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**CONVERTING TO PBRA RAD  
COMPONENT 1 PH TO PBRA RAD  
2021 REFERENCE – REVISED 6/2021**

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# PBRA RAD Reference – TRACS v 2.0.2.D

## Component 1 Converting from PH to PBRA RAD

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*HUD's PBRA RAD Quick Reference Guide published in 2015 was used to develop this content. There have been several changes since HUD's PBRA RAD Quick Reference Guide was published. This document references many of those changes, specifically those that relate to HUD's Multifamily Housing occupancy requirements based on guidance provided as of 6/2021.*

*The material contained in this document is not comprehensive of the continually emerging issues surrounding policies in HUD's multi-family housing program. Handbook guidance is derived from The HUD Handbook 4350.3 Rev 1 Change 4 released in 2013 and other subsequent notices, and the TRACS MAT Guide.*

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*Regulatory changes may drive changes.*

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## Component 1 Converting from PH to PBRA RAD

### **INTRODUCTION**

This PBRA RAD Reference Guide provides instruction to Owner/agents converting their projects from Public Housing to Project-Based Rental Assistance (PBRA) authorized under the Rental Assistance Demonstration (RAD). This guidance was developed based on RBD's interpretation of published HUD guidance and based on additional clarification provided by HUD staff.

**It is strongly recommended that Owner/agents carefully read and discuss provisions for the RAD program** provided in HSG Notice 2019-09 [Rental Assistance Demonstration-Final Implementation Rev. 4](#), HSG Notice 2017-03 [Rental Assistance Demonstration – Final Implementation, Revision 3](#) and HSG Notice 2016-17 [Rental Assistance Demonstration \(RAD\) Notice Regarding Fair Housing and Civil Rights Requirements and Relocation Requirements Applicable to RAD First Component – Public Housing Conversions](#). These Notices provide a much more comprehensive explanation of requirements than the explanation provided in this document.

Additional resources are available on HUD's web sites at <https://www.hudexchange.info/programs/rad/> and <https://www.radresource.net/>.

Additional resources are also available on our web site at <https://www.rbdnow.com/resources>. We strongly recommend you sign up for our HUDBlast to receive regular updates about HUD communications and HUD guidance.

You can sign up to receive HUD RAD emails (RAD Blast) at <https://www.hud.gov/subscribe/signup?listname=Rental%20Assistance%20Demonstration&list=RAD-L>

The purpose of this PBRA RAD Reference Guide is to provide an overview of the tasks required to convert to PBRA RAD based on HUD Multifamily Housing program requirements. This document is not all-inclusive but does provide information about certain requirements for Owner/agents converting under PBRA RAD.

This PBRA RAD Reference Guide applies only to conversions to PBRA RAD. While some provisions are the same, this guide was not intended to provide information about conversion of assistance to Project Based Voucher (PBV RAD) assistance.

### **RAD PROGRAM**

RAD allows projects funded under HUD's Public Housing, Mod Rehab, Rent Supp, RAP and PRAC programs to convert their assistance to long-term, Section 8 Project-Based Rental Assistance contracts (PBRA).

### **BASIC RAD OVERVIEW**

Currently, there are five HUD programs that may convert to PBRA RAD. They are:

1. Public Housing (PH)
2. Moderate Rehab (Mod Rehab)
3. Rent Supplement (Rent Supp) and
4. Rental Assistance Payments (RAP)
5. 202 PRAC

Under today's rules there are two components to the PBRA Program:

- ✧ Component 1 – PH to PBRA RAD and
- ✧ Component 1 – Mod Rehab to PBRA RAD (based on the date the contract was issued)
- ✧ Component 2 - Mod Rehab/Rent Supp/RAP to PBRA RAD
- ✧ Component 2 - PRAC to RAD

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PH and Mod Rehab are part of the Public and Indian Housing (PIH) division of HUD and, prior to conversion to PBRA RAD, resident data was submitted using HUD-50058.

Rent Supp and RAP properties are part of the Multifamily Housing (MFH) PBRA program; resident data has always been submitted using HUD 50059.

For **Component 1 PH to PBRA RAD** (at Conversion), the residents' Total Tenant Payment (TTP) must be the same as the TTP the residents paid prior to conversion to RAD. Please note that a change in the Utility Allowance should not but could modify the amount the Tenant Rent the resident is required to pay. Owner/agents should discuss any changes with the resident and provide required notice.

Additional instructions for RAD, including eligibility and selection criteria, can be found in HSG Notice 2019-09 [Rental Assistance Demonstration-Final Implementation Rev. 4](#). Rather than describe program requirements in complete detail, this guide is a complement to 2019-09 [Rental Assistance Demonstration-Final Implementation Rev. 4](#), and will identify the requirements outlined in the Notice using a brief summary and reference the location to where the detailed requirements are found.

*Note: Different rules apply to Component 1 Mod Rehab to PBRA RAD and Component 2 PBRA RAD.*

### **RESOURCES**

Owner/agents should become familiar with the following resources.

#### **Multifamily Housing Website**

HUD's Federal Housing Administration (FHA) "Office of Multifamily Housing Programs" is responsible for the overall management, development, direction and administration of HUD's Multifamily Housing Programs.

You can learn more about HUD functions and responsibilities and the offices which compose Multifamily Housing from the "About Multifamily Business" section of HUD's website.

#### **HUD Local Office Directory**

A complete listing of local HUD offices.

#### **HUD By State**

This page provides you with information about HUD activities in each individual state. Resources include newsletters, specific area guidance and more.

#### **Section 8 Property Search**

Access Lists of Section 8 Properties by state, property name, city, apartment type or a number of bedrooms. May be helpful when developing mandatory VAWA Emergency Transfer Plan.

#### **WASS / Secure Systems**

Access to HUD's Secure Systems and associated documentation.

**Technical Assistance Center (TAC) Telephone:** 1-888-245-4860

#### **TRACS Web Page**

TRACS is a HUD computer system developed to help improve financial controls over assisted housing programs by automating manual procedures and incorporating automated controls.

**Multifamily Help Desk Telephone:** 1-800-767-7588

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### [Rental Housing Integrity Improvement Project](#)

The Rental Housing Integrity Improvement Project (RHIP) objective of RHIP is to reduce errors in the administration of HUD's rental assistance funds by taking actions that better assure the "right benefits go to the right persons."

### [Multifamily EIV Web Site](#)

Provides information to help you access and comply with requirements surrounding EIV for Multifamily Housing.

### [HUD Clips](#)

This page provides links to all of HUD's Forms, guides, handbooks, etc. HUD Forms HUDClips provides you with access to all of HUD's Forms. These forms are sorted by number.

### [HUD Direct Distribution Center](#)

HUD's Direct Distribution Center provides documents to the public, HUD clients, and employees. Materials distributed include publications, handbooks, forms, posters; and mortgagee letters, ethics letters, Title 1 letters, and labor relations letters. Order the EIV and You Brochure, HUD FACT Sheets and Resident's Rights and Responsibilities brochures from the DDC.

You can also order Handbooks from the DDC. Most items can be viewed on-line and are available to download 24 hours per day. Some items must be mailed and will arrive in 7 to 10 business days. The following information is required to access the system:

**User Name:** Guest

**Password:** Welcome

Also, requests are accepted by telephone. You can contact DDC Monday through Friday between the hours of 8:00 a.m. and 4:30 p.m. ET at (800) 767-7468.

### [What's New on HUDClips](#)

This site provides links to recent HUDClips postings.

