions in HUD Handbook 4350.3, REV-1, Figure 3-6. Specifically, Definition A - Elderly Family, Definition D – Disabled Family, and Definition E - Person with Disabilities.

9.2.2 Occupancy Standards

Occupancy standards serve to prevent the over- or underutilization of units that can result in an inefficient use of housing assistance. Occupancy standards also ensure that tenants are treated fairly and consistently and receive adequate housing space.

Owners must develop and follow occupancy standards that take into account the size and number of bedrooms needed based on the number of people in the family. Additionally, owners must establish guidelines for over/under housed households. These guidelines must be included in their tenant selection plan.

If at the time of conversion, an eligible family assisted under the HAP contract is occupying a unit that is larger than appropriate because of the family's composition, the family will be permitted to continue to occupy the unit until such time as an appropriate-sized unit becomes available in the project. When an appropriate sized unit becomes available in the project, the family living in the under-occupied unit must move to the appropriate-sized within a reasonable period of time. In order to allow the family to remain in the under-occupied unit until an appropriate sized unit becomes available in the project, HUD is waiving the portion of 24 CFR § 880.605 that assumes the unit has become under-occupied as the result of a change in family size.

More information can be found in HUD Handbook 4350.3 REV-1, paragraph 3-23.

9.3 Lease Requirements

9.3.1 HUD Model Lease and Lease Term

All properties that have converted under RAD must use form HUD 90105-A *Model Lease for Subsidized Programs* with an initial lease term of one year. This minimum term may be less than one year if the Section 8 HAP contract will expire in less than 12 months from the effective date of the lease (i.e., for leases entered into during the nineteenth year of the initial twenty-year term). The renewal term must be a minimum of 30 days. See Figure 6-3 of HUD Handbook 4350.3 REV-1.

9.3.2 Required Addendums and Attachments

The following addendums or attachments must be included with the HUD Model Lease: Form HUD-50059, Form HUD-50059-A, House Rules, Lead Based Paint Disclosure, Pet Requirements (if applicable), Violence Against Women Addendum, Move-in Inspection, Live-in Aide (if applicable), Police or Security Personnel (if applicable).

9.3.3 Modifying the HUD Model Lease

Changes to the Model Lease for Subsidized Programs may be made only to comply with documented state or local laws, or a management practice generally used by management entities of assisted projects. Before implementing lease changes, owners must obtain written approval from HUD or the Contract Administrator. A modification to the lease may only be effective at the end of a lease term and the owner must provide the tenant with the approved modifications at least 60 days prior to the end of the lease term.

HUD will not permit modifications to the following nine provisions of the model lease:

1. Changes in Tenant Rent;
2. Regularly Scheduled Recertifications;
3. Reporting Changes Between Regularly Scheduled Recertifications;
4. Removal of Subsidy;
5. Tenant Obligation to Repay;
6. Discrimination Prohibited;
7. Termination of Tenancy; and
8. Penalties for Submitting False Information

9.3.4 Security Deposits

For new tenants after conversion, Owners must collect a security deposit at the time of the initial lease execution equal to the greater of the household's one month total tenant payment at move-in or \$50. See HUD Handbook 4350.3 REV-1, Chapter 6, Section 2 for further information relating to security deposits.

9.3.5 Charges in Addition to Rent

Multifamily Housing does not permit charges prior to occupancy or at initial occupancy for properties converting under RAD. Some charges during occupancy are allowed. A complete explanation can be found in HUD Handbook 4350.3 REV-1, Chapter 6, Section 3.

9.4 Pets

Lease provisions for pets are found only in the Model Leases for Section 202/8, Section 202 PACs, Section 202 PRACs, and Section 811 PRACs. However, certain properties (e.g., Section 8 New Construction, Section 8 State Agency) may be available for occupancy only to elderly and/or disabled tenants. As a result, the language addressing

pets that is found in the Model Lease for Section 202/8 and Section 202 PACs must be added to the Model Lease for Subsidized Programs for use in these properties. Instead of modifying the Model Lease for Subsidized Programs to include the pet provisions from the Model Lease for Section 202/8 and Section 202 PACs, owners must attach a HUD-approved lease addendum.

