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

Rental Assistance Demonstration (RAD); Rider to the Section 8 Project-based Voucher (PBV) Housing Assistance Payments (HAP) Contract for New Construction or Rehabilitated Housing (Public Housing Conversions; First Component)

1. Purpose

This purpose of this Rider is to effectuate the conversion of Public Housing to section 8 PBV projects under section 8(o)(13) of the United States Housing Act of 1937 (1937 Act). This Rider must be attached to the PBV HAP Contract for New Construction or Rehabilitation.[1]

2. Authority

The Consolidated and Further Continuing Appropriations Act, 2012, Pub. L. No. 112-55, approved November 18, 2011 (2012 Appropriations Act), authorizes the conversion of properties with Public Housing assistance under section 9 of the 1937 Act to properties with PBV assistance under section 8(o)(13) of the 1937 Act.

3. Amendments to the HAP Contract

(a) Section 1.a. and all other relevant sections of the HAP Contract are revised to replace the term "Public Housing Agency" with "Contract Administrator" (CA).[2]

(b) Section 1.c. of the HAP Contract is amended to eliminate the reference to a multi-stage project in Exhibit A.

(c) Section 1.d. of the HAP Contract is amended by eliminating the multi-stage project option in section 1.d.2. In addition, the corresponding signature pages for multi-stage projects at the end of Part I of the HAP Contract are deleted.

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[1] This Rider covers all Public Housing conversions. The traditional PBV distinction between "existing housing" and "rehabilitated and newly constructed housing" is overridden by the special RAD requirements contained in Notice PIH 2012-32; Rental Assistance Demonstration—Final Implementation.

[2] In Public Housing to PBV conversions, the Contract Administrator will be the Public Housing Agency that executes the HAP Contract with the owner and administers the voucher funding under the Consolidated Annual Contributions Contract with HUD.

(d) Section 1.e.1. of the HAP Contract is revised to read as follows: "The Contract begins on _____, and shall run for an initial term of ___ years."

(e) Section 1.e.2.b. of the HAP Contract is revised to read as follows: "The initial term of the HAP Contract may not be for less than 15 years, and may be for a term of up to 20 years upon request of the owner and with the approval of the CA."

(f) Section 1.e.3. of the HAP Contract is revised to read as follows: "**Owner Obligation to Accept Offers to Renew.** The owner acknowledges and agrees that upon expiration of the initial term of the Contract, and upon each renewal term of the Contract, the owner shall accept each offer to renew the Contract, subject to the terms and conditions applicable at the time of each offer, and further subject to the availability of appropriations for each year of each such renewal."

(g) Section 1.e.4 of the HAP Contract is revised to read as follows:

4. Funding of PBV HAP contract

a. Funding for remainder of calendar year in which the HAP Contract becomes effective. The HAP Contract shall be funded from the effective date of the Contract through the remainder of the calendar year from public housing amounts obligated prior to the effective date of the Contract, and from any additional public housing amounts that HUD obligates in full or in part, subject to the availability of sufficient appropriated funding, for the remainder of the calendar year in which the Contract becomes effective. In the latter case, to the extent sufficient appropriated funding becomes available, HUD will obligate such funding and provide the CA and owner written notification of (i) the amount of such funding, and (ii) the approximate amount of time within the remainder of the calendar year in which the Contract becomes effective to which it will be applied. Notwithstanding any other provisions in this Contract, housing assistance payments and RAD Rehab Assistance Payments are subject to the requirements in this paragraph during the remainder of the calendar year in which the HAP Contract becomes effective.

b. Funding for remainder of the initial term and any renewal term. For the remainder of the initial term and any renewal term, the initial term and any renewal term shall be subject to the availability of sufficient appropriated funding (budget authority), as provided in appropriations acts and in the CA's Consolidated Annual Contributions Contract with HUD, to make full payments of housing assistance payments due to an owner for any contract year in accordance with the HAP Contract. The availability of sufficient funding must be determined by HUD or the CA in accordance with HUD requirements. If it is determined that there may not be sufficient funding to continue housing assistance payments for all contract units

and for the full term of the HAP Contract, the CA has the right to terminate the Contract by notice to the owner for all or any of the Contract units. Such action by the CA shall be implemented in accordance with HUD requirements.