### [HUD Housing Notices](#)

This page provides links to Multifamily Housing Notices issued by HUD.

### [Federal Register Notices](#)

Provides information about Proposed Rules, Final Rules and other regulatory concerns.

### [HUD Housing Handbooks](#)

This page provides links to HUD's Housing Handbooks. Owner/agents must comply with requirements set forth in HUD Handbook 4350.3 REV-1 [Occupancy Requirements of Subsidized Multifamily Housing Programs](#) and HUD Handbook 4350.1 [Multifamily Asset Management and Project Servicing](#) except when superseded by subsequent HUD Notice or Final Rule.

### [HUD Guides](#)

This page provides links to HUD's Guides such as the Special Claims Guide and the Section 8 Contract Renewal Guide.

### [Energy Star Portfolio Manager Web Site](#)

The first step to managing energy use is to take stock of how your property is currently performing. To find out if your property is using a lot or a little energy compared to others, benchmark it in [Portfolio Manager](#), EPA's free online energy management tool. HUD encourages Owner/agents to participate in this program. Additional Management Fee incentives apply.



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### [Fair Housing Handbooks](#)

This page provides links to HUD's Fair Housing Handbooks.

### [Limited English Proficiency Guidance](#)

This website is for the use of HUD program offices, HUD funded recipients, other Federal Agencies working with HUD, and advocacy groups working with limited English proficient (LEP) populations.

It provides guidance to HUD's own program staff to follow to ensure that LEP persons have meaningful access to HUD programs and activities.

### [HUD's LEP Website](#)

Some of HUD's forms, brochures, and other literature have been translated to help you comply with HUD's Limited English Proficiency requirements. This page provides links to translated forms.

### [Language ID Cards ... "I Speak"](#)

Make these cards available in your management office to assist with determining what language your applicants and residents speak when they have limited English proficiency.

### [HUD Section 504 Web Site](#)

Provide you with information about Section 504 requirements and with links to valuable Section 504 Resources.

### [Toolkit for Implementing a Homeless Preference](#)

This toolkit contains step-by-step guidance that a community can use in bringing service providers and Multifamily property owners together to serve the needs of those who are homeless or leaving homelessness.

Please remember that you must obtain HUD approval before implementing a homeless preference.

### [Income Limits](#)

The HUDUser website provides information about Income Limits and other datasets.

### [Fair Market Rent](#)

The HUDUser website provides information about Fair Market Rent and other datasets.

### [Real Estate Assessment Center](#)

REAC centralized the assessment of all HUD housing into a single, state-of-the-art organization.

With the assistance of partners representing Public Housing agencies and Multifamily owners, resident groups, lenders and appraisers, REAC designed totally new systems based on a paperless, e-business model.

### [REAC Scores by State](#)

This page allows you to see your REAC property scores.

### [REAC Physical Inspections Query](#)

The purpose of this page is to provide public access to the scheduling activities of physical inspections for HUD-held properties.

### [Fair Housing Logo](#)

This page provides different electronic versions of HUD's fair housing logo

### [HUD Webcasts](#)

A webcast is a video you can watch right from your computer screen. HUD offers live webcasts and an archive of previously aired training sessions and programs. To watch a webcast, you need a computer capable of playing sound, a

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connection to the Internet that is at least 28.8Kbs, and a video player. HUD information can also be found on YouTube.

### [HUD FACT Sheets - How Your Rent is Determined](#)

The Section 8 FACT Sheet must be provided at MI and at each annual certification (based on program type). Provided in multiple languages

### [Residents Rights and Responsibilities - New Version](#)

The Resident Rights and Responsibilities brochure must be provided at MI and at each annual certification.

### [HUD Form 1121 Is Fraud Worth It? \(2005\)](#)

This form is NOT required. However, many PHA/OA/agents opt to provide the form at application, MI and/or annual certification.

### [Alternative Form from the Office of the Inspector General \(2003\) Is Fraud Worth It?](#)

This form is NOT required. However, many PHA/OA/agents opt to provide the form at application, MI and/or annual certification.

## 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. Many PHAs have opted to “self-manage”.

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:

- ✧ **Owner/Manager** - the owner and the management agent are the same business entity;
- ✧ **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;
- ✧ **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
- ✧ **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 HSG Notice 2019-09 [Rental Assistance Demonstration-Final Implementation Rev. 4](#), for additional information about Previous Participation requirements.

Please refer to [HH 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.

Additional management fees may be available based on participation in certain HUD initiatives.

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### **ESTABLISHING PROJECT FILES AND RECORDED DOCUMENTS IN HUD'S ELECTRONIC DATABASES**

Following the issuance of the HAP contract number, the HUD Multifamily Account Executive/Project Manager assigned to the project will be responsible for entering all relevant project information into HUD's Real Estate Management System (iREMS) and HUD's Line of Credit Control System (LOCCS). Separate guidance will be issued to Multifamily Regional Center/Program Center staff on monitoring these projects.

Owner/agents cannot set up data in HUD's electronic systems in the Web Access Secure System (WASS) until this setup is complete.

### **USE OF MULTIFAMILY HOUSING SYSTEMS**

HUD utilizes several systems to track and monitor properties with PBRA HAP contracts. As part of the conversion from Public Housing and Mod Rehab to a PBRA HAP, Owner/agents are required to conform with Multifamily Housing 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.

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.

**RBD Provides step-by-step instructions as part of the [PBRA RAD FASTForms package](#).**

### **PREVIOUS PARTICIPATION CERTIFICATION & ACTIVE PARTNERS PERFORMANCE SYSTEM (APPS)**

In accordance with 24 CFR 200, Subpart H, Section 200.210-200.245, it is HUD'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 Owner/agents to participate or play a role in an MFH property, they must obtain HUD's approval. OAs may request HUD's approval by submitting a HUD-2530 Previous Participation Certification form to the RAD Transaction Manager overseeing the conversion request. ([HUD Form 2530 can be found on HUDClips](#)).

If a PHA converts to PBRA, the PHA itself is exempt from the 2530 process, but any development partner with greater than a 25% stake in the project, or any management agent (other than the PHA) will be subject to the 2530 process. Please note that transactions utilizing FHA financing are subject to the existing 2530 procedures for FHA. Please discuss with your respective Transaction Manager.

Any approval is required prior to the RAD conversion and execution of the PBRA HAP Contract. Refer to HSG Notice 2019-09 [Rental Assistance Demonstration-Final Implementation Rev. 4](#) for additional information about 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

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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://www.hud.gov/program\\_offices/housing/mfh/apps/appsindustryug](http://www.hud.gov/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.

### **TENANT RENTAL ASSISTANCE CERTIFICATION SYSTEM (TRACS)**

Owner/agents of properties converting to PBRA under RAD are responsible for processing resident certifications, resident recertifications, and subsidy billings (vouchers) using automated software that conforms to HUD's TRACS specifications.

Owner/agents are responsible for electronically transmitting required data to HUD - either directly or through a service provider.

TRACS compliant software used to produce certifications and subsidy billings must be obtained from a vendor that 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, Owner/agents 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](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/trx/trxsum)

Owner/agents must request an iMAX ID (formerly known as a TRACSMail ID) using HUD's [TRACS Mail Id Request and Registration Form](#) so they can transmit files and receive messages through their own TRACS Mailbox.

It is best, but not required, to have a separate iMAX ID for each contract/property. This allows Owner/agents to keep transmissions and responses separate for each property. It also provides more secure handling of residents' Personal Identifiers.