9.5 EIV & You Brochure

Owners must provide each tenant household with the *EIV & You* brochure at the time of move-in or annual recertification along with a copy of the HUD Fact Sheet “How Your Rent is Determined.”

Owners may order the *EIV & You* brochure (English version) from the online HUD Direct Distribution Center at <http://www.hud.gov/offices/adm/dds/index.cfm>, or by telephone at (800) 767-7468. Quantities ordered should be sufficient to cover distribution to existing tenant households and anticipated new tenant households over the next twelve months. The brochure is also available for download at the Multifamily RHIP website at <http://www.hud.gov/offices/hsg/mfh/rhiip/mfhrhiip.cfm>.

Translated versions of the brochure for non-English speaking households are posted to the Multifamily RHIP website and on the Department’s Limited English Proficiency (LEP) website, located at www.hud.gov. These versions will not be available for order through the HUD Direct Distribution Center.

9.6 Resident Rights and Responsibilities

Owners must provide each tenant household with a copy of the Resident Rights and Responsibilities brochure at the time of move-in or annual recertification.

10 Recertification of Family Income and Composition

10.1 Annual Recertifications

To ensure that assisted tenants pay rents commensurate with their ability to pay, HUD requires owners to conduct a recertification of family income and composition at least annually. Owners must recalculate tenants’ rents and assistance payments, if applicable, based on the information gathered. HUD Handbook 4350.3 REV-1, Chapter 7, Section 1 provides detailed instructions for conducting annual recertifications.

10.2 Interim Recertifications

Interim recertifications are required by 24 CFR 5.657 and further information can be found in HUD Handbook 4350.3 REV-1, Chapter 7, Section 2. Interim recertifications are performed when a tenant experiences a change in income or family composition between annual recertifications.

1. To ensure that assisted tenants pay rents commensurate with their ability to pay, tenants must supply information requested by the owner or HUD for use in an interim recertification of family income and composition in accordance with HUD requirements. All tenants must notify the owner when:
 - a. A family member moves out of the unit;
 - b. The family proposes to move a new member into the unit;
 - c. An adult member of the family who was reported as unemployed on the most recent certification or recertification obtains employment; or
 - d. The family's income cumulatively increases by \$200 or more a month.
2. Tenants may request an interim recertification due to any changes occurring since the last recertification that may affect the Total Tenant Payment (TTP) or tenant rent and assistance payment for the tenant. Changes to a tenant report include the following:
 - a. Decrease in income including, but not limited to, loss of employment, reduction in the number of hours worked by an employed family member, and loss or reduction of welfare income;
 - b. Increases in allowances including, but not limited to, increased medical expenses, and higher child care costs; and
 - c. Other changes affecting the calculation of a family's annual or adjusted income including, but not limited to, a family member turning 62 years old, becoming a full-time student, or becoming a person with a disability.
3. Tenants are not required to report when a family member turns 18 years of age between annual recertifications. However, tenants must follow the requirements in their lease for reporting changes in the household income.
4. Owners must process an interim recertification if a tenant reports:
 - a. A change in family composition;
 - b. An increase in a family's cumulative income of \$200 or more a month;
 - c. An increase in allowances (e.g. number of dependents, a new disability assistance expense);
 - d. Most decreases in income except in circumstances described in HUD Handbook 4350.3 REV-1, paragraph 7-11.D; or
 - e. A change in citizenship or eligible immigration status of any family member
5. If a tenant reports a change in income that does not increase the household's cumulative income by \$200 or more a month, the owner should not process an interim recertification to increase the tenant's rent. If a tenant reports any other change addressed above along with an increase in income that does not increase household income by \$200 or more a month, the owner should not include the increase in income in processing the interim recertification.
6. Upon receiving a tenant request for an interim recertification, owners must process a recertification of family income and composition within a reasonable time, which is only the amount of time needed to verify the information provided by the tenant. Generally, this should not exceed four weeks.