(h) Section 1.g.1. of the HAP Contract is revised by replacing the phrase "25 percent" with the phrase "50 percent."

(i) Section 1.g.3. of the HAP Contract is revised by replacing the phrase "25 percent" with the phrase 50 percent." In addition, a second paragraph is added to this section to read as follows: "The excepted unit provisions in the PBV regulations generally apply to RAD projects. However, for existing families occupying units when the PBV contract is initially executed, a unit may count as a supportive service excepted unit if the CA offers the family supportive services. The family is not required to accept the services, and may not be evicted for a refusal to accept such services. In addition, an assisted family shall not be involuntarily displaced as a result of this provision. Once an existing family leaves a supportive service excepted PBV unit, the CA and owner must comply with 24 C.F.R. § 983.56(b)(2)(B) ("Families Receiving Supportive Services") and all other HUD requirements in order to continue treating the unit as a support service excepted unit."

(j) Section 2 of the HAP Contract is revised by: (1) deleting the definitions of "Agreement," "Newly constructed housing," "Proposal selection date," and "Rehabilitated housing"; and (2) adding a third sentence to the definition of "HUD requirements" as follows: "HUD requirements include Notice PIH 2012-32; Rental Assistance Demonstration—Final Implementation (RAD Implementation Notice)."

(k) Section 5.a.1. of the HAP Contract is revised to read as follows: "Subject to section 5.b. of the HAP Contract, at each anniversary date during the term of the Contract, the CA will adjust the rent to owner by applying HUD's operating cost adjustment factor (OCAF), subject to the availability of appropriations for each year of the Contract term."

(l) Section 5.b. of the HAP Contract is revised to read as follows: "The rent to owner for each Contact unit may at no time exceed the reasonable rent charged for comparable units in the private unassisted market, as determined by the CA in accordance with 24 C.F.R. § 983.303. However, the rent to owner shall not be reduced below the initial rent to owner for dwelling units under the HAP Contract except in the following cases: (1) to correct errors in calculations in accordance with HUD requirements; (2) if additional housing assistance has been combined with PBV assistance after the execution of the HAP Contract and a rent decrease is required pursuant to 24 C.F.R. § 983.55; or (3) if a decrease in rent to owner is required based on changes in the allocation of responsibility for utilities between the owner and the tenant."

(m) Section 7.a. of the HAP Contract is revised to read as follows: "The owner certifies that during the term of the HAP Contract: a. All Contract units meet HQS, or will meet HQS no later than the date of completion of initial repairs as indicated in the RAD Conversion Commitment (attached as an Exhibit to this Contract), which will be on _____."

(n) Section 8.b.1. of the HAP Contract is revised to read as follows: "The CA must inspect each Contract unit after rehabilitation is completed in accordance with the RAD Conversion Commitment."

(o) Section 9.a.1. of the HAP Contract is revised to read as follows: "During the term of the HAP Contract, the owner must lease all Contract units to eligible families selected and referred by the CA from the CA's waiting list. The waiting list shall be established and maintained in accordance with HUD requirements, including the special PBV waiting list provisions in section 1.6.D.4 of the RAD Implementation Notice."

(p) A new Section 10.b.3. of the HAP Contract is added to read as follows : "The owner shall provide adequate written notice of termination of the lease, which shall be a reasonable period of time, not to exceed 30 days: (A) If the health or safety of other tenants, 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; (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."

(q) A new Section 10.b.4. of the HAP Contract is added to read as follows: "The owner must renew all tenant leases upon expiration, unless good cause under 24 C.F.R. § 983.257(a) exists for non-renewal of a lease."

(r) Section 18 of the HAP contract is revised to read as follows: "Notwithstanding Section 17 of the HAP Contract, a PHA may own units assisted under the PBV program, subject to the special requirements in 24 C.F.R. 983.59 regarding PHA-owned units and all other HUD requirements governing PHA ownership of PBV units."

(s) Section 21 of the HAP Contract is revised throughout by requiring HUD consent instead of PHA consent for actions covered under section 21 of the Contract.

(t) Section 21a.1. of the HAP Contract is revised to read as follows: "The owner and the CA agree that neither the HAP Contract nor the property may be transferred without the written consent of HUD."