Currently, the PBRA RAD program is being administered by HUD. Contract Administrators are not involved in the oversight of these properties. Therefore, Owner/agents are transmitting TRACS data directly to the TRACS Production Server TRACMPROD.

There are special rules surrounding certification and voucher transmissions. These are discussed later in this document.

**[RBD has created a Conversion Questionnaire and a set of Instructions to assist you in completion of the Conversion IC which is part of the PBRA RAD FASTForms package.](#)**

**[RBD offers an RBD Online Training Workshop discussing TRACS Certification and Voucher transmission requirements specific to PBRA RAD.](#)**

The next scheduled release for TRACS (*TRACS v 2.0.3.A*) will include many changes that enhance the submission process for PBRA RAD properties.

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Owner/agents should be aware of 2.0.3.A release dates and implementation deadlines and should prepare to incorporate mandatory changes to submission requirements.

### **ENTERPRISE INCOME VERIFICATION (EIV) SYSTEM**

Owner/agents must use HUD's Enterprise Income Verification System in compliance with HUD guidance provided for MFH. MFH's EIV system is different from the EIV system used by PIH.

Owner/agents must follow all EIV requirements as identified in HH 4350.3, REV-1 and subsequent notices and guidance.

Owner/agents of properties converting from PH or Mod Rehab to PBRA under RAD must:

- ✧ Remove PIH EIV access for the property effective as of the PBRA RAD Contract Execution Date by contacting the EIV Coordinator at the HUD Regional Center/Program Center, and
- ✧ Obtain access to Multifamily Housing's EIV system within 90 days from the date the HAP Contract is signed.
- ✧ Comply with MFH EIV Use requirements within 90 days from the date the HAP Contract is signed

PIH has different Interim Recertification (IR) reporting requirements, and when an Owner/agent is reviewing MFH EIV Income reports, any Income Discrepancy Report is going to be generated when there is a potential variance of \$200 or more per month (\$2400 per year). Owner/agents will also have to determine if an Income Discrepancy is valid when the Period of Income Discrepancy reflects dates that the household was receiving housing assistance through PIH. Owner/agents should understand how Earned Income Disregard impacts the EIV Income Discrepancy Report.

Owner/agents must develop EIV Use and Security policies that explain when the EIV reports will be reviewed and how the Owner/agent will review the data. This includes an explanation of:

- ✧ Use of the Existing Tenant Search (explanation must also be included in the TSP)
- ✧ Review of Income Reports (Income, Income Summary and Income Detail)
  - Within 90 days of transmission of all MI (and IR adding a member)
  - As part of the AR Verification process
  - As part of the IR Verification process
- ✧ The Master File
  - Identity Verification Reports (reviewed at least monthly)
    - Failed Pre-Screening
    - Failed Verification
  - New Hires Report (reviewed at least quarterly)
  - Deceased Tenant Report (reviewed at least quarterly)
  - Multiple Subsidy Report (reviewed at least quarterly)

If an existing resident was not given the EIV & You Brochure at move-in or at the last review of income, Owner/agents must provide existing residents with a copy of the EIV & You Brochure with a copy of the Conversion IC and at each Annual Recertification.

Applicants are provided with a copy of the EIV & You brochure when they reach the top of the waiting list and meet with the Owner/agent for an eligibility interview.

Compliance with EIV requirements is monitored during the property Management & Occupancy Review.

**RBD offers an [EIV FASTForms package](#) that provides an EIV Policy template with supporting notices, forms and checklists.**

**RBD offers an [RBD Online Training Workshop](#) discussing EIV requirements specific to MFH.**



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### **FINANCIAL ASSESSMENT SUBSYSTEM**

Owner/agents must comply with HUD’s Uniform Financial Reporting Standards codified in 24 CFR Part 5 Subpart H. Owner/agent 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 MFH portfolio by performing automated assessments of the financial data, highlighting projects for which compliance deficiencies are identified.

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.

### **MONITORING**

As part of the conversion to PBRA, the Owner/agent will be subject to certain Multifamily Housing monitoring and oversight protocol. Information about monitoring is outlined below and changes or clarifications can be found in existing or subsequent Departmental policy and guidance. Owner/agents should monitor HUDClips ([What’s New on HUDClips](#)) and should subscribe to various HUD ListSers such as HUD’s RAD ListServ and the RHIIP ListServ.

### **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/agent is in compliance with the PBRA RAD Contract and
- ✧ The assisted units are in decent, safe, and sanitary condition

MFH guidance call for HUD to conduct a full MOR within six months of the Effective Date of the PBRA 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 HH 4350.1 [Multifamily Asset Management and Project Servicing](#) and [Management and Occupancy Review \(MOR\) Frequently Asked Questions](#).

## PBRA RAD Reference – TRACS v 2.0.2.D Component 1 Converting from PH to PBRA RAD

The Review is conducted using HUD Form 9834. (<https://www.hud.gov/sites/documents/9834.docx> or <https://www.hud.gov/sites/documents/9834.pdf> )

Owner/agents should become familiar with the questions asked during the review and should be prepared to demonstrate compliance with HUD's MFH requirements. It is best to review the questions with key staff so they understand how to demonstrate compliance.

For example, maintenance teams should be familiar with any questions having to do with REAC, Lead-based paint, Unit Inspections, etc.

Financial teams should be familiar with the questions surrounding financial performance, accounts payable, procurement, etc.

The MOR will also include an Up-Front Civil Rights Review (forms must be signed by the owner – not the agent)) to gauge compliance with Section 504. See Addendum B of HUD Form 9834.

**RBD offers the [MOR FASTForms CD](#) which will help you prepare for the Management and Occupancy Review.**

**RBD offers an [RBD Online Training Workshop](#) discussing Preparation for the MOR specific to MFH.**

**RBD offers an [RBD Online Training Workshop](#) discussing Fair Housing and the Responsibilities of the Section 504 Coordinator.**

### **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.

For Component 1 PH to PBRA RAD: Under current regulations at 24 CFR part 5, subpart G, a unit covered under a PBRA HAP Contract must meet the UPCS before assistance can be paid on behalf of a household. Under RAD, once all units under the HAP Contract become occupied, HUD will order a REAC inspection of the property to ensure conditions meet the UPCS. HUD is hereby waiving and establishing this alternative requirement to 24 CFR part 5, subpart G.

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 HSG Notice 2015-02 [Required Actions for Multifamily Housing Projects Receiving Failing Scores from HUD's Real Estate Assessment Center \(REAC\)](#) and HSG Notice 2018-08 [Servicing of Projects that Do Not Meet HUD's Physical Condition Standards and Inspection Requirements \(PCS&IR\) or Fail to Certify That Exigent Health and Safety \(EH&S\) Deficiencies Have Been Resolved as Required](#) will apply.

### **OWNER/AGENT PREPARATION FOR CONTRACT RELATED ITEMS**

There are several contract-related items an Owner/agent will need to be familiar with.

## PBRA RAD Reference – TRACS v 2.0.2.D Component 1 Converting from PH to PBRA RAD

They are detailed in HSG Notice 2019-09 [Rental Assistance Demonstration-Final Implementation Rev. 4](#), so they are not elaborated on in this Guide.

Please see the Notice for additional info, including but not limited to:

- ✧ Term of Contract
- ✧ Mandatory HAP Contract Renewal (only for Conversions from Public Housing)
- ✧ RAD Use Agreement
- ✧ Initial Contract Rent Setting
- ✧ Distributions
- ✧ Etc.