7. Owners should not recertify a tenant receiving welfare assistance in an as-paid welfare program when the Public Assistance Agency reduces the tenant's shelter and utility allowance because it is greater than the tenant's actual rent.
8. Owners may delay, but not refuse, to process an interim recertification if they have confirmation that a tenant's income will be partially or fully restored within two months. Processing may be delayed only until the new income is known.
9. Owners do not have to perform interim recertifications for individual tenants who are paying market rent.

10.3 Determining Income and Calculating Rent

For tenants not subject to rent phase-in, income must be determined and tenant rent must be calculated according to 24 CFR 5.609 and HUD Handbook 4350.3 REV-1, Chapter 5. In-place tenants under a rent phase-in agreement must calculate rent based on the rent phase-in procedure.

10.4 Verification Requirements

Owners must verify all income, assets, expenses, deductions, family characteristics, and circumstances that affect family eligibility or level of assistance. HUD Handbook 4350.3 REV-1, Chapter 5, Section 3 provides details on performing third-party verifications.

11 Processing and Administration

11.1 Establishing Project Files and Recorded Documents

Following the issuance of the HAP contract number, the Multifamily Account Executive/Project Manager assigned to the project will be responsible for entering all relevant project information into iREMS. Separate guidance will be issued to Multifamily Regional Center/Program Center staff on monitoring these projects.

11.2 Project Oversight in Initial Conversion Year

Until the beginning of the calendar year following the year in which the HAP Contract becomes effective, funding for the RAD HAP contract will come from PIH. However, the owner will still need to voucher through TRACS. All vouchers transmitted to TRACS during this time must include an accurate representation of the tenant population and must be submitted with an Owner Agent Request (OARQ) Miscellaneous Accounting Request adjusting the total voucher amount to \$0.00.

The owner and the Multifamily Account Executive/Project Manager must complete the following steps monthly during the initial conversion year:

1. The owner sends the completed paper HAP voucher via fax or email to the Multifamily Account Executive/Project Manager.

2. The Multifamily Account Executive/Project Manager conducts a cursory review of the HAP voucher to ensure it is zeroed out.
3. The Multifamily Account Executive/Project Manager returns the reviewed HAP voucher to the owner via fax or email with an accompanying memo indicating approval or needed changes.
4. Once the owner has received approval, the owner transmits the voucher in TRACS using the TRACS compliant software.

11.3 Ongoing Project Management

Following the initial conversion year, the Multifamily Account Executive/Project Manager will conduct oversight activities for the project in accordance with all relevant guidance. Oversight and monitoring of the RAD Contract will include all oversight tasks currently performed for other project-based rental assistance contracts. At this time, RAD contracts will not be administered by Project-Based Contract Administrators (PBCA); therefore, Multifamily Regional Center/Program Center staff will serve as the Contract Administrator (CA). Multifamily Regional Center/Program Center staff will need to review the HAP vouchers for each RAD PBRA property prior to formal submission of the voucher into TRACS. Owners should enter all relevant tenant information into TRACS and supply the Multifamily Regional Center/Program Center with a draft voucher via email or fax. The Multifamily Regional Center/Program Center staff will review the voucher and provide approval or request changes to the voucher via email or fax. Once the Owner has received Multifamily Regional Center/Program Center approval of the voucher, they can submit the voucher in TRACS.