(u) Section 21.a.2. of the HAP Contract is revised by adding the following at the end of the definition of "transfer": "F. Any refinancing or restructuring of permanent debt by the owner of the project."

(v) Section 24 of the HAP Contract is deleted. Sections 25, 26, and 27 are redesignated as sections 24, 25, and 26 respectively.

(w) Sections 26.a. and 26.b. of the HAP Contract are amended by deleting the phrase "Agreement.

4. Additional Terms and Alternative Requirements

(a) A new section 27 is added to the HAP to read as follows:

27. RAD Rehab Assistance Payments

For any unit that (1) is vacant during the period of initial repairs pursuant to the RCC; and (2) was receiving payment under the Public Housing Operating Fund immediately prior to the effective date of this Contract, the Owner is entitled to receive a monthly RAD Rehab Assistance Payment in the amount of subsidy that the Owner received for the unit under the Public Housing Operating Fund and the Capital Fund immediately prior to the effective date of this Contract. The amount of monthly RAD Rehab Assistance Payments shall be up to $__ per unit, as determined by HUD, and shall commence upon effective date of this Contract, so long as the Owner is in compliance with the approved repair schedule as provided in the RCC. All RAD Rehab Assistance Payments shall end, and the Owner will cease to be entitled to any such payment, (1) on_____,____ ; or (2) upon actual completion of such work, if sooner.

(b) A new Section 28 of the HAP Contract is added to read as follows:

28. CA Board Approval

The CA's Board must approve the operating budget for the covered project annually in accordance with HUD requirements.

(c) A new section 29 of the HAP Contract is added to read as follows:

29. Property and Liability Insurance

The owner agrees that the project shall be covered at all times by commercially available property and liability insurance to protect the project from financial loss. To the extent insurance proceeds permit, the owner agrees to promptly restore, reconstruct, and/or repair any damaged or destroyed property of a project, except with the written approval of HUD to the contrary.

(d) A new section 30 of the HAP Contract is added to read as follows:

30. Resident Procedural Rights; Grievance Process

The owner and the CA must comply with the grievance process requirements in section 1.6.C.7.b. of the RAD Implementation Notice for projects converting to PBV assistance.

(e) A new section 31 is added to the HAP Contract to read as follows:

31. Resident Participation and Funding

In accordance with Attachment 1B.2B. of the RAD Implementation Notice, captioned "PBV Resident Participation and Funding," families in projects that convert to PBV assistance have the right to establish and operate resident organizations for the purpose of addressing issues related to their living environment. The Attachment details all of the requirements governing Resident Participation and Funding, which the owner must comply with.

(f) A new section 32 is added to the HAP Contract to read as follows:

32. Flood Insurance

If the project is located in an area that has been identified by the Federal Emergency Management Agency as an area having special flood hazards and if the sale of flood insurance has been made available under the National Flood Insurance Program, the owner agrees that: (1) the project will be covered, during the life of the property, by flood insurance in an amount at least equal to its development or project cost (less estimated land cost) or to the limit of coverage made available with respect to the particular type of property under the National Flood Insurance Act of 1968, whichever is less; and (2) that it will advise any prospective purchaser or transferee of the property in writing of the continuing requirement to maintain such flood insurance during the life of the property.

(g) A new section 33 is added to the HAP Contract to read as follows:

33. Replacement Reserve Requirement

The owner shall establish and maintain a replacement reserve in accordance with HUD requirements."

(h) **Owner Proposal Selection Procedures.** Projects will be selected for assistance in accordance with the provisions in the RAD Implementation Notice. Therefore, 24 C.F.R. § 983.51 does not apply.

(i) **Percentage Limitation.** Section 8(o)(13)(B) of the 193 Act and 24 C.F.R. § 983.6 do not apply to assistance provided under RAD.

(j) **Consistency With PHA Plan and Other Goals.** Section 8(o)(13)(C)(ii) of the 1937 Act and 24 C.F.R. §§ 983.57(b)(1) and (c) do not apply.

Signatures:

Contract Administrator	**Owner**
_____	_____
Print or Type Name of Contract Administrator	Print or Type Name of Owner
_____	_____
Signature	Signature
_____	_____
Print or Type Name and Title of Signatory	Print or Type Name and Title of Signatory
_____	_____
Date (mm/dd/yyyy)	Date (mm/dd/yyyy)