### **DUNS & SAM**

Additionally, for each obligation of funds, the recipient is required to have a Data Universal Numbering System (DUNS) Number [www.dandb.com](http://www.dandb.com) and valid registration in the System for Award Management (SAM) [www.sam.gov](http://www.sam.gov).

The DUNS Number assignment and SAM registration is free for all businesses required to register with the US Federal government for contracts or grants.

There are some companies that have established web site that make it look like you must pay a fee to register in SAMS. This is not true. Please be sure you are accessing the correct websites.

### **ANNUAL OPERATING COST ADJUSTMENT FACTOR (OCAF) RENT ADJUSTMENT**

Contract Rents will be adjusted only by HUD's Operating Cost Adjustment Factors (OCAF) at each Anniversary of the HAP Contract, subject to (a) the availability of appropriations for each year of the contract term, and (b) the Maximum Rent, as defined in HUD's Notices.

OCAFs are calculated and published each year by HUD in the Federal Register and are applied to the portion of a Contract Rent that is not committed to debt service payment in order to calculate the Contract Rent for the project in the following fiscal year.

The 2020 OCAFs can be found at <https://www.govinfo.gov/content/pkg/FR-2019-11-22/pdf/2019-25389.pdf>.

At least 120 days before the Contract Anniversary Date of the HAP, the Owner/agent submits the OCAF Rent Adjustment Worksheet, HUD Form 9625, to HUD Account Executive/Project Manager (AE/PM).

The AE/PM will validate the data on the HUD Form 9625 and process the OCAF Rent Adjustment.

Once completed, the AE/PM will provide the new rents to the Owner/agent with an Effective Date equal to the contract anniversary.

The Owner/agent will complete a Gross Rent Change (GR) in the site software and transmit it to TRACS in compliance with guidance set forth in the MAT Guide.

### **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 HSG Notice 2019-09 [Rental Assistance Demonstration-Final Implementation Rev. 4](#), which includes information on how an alternative Utility Allowance may be established at conversion when the Owner/agent can demonstrate that energy saving improvements will result in measurable utility cost savings.



## PBRA RAD Reference – TRACS v 2.0.2.D Component 1 Converting from PH to PBRA RAD

In accordance with HSG Notice 2015-04 [Methodology for Completing a Multifamily Housing Utility Analysis](#), 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/agent can obtain 12 months of consumption data, the Owner/agent must then follow the methodology in [HSG Notice 2015-04 Methodology for Completing a Multifamily Housing Utility Analysis](#) and establish a Baseline Analysis.

For properties not undergoing new construction or substantial rehab, the Owner/agent must follow the methodology [HSG Notice 2015-04 Methodology for Completing a Multifamily Housing Utility Analysis](#) and establish a Baseline Analysis beginning with the first contract anniversary after the RAD conversion. The Owner/agent must obtain utility billing information for the unit.

RBD offers a [GR Package](#) that provides you with samples of checklists and templates that may assist you with this analysis.

To do this, the Owner/agent must either:

- ✧ Require residents to provide pertinent utility billing information
- ✧ Require resident to sign a release to allow the Owner/agent to collect the information

If an Owner/agent fails to submit a Utility Analysis with a Rent Adjustment submission, the PHA/OA'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.

If a Utility Allowance is reduced, thereby increasing the Tenant Rent, residents are entitled to the 30-Day Notice of Rent Increase. The Effective Date of the Gross Rent Change (*incorporating the UA*) will not change. This date is based on the Contract Effective Date.

In some cases, residents may receive a Utility Reimbursement. This means that the resident is provided with a funds which are supposed to be used to assist with utility expenses. This amount may be provided to the resident or, with the resident's permission, directly to the utility provider. Under no circumstances may an Owner/agent use any Utility Reimbursement to offset rent or other fees.

### **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 HH 4350.1 describes the procedural requirements for these conversion requests.

### **RESERVE FUND FOR REPLACEMENT**

The Owner/agent is required to establish a Reserve Fund for Replacement and maintain it in an interest-bearing account to aid in funding extraordinary maintenance and repair and replacement of capital items in accordance with applicable

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regulations.

The Owner/agent 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 HH 4350.1, Chapter 4 Reserve Fund for Replacements, for additional guidance.

### **OWNER/AGENT PREPARATION FOR OCCUPANCY RELATED ITEMS**

Owner/agents of PBRA RAD projects must become familiar with the MFH Occupancy requirements which are different than PHA PIH requirements. Owner/agents should also be familiar when PBRA RAD rules differ from standard PBRA Section 8 rules.

For example, for Component 1 PH to PBRA RAD, resident's TTP is not "capped" at Gross Rent. When calculated TTP exceeds Gross Rent, the resident will pay the lesser of

- ✧ Calculated TTP (*greater of 10% annual income or 30% adjusted income*) less any Utility Allowance or
- ✧ Any applicable Maximum Rent allowable under LIHTC regulations (*if there is a Tax Credit contract*).

**RBD offers various FASTForms packages which provide templates for policies and forms specific to the MFH industry. These include [TSP FASTForms](#), [House Rule FASTForms](#), [VAWA FASTForms](#), and [EIV FASTForms](#). RBD offers an [RBD Online Training Workshop](#) discussing TRACS Certification and Voucher transmission requirements specific to PBRA RAD.**

**[Additional RBD Online Training Workshops](#) explaining MFH Housing Occupancy Requirements are available as well.**

### **RELOCATION AND RIGHT TO RETURN**

Under RAD, any resident residing in the property prior to conversion has a right to remain in, or in the event that rehabilitation will result in the relocation of residents, return to an Assisted Unit at the Covered Project. See [HSG Notice 2016-17 Rental Assistance Demonstration \(RAD\) Notice Regarding Fair Housing and Civil Rights Requirements and Relocation Requirements Applicable to RAD First Component – Public Housing Conversions](#) for additional guidance.

Any relocation that is the result of acquisition, demolition, or rehabilitation is subject to requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA). Please note that resident have a right to return to an appropriately sized unit. Owner/agents are not required to return the resident to the same unit. If a resident is over or under housed, the owner/agent must provide an appropriately sized unit when one becomes available.

Permanent involuntary displacement of residents may not occur as a result of a project's conversion of assistance.

If proposed plans for a project would preclude a resident from returning to the Covered Project, the resident must be given an opportunity to comment and/or object to such plans.

- ✧ If the resident objects to such plans, the Owner must alter the project plans to accommodate the resident in the Covered Project.
- ✧ If a resident agrees to such plans, the Owner must secure informed, written consent from the resident to receive permanent relocation assistance and payments consistent with URA and acknowledgement that acceptance of such assistance terminates the resident's right to return to the Covered Project.

## PBRA RAD Reference – TRACS v 2.0.2.D Component 1 Converting from PH to PBRA RAD

When obtaining this consent, the Owner must inform residents of their right to return, potential relocation, and temporary and permanent housing options at least 30 days before residents must decide.

The Owner/agent cannot employ any tactics to pressure residents into relinquishing their right to return or accepting permanent relocation assistance and payments.

### **Resident Relocation Provisions**

MFH recommends that owner/agents 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.

For residents who are relocated to other housing after the Contract Effective Date, Owner/agents are required to send the Conversion IC to TRACS. Once that Conversion IC has been recorded, the Owner/agent is to send a Termination Transaction using the Termination Code RR-Rehab/Repair Tenant Expected to Return. The effective date is equal to the last full day the resident remains in the unit. The TM effective date is the last day subsidy is paid for the unit. This will stop the subsidy payment and the resident will no longer be considered “active” during rehab.