11.4 Annual Operating Cost Adjustment Factor (OCAF) Rent Adjustment

At least 120 days before the contract anniversary date of the HAP, the owner submits the OCAF Rent Adjustment Worksheet, HUD 9625, to HUD Account Executive/Project Manager/Contract Administrator (AE/PM/CA). The AE/PM/CA will validate the data on the HUD Form 9625 and process the OCAF Rent Adjustment. Once completed, the AE/PM/CA will provide the new rents to the owner with an effective date of the contract anniversary. The owner will complete a gross rent adjustment in the TRACS software and transmit it to TRACS.

11.5 Conversion of Utilities from Owner Paid to Tenant Paid

Subject to HUD approval, owners of properties converting under RAD can convert utilities from owner paid to tenant paid. If conversion to tenant paid utilities is occurring at the RAD conversion date then multifamily contract rents are determined by decreasing the PIH rents by the approved utility allowance. If conversion to tenant paid utilities occurs after the RAD conversion date, the utility conversion must be effective at the property's contract anniversary date. Chapter 12, Section 5 of HUD Handbook 4350.1 describes the procedural requirements for these conversion requests.

12 Resources

- HUD Handbook 4350.3 REV-1 *Occupancy Requirements of Subsidized Multifamily Housing Programs*
http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsg/4350.3
- HUD Handbook 4350.1 *Multifamily Asset Management and Project Servicing*
http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsg/4350.1
- HUD Handbook 4381.5 *The Management Agent Handbook*
http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsg/4381.5
- Multifamily Help Desk
Telephone: 1-800-767-7588
- Rental Housing Integrity Improvement Project (RHIIP) Website
http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/rhiip/mfhrhiip
- MF RHIIP Listserv
[http://portal.hud.gov/hudportal/HUD?src=/subscribe/signup&listname=Multifamily%20Housing%20RHIIP%20\(Rental%20Housing%20Integrity%20Improvement%20Program\)%20Tips&list=MFH-RHIIP-TIPS-L](http://portal.hud.gov/hudportal/HUD?src=/subscribe/signup&listname=Multifamily%20Housing%20RHIIP%20(Rental%20Housing%20Integrity%20Improvement%20Program)%20Tips&list=MFH-RHIIP-TIPS-L)
- Multifamily Housing EIV Website
http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/rhiip/eiv/eiv_home
- MAT Guide
http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/trx/trxdocs
- TRACS Website
http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/trx/trxsum
- TRACS Documents
http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/trx/trxdocs
- Rent and Income Determination Quality Control Monitoring Guide for Multifamily Housing Programs
<http://www.hud.gov/offices/hsg/mfh/rhiip/qcguide.pdf>

- Special Claims Guide
http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/guid_ebooks/HSG-06-01

Attachment 1: Timeline Attachment

Prior to Closing	
Requirement	Citation for Further Information
<input type="checkbox"/> Create Site-Specific Waiting List	
<input type="checkbox"/> Create Affirmative Fair Housing Marketing Plan and Submit to HUD for Approval	HUD Handbook 4350.3 REV-1, Chapter 4 (paragraph 4-12)
<input type="checkbox"/> Create Property Specific House Rules	HUD Handbook 4350.3 REV-1, Chapter 6 (paragraph 6-9)
<input type="checkbox"/> Create Property Specific Tenant Selection Plan	HUD Handbook 4350.3 REV-1, Chapter 4 (Section 1)
<input type="checkbox"/> Purchase Site Software allowing Transmission through TRACS or Obtain the services of a Service Bureau	MAT Guide
<input type="checkbox"/> Prepare form HUD-50059 for each tenant	MAT Guide

Post-Closing	
Requirement	Citation for Further Information
<input type="checkbox"/> Obtain Access to the Multifamily Housing EIV System	HUD Handbook 4350.3 REV-1, Chapter 9
<input type="checkbox"/> Provide Tenants with Property Documents	
<input type="checkbox"/> House Rules	HUD Handbook 4350.3 REV-1, Chapter 6 (paragraph 6-5)
<input type="checkbox"/> Tenant Selection Plan	HUD Handbook 4350.3 REV-1, Chapter 4 (Section 1)
<input type="checkbox"/> Have Tenants Sign all Move-In Documents	
<input type="checkbox"/> Lease (form HUD-90105-A) including all Addendums and Attachments	HUD Handbook 4350.3 REV-1, Chapter 6 (paragraph 6-5)
<input type="checkbox"/> Pet Rules (if applicable)	HUD Handbook 4350.3 REV-1, Chapter 6 (paragraph 6-5)
<input type="checkbox"/> Lead Based Paint Addendum (if applicable)	HUD Handbook 4350.3 REV-1, Chapter 6 (paragraph 6-5)
<input type="checkbox"/> Form HUD-92006 Supplement to Application for Federally Assisted Housing	HUD Handbook 4350.3 REV-1, Chapter 4 (paragraph 4-14)
<input type="checkbox"/> Race/Ethnicity	HUD Handbook 4350.3 REV-1, Chapter 4 (paragraph 4-14)
<input type="checkbox"/> Form HUD 50059 and 50059-A	HUD Handbook 4350.3 REV-1, Chapter 6 (paragraph 6-5)

<input type="checkbox"/> Owner's Live-in Aide Addendum (if applicable)	HUD Handbook 4350.3 REV-1, Chapter 6 (paragraph 6-5)
<input type="checkbox"/> Violence Against Women Act (VAWA) Lease Addendum	HUD Handbook 4350.3 REV-1, Chapter 6 (paragraph 6-5)
<input type="checkbox"/> Form HUD-9887/9887A	HUD Handbook 4350.3 REV-1, Chapter 3 (paragraph 3-11); and Chapter 4 (paragraph 4-24)
<input type="checkbox"/> Resident Rights and Responsibilities Brochure	HUD Handbook 4350.3 REV-1, Chapter 4 (paragraph 4-24)
<input type="checkbox"/> EIV & Your Brochure	HUD Handbook 4350.3 REV-1, Chapter 4 (paragraph 4-24)
<input type="checkbox"/> Fact Sheet on How Rents are Determined	HUD Handbook 4350.3 REV-1, Chapter 4 (paragraph 4-24)
<input type="checkbox"/> Recertification Notice	HUD Handbook 4350.3 REV-1, Chapter 7 (paragraph 7-7)
<input type="checkbox"/> Ensure the Following Documents are in each Tenant File	
<input type="checkbox"/> Unit Inspections NOTE: if no move-in or annual inspections have been performed for the unit, perform one at conversion and use as a baseline. Annual unit inspections required thereafter.	HUD Handbook 4350.3 REV-1, Chapter 6 (paragraphs 6-5 and 6-29)
<input type="checkbox"/> Social Security Number Verification	HUD Handbook 4350.3 REV-1, Chapter 3 (paragraphs 3-9 and 3-31); and Chapter 4 (paragraph 4-24)
<input type="checkbox"/> Eligible Immigration Status Declaration	HUD Handbook 4350.3 REV-1, Chapter 3 (paragraphs 3-12 and 3-32); and Chapter 4 (paragraph 4-24)
<input type="checkbox"/> Criminal and Drug Screening	HUD Handbook 4350.3 REV-1, Chapter 4 (paragraph 4-7)
<input type="checkbox"/> State Lifetime Sex Offender Registration Check	HUD Handbook 4350.3 REV-1, Chapter 4 (paragraph 4-7)
<input type="checkbox"/> Other screening criteria used by owner	HUD Handbook 4350.3 REV-1, Chapter 4 (paragraph 4-7)
<input type="checkbox"/> Verification of Disability	HUD Handbook 4350.3 REV-1, Chapter 3 (paragraph 3-28)
<input type="checkbox"/> Verification of Student Status	HUD Handbook 4350.3 REV-1, Chapter 3 (paragraphs 3-13 and 3-33)
<input type="checkbox"/> Age Verifications	HUD Handbook 4350.3 REV-1, Chapter 3 (paragraph 3-28)
<input type="checkbox"/> Documentation of Security Deposit Amount	HUD Handbook 4350.3 REV-1, Chapter 6 (Section 2)