OAs may bill for Rehab Assistance until the earlier of renovation completion or the end of the Rehab Assistance period indicated in the RAD contract.

*Note: This instruction will change when HUD releases TRACS version 2.0.3.A. HUD will add TM/Suspension Code RD – RAD Relocated for Rehab Under RAD and Owner/agents will use TM/Suspension Code RD to terminate the household.*

When the resident returns, an IC is completed and submitted to TRACS. If the resident returns and will be living in a different unit, the IC is completed and the Unit Transfer Flag is set to Yes and a new Unit Number is provided.

If the resident is relocated before the Contract Effective Date, similar rules apply except the Owner/agent will use the Termination Code NS – No Subsidy. This indicates that the resident was not entitled to qualified to receive subsidy on the Contract Effective Date solely because the resident was not living in the unit. However, this resident still has the right to return to the unit.

*Note: This instruction will change when HUD releases TRACS version 2.0.3.A. HUD will add TM/Suspension Code RS – RAD Relocated for Rehab Under RAD Before Conversion and Owner/agents will use TM/Suspension Code RS to terminate the household.*

When the resident returns, an IC is completed and submitted to TRACS. If the resident returns and will be living in a different unit, the IC is completed and the Unit Transfer Flag is set to Yes and a new Unit Number is provided.

### **Under-occupied Units.**

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 may remain in the unit until an appropriate-sized unit becomes available.

When an appropriate sized unit becomes available, the family living in the under-occupied unit must move to the appropriate-sized within a reasonable period of time. The HUD Model Lease calls for a 30-day notice of requirement to transfer. If the family refuses to transfer, they may remain in the current unit, but subsidy must be terminated.

In order to allow the family to remain in the under-occupied unit until an appropriately sized unit becomes available, 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.

# PBRA RAD Reference – TRACS v 2.0.2.D

## Component 1 Converting from PH to PBRA RAD

### **ELIGIBILITY**

**Program eligibility** determines whether applicants are eligible for assistance.

**Project/property eligibility** establishes whether applicants are eligible to reside in the specific property.

All residents, in-place at the time of conversion, are eligible to remain and receive HUD housing assistance according to the rent formula and/or the Rent Phase-in formula specific to RAD.

**Component 1 PH to PBRA RAD:** Pursuant to RAD Statute, at conversion, current residents (leaseholders) are not subject to rescreening, income eligibility, or income targeting provisions.

Current residents will be subject to any ongoing eligibility requirements for actions that occur after conversion.

Owner/agents may screen residents at the time of a resident's Annual Recertification or Interim Recertification in accordance with their screening/eviction procedures found in the lease or House Rules. See HUD Handbook 4350.3 REV-1, Chapter 8.

### **FAMILY TYPE**

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

Component PBRA RAD properties are “family properties”.

*Family properties (e.g., Section 8, PBRA RAD, 236, 515/8) – basically anyone can live here if they meet the eligibility and screening criteria.*

*Note: Different rules apply to Component 2 PBRA RAD if the owner/agent is converting from PRAC to RAD.*

While the PBRA RAD program **does not allow for an Elderly Designation**, Owner/agents may work with HUD to establish an Elderly Preference. While the Owner/agent would still accept applications from all types of families, elderly families would be offered available units before non-elderly families.

Under no circumstances may any Owner/agent establish rules to exclude or limit access for families with children, (elderly or non-elderly) even when there is an Elderly Preference.

### **INCOME LIMITS**

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).

HUD monitors transactions submitted to TRACS to ensure that not more than 25% of all move ins is to Low-Income Families. For more information on how to determine and apply Income Limits, see HH 4350.3 Paragraph 3-6. Please note that LIHTC contracts may require and owner/agent to use a lower income limit.

Please note that HH 4350.3 has not been updated to include all the special rules related to Component 1 PH to PBRA RAD. As far as Income Limits are concerned, applicants need only have income at or below the Low-Income Limit in order to be eligible. The calculated RAD TTP does not have to be less than the unit Gross Rent. Of course, other eligibility requirements still apply. (See the discussion about rent calculations when calculated TTP exceeds Gross Rent/Assistance Payment is zero or negative.)

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Income Limits are updated annually and are posted on the [HUDUser web site](#). Owner/agents must immediately begin using new Income Limits when they are posted.

*Note: Different rules apply to Component 2 PBRA RAD if the owner/agent is converting from PRAC to RAD.*

### **OCCUPANCY STANDARDS**

Occupancy Standards serve to prevent the overutilization or underutilization of units that can result in an inefficient use of Housing Assistance. Occupancy Standards also ensure that residents are treated fairly and consistently and receive adequate housing space. When establishing Occupancy Standards, Owner/agents should refer to HUD's Guidance.

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.

However, Owner/agents must be aware of local Occupancy Standards and should apply the most restrictive standards in order to maintain compliance with HUD guidance and local ordinance. Additionally, Owner/agents must establish guidelines for over/under housed households.

If, at conversion, families are over/under-housed, these families must be transferred to appropriately sized units when such a unit becomes available. 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 30 days. Penalty for failure to move is termination of assistance. This is indicated in HUD Form 90105A – HUD Model Lease. More information can be found in HH 4350.3 Paragraph 3-23.

In order to allow the family to remain in the under-occupied unit until an appropriately sized unit becomes available in the project, HUD is waiving the portion of 24 CFR § 880.605 that assumes the unit has become underutilized as the result of a change in family size.

### **TENANT SELECTION PLAN**

Owners must develop and make available a written a Tenant Selection Plan (TSP) describing policies and procedures that include descriptions of the eligibility requirements and screening requirements for admission. TSPs do not require HUD approval except when certain preferences are included.

Tenant Selection Plan (TSP) requirements do not apply to existing residents. They are designed to provide a comprehensive explanation of the applicant eligibility, screening and selection process.

The contents of the TSP must 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.

HH 4350.3 Chapter 4 Paragraph 4-4 provides guidance for developing a Tenant Selection Plan (TSP). Please note that the Handbook has not been updated since 2013 and additional requirements have been announced via HUD HSG Notices.

Owner/agents must be familiar with Notices and memos released since the release of the current HH 4350.3 (December 2013) and must develop TSP criteria in compliance with current guidance.

Owner/agents must monitor and update TSPs as guidance changes.

### **Preferences**

With HUD approval, Owner/agents may adopt a Preference, including a Preference for Elderly Families, pursuant to 24 CFR § 5.655(c)(5) and HH 4350.3, Chapter 4. Owner/agents who wish to adopt a Preference may do so pursuant to Housing Notice 2013-21 [Implementation And Approval Of Owner-Adopted Admissions Preferences For Individuals Or](#)



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### Families Experiencing Homelessness.

An owner/agent 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.

The TSP must include a description of any Preferences in place. If new Preferences are included in the TSP, all existing applicants on the Waiting List must be notified in accordance with guidance provided in HH 4350.3 R1, Paragraph 4-6.

**RBD offers Tenant Selection Plan FASTForms which includes a TSP template, an application and supporting forms and notices.**

Owner/agents must also implement methods to ensure compliance with the S8 Income Targeting requirements. Income Targeting requires owner/agents to ensure that at least 40% of all Move-ins or Initial Certifications in any fiscal year, serve households whose income is at or below the Extremely-low Income Limit.