<input type="checkbox"/> Documentation of Pet Deposit (if applicable)	HUD Handbook 4350.3 REV-1, Chapter 6 (paragraph 3-24); and HUD Handbook 4350.1
<input type="checkbox"/> Documentation for any Income, Expenses, Deductions, and Allowances listed on the HUD-50059	HUD Handbook 4350.3 REV-1
<input type="checkbox"/> Any Active Repayment Agreements	HUD Handbook 4350.3 REV-1, Chapter 8 (paragraph 8-23)

Attachment 2: Rent Phase-In Procedure

The below method explains the set percentage-based phase-in an owner must follow according to the phase-in period established. For purposes of this section “Calculated Multifamily Housing 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 the family’s most recent HUD Form 50059.

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 Total Tenant Payments (TTP) and the calculated Multifamily Housing TTP
- Year 2: Year 2 Annual Recertification (AR) and any Interim Recertification (IR) in prior to Year 3 AR – 66% of difference between most recently paid TTP and calculated Multifamily Housing TTP
- Year 3: Year 3 AR and all subsequent recertifications – Full Multifamily Housing TTP

Five Year Phase-in

- Year 1: Any recertification (interim or annual) performed prior to the second annual recertification after conversion – 20% of difference between most recently paid TTP and the calculated Multifamily Housing TTP
- Year 2: Year 2 AR and any IR prior to Year 3 AR – 40% of difference between most recently paid TTP and calculated Multifamily Housing TTP
- Year 3: Year 3 AR and any IR prior to Year 4 AR – 60% of difference between most recently paid TTP and calculated Multifamily Housing TTP
- Year 4: Year 4 AR and any IR prior to Year 5 AR – 80% of difference between most recently paid TTP and calculated Multifamily Housing TTP
- Year 5 AR and all subsequent recertifications – Full Multifamily Housing TTP

Please Note: In either the three-year phase-in or the five-year phase-in, once Multifamily Housing TTP is equal to or less than the previous TTP, the phase-in ends and tenants will pay full Multifamily Housing TTP from that point forward.

Attachment 3: House Rule Provisions Required by RAD

The information provided below must be included as part of the house rules for the associated project and the house rules must be furnished to HUD as part of the Financing Plan submission. This language is also provided in Attachment 1E of PIH 2012-32 (HA), REV-2 as a sample Addendum to the House Rules.

Resident Procedural Rights

A. Termination Notification. Pursuant to the RAD Statute, HUD is incorporating additional termination notification requirements to comply with section 6 of the Act for public housing projects converting assistance under RAD, that supplement notification requirements in regulations at 24 CFR § 880.607 and the Multifamily HUD Model Lease.

a. Termination of Tenancy and Assistance. The termination procedure for RAD conversions to PBRA will additionally require that Project Owners provide adequate written notice of termination of the lease which shall not be less than:

- i.** A reasonable period of time, but not to exceed 30 days:
 - If the health or safety of other tenants, Project Owner employees, or persons residing in the immediate vicinity of the premises is threatened; or
 - In the event of any drug-related or violent criminal activity or any felony conviction; or
- ii.** 14 days in the case of nonpayment of rent.

b. Termination of Assistance. In all other cases, the requirements at 24 CFR §880.603, the Multifamily HUD Model Lease, and any other HUD multifamily administrative guidance shall apply.

B. Grievance Process. Due to requirements in the RAD statute, HUD is incorporating resident procedural rights to comply with the requirements of section 6 of the Act. In addition to program rules that require that tenants are given notice of covered actions under 24 CFR Part 245 (including increases in rent, conversions of a project from project-paid utilities to tenant-paid utilities, or a reduction in tenant paid utility allowances), HUD requires that:

- a.** Residents be provided with notice of the specific grounds of the Project Owner's proposed adverse action, as well as their right to an informal hearing with the Project Owner;
- b.** Residents have an opportunity for an informal hearing with an impartial member of the Project Owner's staff within a reasonable period of time;
- c.** Residents have the opportunity to be represented by another person of their choice, to ask questions of witnesses, have others make statements at the hearing, and to examine any regulations and any evidence relied upon by the Project Owner as the basis for the adverse action. With reasonable notice to the Project Owner, prior to hearing and at the residents' own cost, residents may copy any documents or records related to the proposed adverse action; and

- d.** Project Owners provide the resident with a written decision within a reasonable period of time stating the grounds for the adverse action and the evidence the Project Owner relied on as the basis for the adverse action.

The Project Owner will be bound by decisions from these hearings, except if the:

- a.** Hearing concerns a matter that exceeds the authority of the impartial party conducting the hearing.
- b.** Decision is contrary to HUD regulations or requirements, or otherwise contrary to federal, State, or local law.

If the Project Owner determines that it is not bound by a hearing decision, the Project Owner must promptly notify the resident of this determination, and of the reasons for the determination.

Attachment 4: Sample Family Self-Sufficiency Escrow Account Credit Worksheet

**Family Self-Sufficiency Program
FSS Escrow Account Credit
Worksheet**

U.S. Department of Housing and
Urban Development
Office of Housing

Escrow credit must be determined at each reexamination and interim determination occurring after the effective date of the FSS Contract of Participation while the family is participating in the FSS program.

Head of the FSS family	Date
1. Current Annual Income (Enter amount from line 86 of form HUD-50059)	1.
2. Applicable Income Limit (Enter the current income limit for the jurisdiction in which the FSS family is living. Line 87, 88, or 89 of form HUD-50059)	2.
3. Current Adjusted Annual Income (Enter amount on line 107 of form HUD-50059.) If line 3 is greater than line 2, family does not qualify for an FSS credit.	3.
4. Earned Income included in line 1 (Add up the income in column 68 for items coded as B, F, M, W in column 67 of form HUD-50059.)	4.
5. Earned income included in Annual Income on effective date of the FSS Contract of Participation. (Enter amount from contract of participation.)	5.
6. Increase in earned income since the effective date of the FSS Contract of Participation. (Subtract line 5 from line 4. If negative, enter 0)	6.
7. Current Annual Income less increase in earned income since the effective date of the FSS Contract of Participation. (Subtract line 6 from line 1.)	7.
8. Thirty percent of current monthly Adjusted Income (Line 3 divided by 40. The calculated amount should equal the amount on line 108 of form HUD-50059.)	8.
9. Current Adjusted Income less increase in earned income since the effective date of the FSS Contract of Participation. (Subtract line 6 from line 3.)	9.
10. 30% of current monthly Adjusted Income less increase in earned income since the effective date of the FSS Contract of Participation. (Line 9 divided by 40)	10.
11. 10% of current monthly Annual Income less increase in earned income since the effective date of the FSS Contract of Participation. (Line 7 divided by 120)	11.
12. If applicable, welfare rent (enter amount on line 113 of form HUD-50059)	12.
13. TTP based on current Annual Income less increase in earned income since effective date of the FSS Contract of Participation. (Enter the greater of line 10, 11, or 12.)	13.
14. Difference between 30% of current monthly Adjusted Income and TTP adjusted for increases in earned income. (Subtract line 13 from line 8. Enter 0 if negative.)	14.
15. Current TTP (Enter the amount on line 108 of form HUD-50059.)	15.
16. TTP on effective date of the FSS Contract of Participation. (Enter amount from contract of participation.)	16.
17. Difference between current TTP and TTP on effective date of the FSS Contract of Participation. (Subtract line 16 from line 15. Enter 0 if negative.)	17.
18. Enter the lesser of line 14 or line 17.	18.
19. Applicable Very Low-Income Limit (Enter the current very low-income limit for the jurisdiction in which the FSS family is living. Line 88 of form HUD-50059)	19.