### **Elderly Preference**

RHIIP Listserv Posting #410 - *Owner-Adopted Preferences in the RAD Program* makes clear that owners of RAD properties are not permitted to establish an elderly designation (i.e., a set-aside of units for the elderly) because the section 8 statute, unlike the statute governing public housing, does not authorize designations.

*Note: Different rules apply to Component 2 PBRA RAD if the owner/agent is converting from PRAC to RAD.*

However, owners of RAD properties may adopt a selection Preference for elderly individuals and/or elderly families, which permits those applicants to be selected from the waiting list and housed before other eligible families.

Any Preference adopted as part of the conversion that will alter the occupancy of the property is subject to an upfront civil rights review during the RAD conversion process. A Preference may require approval from HUD's Multifamily Field Office. An example of how an Elderly Preference may be presented to HUD is as follows:

**Elderly Preference:** *The Department of Housing & Urban Development authorizes owners to establish a HUD-approved preference for elderly families in certain Section 8 assisted communities. In consideration of this, the owner/agent has established a preference for elderly families and near-elderly families. This will be the first preference consideration for applicants before any other preference consideration. All other preferences for applicants will be secondary.*

*The following definitions are used when implementing this preference:*

- a) *An elderly family is one in which the head of the household, co-head, or spouse is at least 62 years of age*
- b) *A near-elderly family is a family whose head-of-household, co-head-of-household or spouse is a person who is at least 50 years of age, but below the age of 62*
- c) *A near-elderly disabled family is a family whose head-of-household, co-head-of-household or spouse is a person with disabilities who is at least 50 years of age, but below the age of 62;*
- d) *A nonelderly disabled family is one in which the head-of-household, co-head-of-household or spouse is disabled and 18 to 49 years of age*
- e) *A nonelderly family is one in which the head-of-household, co-head-of-household or spouse is 18 to 49 years of age*

*After addressing the needs of residents who have a Right to Return under the PBRA RAD program, who have requested a Unit Transfer Requests (including the internal VAWA Emergency Transfer Requests) and Requests to Split a Household, the owner/agent will give preference to any elderly family on the waiting list who meets the eligibility and screening criteria. Please note, other preferences may be applied.*

*If there is no elderly family on the waiting list who meets the eligibility and screening criteria, the owner/agent will offer the unit to the next eligible near-elderly family. Please note, other preferences may be applied.*

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*If there is no elderly or near-elderly applicant on the waiting list who meets the eligibility and screening criteria, the owner/agent will offer the unit to the next eligible non-elderly disabled family. Please note, other preferences may be applied.*

*If there is no elderly, near-elderly or nonelderly disabled applicant on the waiting list who meets the eligibility and screening criteria, the owner/agent will offer the unit to the next eligible nonelderly family. Please note, other preferences may be applied.*

#### **VAWA Preference**

When documenting Preferences, the Owner/agent must address requirements specified under the Violence Against Women Reauthorization Act. The VAWA Emergency Transfer Plan (VET Plan) must ensure that resident requests for internal VAWA Emergency Transfers under VAWA receive, at a minimum, any applicable additional priority that owner/agents may already provide to other types of emergency transfer requests.

Owner/agents **may** establish a Preference for applicants who are victims of domestic violence, dating violence, sexual assault, or stalking. Owner/agents do not need HUD approval to adopt a VAWA Preference.

If the Owner/agent does provide a VAWA preference for applicants, the TSP and the VET Plan must detail any Preference given to applicants who qualify for a VET in relation to other categories of applicants and/or residents requesting transfers.

Owner/agents must comply with state specific VAWA laws which may provide additional requirements for Emergency Transfer Policies, such as a requirement to create an admissions preference for victims of domestic violence, dating violence, sexual assault, or stalking.

**RBD offers Tenant Selection Plan FASTForms which includes a TSP template, an application and supporting forms and notices. We also offer VAWA FASTForms which include VAWA Policy Templates and supporting forms.**

#### **Preference for Residents Who Qualify Based on HUD's Right to Return Rules:**

*(Note from RBD: Required for RAD. This information may be described under preferences. Currently requires HUD approval.)* Part of the Rental Assistance Demonstration (RAD) allows owner/agents to relocated residents who were in place, at the time of conversion to the PBRA RAD program, in order to complete rehabilitation of the units/property. If a resident is relocated and the residents wishes to return to the property, the owner/agent will offer units to those Returning Residents before offering a unit to an applicant on the waiting list.

#### **Unit Transfer Preference:**

*(Note from RBD: Required. See HH 4350.3 R1, C4, Paragraph 4-4-C-5. This information may be described under preferences, unit transfers or both. Does not require HUD approval.)* Residents who have submitted a Unit Transfer Request and who are deemed eligible for the transfer are given preference on the waiting list. This means that a resident transferring from one unit to another will be offered a unit before an applicant.

Special rules apply to residents who request and qualify for an internal VAWA Emergency Transfer. Please contact the property staff for a copy of the VAWA Policy or for additional information. Additional information may also be accessed from the property web site at 123xxx@123xxx.com.

#### **Split Household Preference:**

*(Note from RBD: Not required. If you do not wish to include this as an acceptable reason to receive preference on a waiting list, then delete this option. Does not require HUD approval.)* If two or more adult household members reside in one unit and one or more adults choose to apply for a separate unit, the “new family” requesting a separate unit will be required to submit an application. Household members who remain in the existing unit are not required to re-apply.

The application will be reviewed for eligibility as described in this plan and if approved, that applicant will receive

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preference over other residents and applicants.

If the household split is requested and qualifies for special consideration based on the VAWA Emergency Transfer policy, the request will receive preference over other requests to “split” a household.

#### **INCOME TARGETING**

Owner/agents must describe Income Targeting efforts in the Tenant Selection Plan. See HH 4350.3 R1, C4, paragraph 4-5. Sample language to describe Income Targeting efforts is included below. You must choose a method and remove unwanted options.

Based on the HUD contract for this property, the owner/agent is required to comply with the Income Targeting Requirement. Income Targeting requires that the owner/agent implement policies to ensure that, during the property fiscal year, 40% of all households that move in to the property or who begin receiving assistance fall within the Extremely Low-Income Limits for the area where the property is located.

*(Note from RBD: You must first determine if you need to implement a special selection practice to achieve the 40% target. If not, use the language below and delete the options. If you do need to implement a special method, delete this option and choose one of the methods shown below. Please delete this note before completing this plan.)* At this time, no special selection methods are required to meet the Income Targeting requirements.

The owner/agent is required to monitor compliance throughout the year. If, after periodic review, the owner/agent discovers that the Income Targeting Requirement will not be attained, the owner/agent will only select, in order, those applicants whose income falls within the extremely-low income levels. Once the Income Targeting Requirement is met, the owner/agent will return to the “natural” selection order.

*(Note from RBD: most property managers do not have to take special steps to meet the income targeting requirement. If that is the case, delete the options below. If you do have to take special steps, please delete the option above and choose the appropriate option below. The unit selection order must be updated if you choose any of the other options below. Delete any options below that are not used. Please delete this note before completing your plan.)*

**Method 1 – Admit only extremely low-income households until the 40% target is met.** In chronological order, owner/agents select eligible applicants from the waiting list whose incomes are at or below the extremely low-income limit to fill the first 40% of expected vacancies in the property. Once this target has been reached, admit applicants in waiting list order.

**Method 2 – Alternate between the first extremely low-income applicant on the waiting list and the applicant at the top of the waiting list.** To implement this method, the owner/agent selects the first extremely low-income applicant on the waiting list (which may mean “skipping over” some applicants with higher incomes) for the available unit, and then select the next eligible applicant currently at the top of the waiting list (regardless of income level) for the next available unit.