20. Amount by which Adjusted Income exceeds the Very Low-Income Limit (Subtract line 19 from line 3.)	20.
21. 30% of the amount by which Adjusted Income exceeds the Very Low-Income Limit (Line 20 divided by 40)	21.
22. Escrow credit (Subtract line 21 from line 18.)	22.

This form is optional and is used to illustrate the process. O/As may develop their own FSS Worksheet.

Attachment 5: Sample Family Self-Sufficiency Information Page

1. Participate in FSS program (Y or N)	1.
2. FSS report category (check one) <input type="checkbox"/> Enrollment <input type="checkbox"/> Progress <input type="checkbox"/> Exit	
3. FSS effective date (mm/dd/yyyy) of action	3.
4. PHA code of PHA administering FSS contract	4.
5. General Information	
(a) Current employment status of head of household. Check the box to indicate the head of household's employment status at the time addendum completed.	
<input type="checkbox"/> Full-time (32 hours per week or more) <input type="checkbox"/> Part-time <input type="checkbox"/> Not employed	
(b) Date (mm/dd/yyyy) current employment began	5b.
(c) Benefits in current employment (check all that apply)	
<input type="checkbox"/> Health <input type="checkbox"/> Retirement Account <input type="checkbox"/> Other	
(d) Years of school completed by the head of household. Enter the highest grade of education or years of formal schooling the head of household completed at the time Addendum is submitted (0-25)	5d.
(e) Assistance received by the family (check all that apply)	
<input type="checkbox"/> TANF Income Assistance <input type="checkbox"/> General Assistance <input type="checkbox"/> Food Stamps <input type="checkbox"/> Medicaid/Children's Health Insurance Premium <input type="checkbox"/> Earned Income Tax Credit	
(f) Number of children receiving childcare services	5f.

6. Family services table			
	Need (Y or N)	Need Met During Participation in Program (Y or N)	Service Provider
Education/Training			
GED			
High school			
Post secondary			
Vocational/Job training			
Job search/job placement			
Job retention			
Transportation			
Health services			
Alcohol and other drug abuse prevention services			
Mentoring			
Homeownership counseling			
Individual Development Account (IDA)			
Child care			
None			

Service provider codes:

P = PHA

O = Owner

T = TANF agency

D = DOL grantee

V = Voluntary Organization

PR = For profit entity

N = Nonprofit agency

E = Employer

C = Community College

7. FSS Contract Information	
(a) Initial start date (mm/yyyy) of contract of participation.	7a.
(b) Initial end date (mm/yyyy) of contract of participation.	7b.
(c) Contract date extended to (mm/yyyy) (if applicable)	7c.
(d) Number of family members with Individual Training and Services Plan	7d.
(e) Did the family receive selection preference because of a FSS related service program participation (Y or N)	7e.
8. FSS account information	
(a) Current FSS account monthly credit	8a.
(b) Current FSS account balance	8b.
(c) FSS account amount disbursed to the family (cumulative as of end of reporting period)	8c.
9. FSS exit information (FSS Exit Report only)	
(a) Did family complete contract of participation? (Y or N)	9a.
(b) If (1) is Yes, did family move to homeownership? (Y or N)	9b.
(c) If (1) is No, primary reason for exit:	
<input type="checkbox"/> Left voluntarily	<input type="checkbox"/> Portability move-out
<input type="checkbox"/> Asked to leave program	<input type="checkbox"/> Left because essential service was unavailable
<input type="checkbox"/> Contract expired but family did not fulfill obligations	

This form is optional and is used to illustrate the information recommended to track participation for the FSS program. O/As may develop their own Information Page.