As subsequent units become available, selection continues to alternate between the next extremely low-income applicant and the eligible applicant at the top of the waiting list until the 40% target is reached.

**Method 3 - Alternate between the first extremely low-income applicant on the waiting list and the applicant at the top of the waiting list in groups of ten (10).** In chronological order, the owner/agent admits the first ten (10) extremely low-income households from the waiting list and then admits the next ten (10) households from the top of the waiting list, regardless of income.

This procedure results in 40% or more of admissions being extremely low-income. After filling the first ten (10) available units, the owner/agent again admits the first ten (10) extremely low-income households on the waiting list and then the next ten (10) households currently at the top of the waiting list.



## PBRA RAD Reference – TRACS v 2.0.2.D

### Component 1 Converting from PH to PBRA RAD

#### **WAITING LIST**

**Component 1 PH to PBRA RAD:** When establishing the Waiting List under Component 1 PH to PBRA RAD, the Owner/agent can utilize a Project-Specific or Community Waiting List.

The PHA shall consider the best means to transition applicants from the current Public Housing Waiting List, including:

1. Transferring existing Site-Based Waiting List to new Site-Based Waiting List.
2. Transferring existing Site-Based Waiting List to PBRA or HCV Program-Wide Waiting List.
3. Transferring existing Community-Wide Public Housing Waiting List to a PBRA or HCV Program-Wide Waiting List-an option particularly relevant for PHAs converting their entire portfolio under RAD
4. Informing applicants on a Community-Wide Public Housing Waiting List how to transfer their application to one or more newly created Site-Based Waiting Lists.
5. To the extent the Waiting List relies on the date and time of application, the applicants shall have priority on the Waiting List(s) to which their application was transferred in accordance with the date and time of their application to the original Waiting List.

If the PHA is transferring assistance to another neighborhood and, as a result of the transfer of the Waiting List, the applicant would only be eligible for a unit in a location which is materially different from the location to which the applicant applied, the PHA must notify applicants on the Waiting List of the Transfer of Assistance, and on how they can apply for residency at other sites.

If using a Site-Based Waiting List, PHAs shall establish a Waiting List in accordance with 24 CFR § 903.7(b)(2)(ii)-(iv) to ensure that applicants on the PHA's Public Housing Community-Wide Waiting List have been offered placement on the Covered Project's initial Waiting List.

In all cases, PHAs have the discretion to determine the most appropriate means of informing applicants on the Public Housing Community-Wide Waiting List given the number of applicants, PHA resources, and admissions requirements of the projects being converted under RAD.

- ✧ A PHA may consider contacting every applicant on the Public Housing Waiting List via direct mailing;
- ✧ Advertising the availability of housing to the population that is less likely to apply, both minority and non-minority groups, through various forms of media (e.g., radio stations, posters, newspapers) within the marketing area;
- ✧ Informing local non-profit entities and advocacy groups (e.g., disability rights groups); and
- ✧ Conducting other outreach as appropriate.

Any activities to contact applicants on the Public Housing Waiting List must be conducted in accordance with the requirements for Effective Communication with Persons with Disabilities at 24 CFR § 8.6 and with the Obligation to Provide Meaningful Access for Persons with Limited English Proficiency (LEP).

An owner/agent must maintain any Site-Based Waiting List in accordance with all applicable civil rights and fair housing laws and regulations unless the project is covered by a remedial order or agreement that specifies the type of Waiting List and other Waiting List policies.

To implement this provision, HUD is specifying alternative requirements for 24 CFR § 880.603 regarding selection and admission of assisted residents.

After the initial Waiting List has been established, the Owner/agent shall administer its Waiting List in accordance with 24 CFR § 880.603.

*Note: Different rules apply to Component 2 PBRA RAD.*

# PBRA RAD Reference – TRACS v 2.0.2.D

## Component 1 Converting from PH to PBRA RAD

### HOUSE RULES

House Rules are an attachment to the lease, but do not replace the lease. House Rules do not require HUD approval.

Owner/agents of properties converting under RAD must adhere to the Resident Rights and Participation Requirements identified in HSG Notice 2019-09 [Rental Assistance Demonstration-Final Implementation Rev. 4](#).

The House Rules must include the following topics:

- ❖ **Termination Notification.** 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. *(Note: It is important for Owner/agents to become familiar with the termination rules under PBRA RAD. For example, HUD provides that Owner/agents must provide ample notification of termination - Not less than 14 days in the case of nonpayment of rent. Some of these rules may create the need to modify existing policy and procedure.)*
- ❖ **Grievance Process.** Pursuant to requirements in the RAD Statute, HUD is establishing additional resident procedural rights to comply with section 6 of the Act. In addition to program rules that require that residents 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)

*Note: Different rules apply to Component 2 PBRA RAD.*

If an owner/agent develops additional House Rules for a property beyond those indicated in the Notice, the rules must be consistent with HUD requirements for operating HUD subsidized projects, must be reasonable, and must not infringe on residents' civil rights. See HH 4350.3 R1, Paragraph 6-9 for additional information.

Developing a comprehensive set of House Rules is a prudent practice. By identifying both allowable and prohibited activities in housing units and common areas, Owner/agents provide a structure for treating residents equitably and for making sure that residents 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 residents.

**BDB offers a [House Rules FASTForms](#) package which includes both a House Rules and Pet Rules template and supporting forms and notices.**

### RESIDENT RIGHTS AND PARTICIPATION IN TENANT ORGANIZATIONS

Owners must be aware of the resident rights and participation requirements identified in HSG Notice 2019-09 [Rental Assistance Demonstration-Final Implementation Rev. 4](#). These rights must be described in the House Rules for properties converting under PBRA RAD.

#### **Resident Participation and Funding.**

**For Component 1 PH to PBRA RAD Conversions:** Residents have the right to establish and operate a Tenant Organization in accordance with 24 CFR Part 245 (Tenant Participation in Multifamily Housing Projects).

A Project Owner must provide \$25 per occupied unit annually for resident participation, of which at least \$15 per occupied unit shall be provided to the legitimate Tenant Organization at the covered property.

Resident Participation Funding applies to all occupied units as well as units which would have been occupied if not for temporary relocation. These funds must be used for resident education, organizing around tenancy issues, and training activities. In the absence of a legitimate Tenant Organization at a Covered Project:

1. HUD encourages the Owner/agent and residents to work together to determine the most appropriate ways to foster a constructive working relationship, including supporting the formation of a legitimate Resident Organization. Residents are encouraged to contact the Owner/agent directly with questions or concerns regarding issues related to their tenancy. Owner/agents are also encouraged to actively engage residents in the absence of a resident

## PBRA RAD Reference – TRACS v 2.0.2.D Component 1 Converting from PH to PBRA RAD

organization; and

- Project Owners must make Resident Participation Funds available to residents for organizing activities in accordance with HUD's Housing Notice. Residents must make requests for these funds in writing to the Project Owner. These requests will be subject to approval by the PHA/OA.

*Note: Different rules apply to Component 1 Mod Rehab to PBRA RAD and Component 2 PBRA RAD.*

### **PETS & PET RULES**

Owner/agents may not require residents to remove approved pets in place at the time of the PBRA RAD conversion. If you decide to allow pets, Owner/agents should develop Pet Rules. The requirements found in 24 CFR Part 5, Subpart C, HUD Handbook 4350.1, and HUD Handbook 4350.3 REV-1, Chapter 6 are for properties set aside for seniors or people with disabilities.

Since Component 1 PBRA RAD and Component 2 Mod Rehab/Rent Supp/RAP to PBRA RAD properties are "family" properties, you are not subject to these regulations. Family properties are instead covered by state and local requirements.

**RBD offers a [House Rules FASTForms](#) package which includes both a House Rules and Pet Rules template and supporting forms and notices.**

*Note: Different rules apply to Component 2 PBRA RAD if the owner/agent is converting from PRAC to RAD.*

### **VERIFICATION REQUIREMENTS**

Owner/agents 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 provides details on performing third-party verifications.

HUD has also issued subsequent guidance as follows:

- Imputed Income. [See HSG Notice 2016-01 Passbook Savings Rate Effective February 1, 2016](#)
- The Definition of Tuition. [See HSG Notice 2016-09 Streamlining Administrative Regulations for Multifamily Housing Programs](#)
- Verification of Fixed Income. [See HSG Notice 2016-09 Streamlining Administrative Regulations for Multifamily Housing Programs](#)
- Certification Requirements for Fixed Income Households (Effective March 16, 2018) – [See HUD's Interim Final Rule Streamlining Administrative Regulations for Multifamily Housing Programs and Implementing Family Income Reviews Under the Fixing America's Surface Transportation \(FAST\) Act](#)
- Verification of Assets and Income from Assets (Effective March 16, 2018). [See HUD's Interim Final Rule Streamlining Administrative Regulations for Multifamily Housing Programs and Implementing Family Income Reviews Under the Fixing America's Surface Transportation \(FAST\) Act](#)

Owner/agents must keep abreast of changes to HUD requirements.

### **LEASE REQUIREMENTS**

#### **COMPONENT 1 PH TO PBRA RAD - LEASE TERMINATION AT CONVERSION NOT ADVERSE ACTION.**

24 CFR § 966.4(e)(8)(i) classifies lease terminations as an Adverse Action for which a resident can seek a hearing under the PHA's Grievance Procedure.

Public Housing lease terminations that occur as part of a PBRA RAD conversion do not qualify as an Adverse Action, when residents are provided with:

- Notice of Termination in accordance with 24 CFR § 966.4(1)(3)

## PBRA RAD Reference – TRACS v 2.0.2.D Component 1 Converting from PH to PBRA RAD

- ✧ Information on when and how they will receive their new Section 8 lease, which must be effective the same date the HAP Contract becomes effective.

Grievance procedure requirements do not apply to these lease terminations.

### **LEASE REQUIREMENTS FOR PBRA RAD**

Residents who receive housing assistance via the PBRA RAD program must sign the HUD 90105-A *Model Lease for Subsidized Programs* which is available on [HUDCLIPS](#). The initial lease term is no less than one year. The renewal term must be a minimum of 30 days. See Figure 6-3 of HUD Handbook 4350.3 REV-1.

Leases for existing residents must have a Lease Start Date equal to the PBRA RAD Contract Effective Date. The lease must be signed by both the Owner/agent and all adult household members on or before the HAP Contract Effective Date.

The lease package must include:

- ✧ The executed HUD Form 90105A HUD Model Lease (initial lease term = one year; minimum renewal term = 30 days) (*currently this form is expired – Owner/agents may remove the expiration date*)
- ✧ A copy of the Conversion IC HUD Form 50059 (*currently this form is expired – Owner/agents may remove the expiration date*)
- ✧ The Move-in Inspection (*which must include the wording “the unit is in decent, safe and sanitary condition and must be signed by the HOH and the PHA/OA*)
- ✧ HUD Form 91067 VAWA Addendum (*currently this form is expired – Owner/agents may remove the expiration date*)
- ✧ The House Rules (*an entire copy is maintained in the tenant file*)
- ✧ The Pet Rules (*if the property has Pet Rule – given to all residents regardless of whether the resident owns a pet. An entire copy is maintained in the tenant file*)
- ✧ The Lead-based Paint Disclosure (*if applicable*)
- ✧ A HUD-approved FSS Addendum (*if applicable*)
- ✧ A HUD-approved LIHTC Addendum (*if applicable*)
- ✧ A HUD-approved Live-in Aide Addendum (*if applicable*)
- ✧ A HUD-approved Police/Security Personnel Addendum (*if applicable*)
- ✧ Any other HUD-approved Addendum (*if applicable*)

### **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 to incorporate a management practice generally used by management entities of assisted projects.

Owner/agents may not modify the actual lease but may incorporate changes via a Lease Addendum. Before implementing lease changes, owner/agents must obtain written approval from HUD.

A modification to the lease may only be effective at the end of a lease term and the Owner/agent must provide the resident with the approved notifications at least 60 days prior to the end of the lease term. See HH 4350.3 R1, Paragraph 6-12 for additional information about Notification Requirements. Residents must be notified of changes to the House Rules and/or Pet Rules in the same manner.

Except as indicated in current HUD Notices, HUD will not permit modifications to the following nine provisions of the Model Lease:

- ✧ Changes in Tenant Rent;
- ✧ Regularly Scheduled Recertifications;
- ✧ Reporting Changes Between Regularly Scheduled Recertifications;
- ✧ Removal of Subsidy;
- ✧ Tenant Obligation to Repay;
- ✧ Discrimination Prohibited;

## PBRA RAD Reference – TRACS v 2.0.2.D Component 1 Converting from PH to PBRA RAD

- ✧ Termination of Tenancy (except as noted in HSG Notice 2019-09); and
- ✧ Penalties for Submitting False Information

### **Charges in Addition to Rent**

MFH 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 HH 4350.3 Chapter 6, Section 3.

### **Other Documents Provided to Residents**

The owner/agent must also provide a copy of the Initial Notice of Requirement to Certify and retain a copy – signed by the resident - in the resident file.

*Note: The Next Recertification Date is equal to the Next Recertification Date on the most recent 50058 submitted prior to conversion to PBRA RAD.*

In addition to the lease documents described above, the Owner/agent must ensure that each family has been provided the following forms:

- ✧ The 9887/9887A
  - Must be signed by HOH, co-HOH, spouse – regardless of age - and by all adult household members
  - Must be retained in the resident file for the term of tenancy and three years thereafter
- ✧ Utility Allowance Release Form and/or General Release Form
  - Must be signed by person responsible for utilities (*best to attach a utility bill*)
  - Must be retained in the resident file for the term of tenancy and three years thereafter
- ✧ 92006 Supplement to the Application (*one for each household*)
- ✧ 27061 H Race & Ethnicity Form for each member (*members should but are not required to complete*)
- ✧ Documentation Acknowledging that the resident has been provided:
  - The 9887 Fact Sheet
  - HUD Form 5380 – The VAWA Notice
  - HUD Form 5382 – The VAWA Certification (*this certification does not have to be completed by the resident – it is provided in case the resident wishes to exercise her/his VAWA protections*)
  - The HUD Fact Sheet for Section 8 – How Your Rent is Determined
  - The EIV & You Brochure
  - The Resident’s Rights and Responsibilities Brochure
  - The Lead-based Paint Brochure (if applicable)
  - HUD Form 1141 (Is Fraud Worth It?) Recommended but not required
  - Notice of Right to Form a Tenant Organization – *Required for RAD*

Owner/agents should refer to HUD’s guidance to obtain a complete list of documents that must be included in the resident file.

**RBD includes a Resident File Checklist for the Conversion IC as part of the [PBRA RAD FASTForms package](#).**

### **SECURITY DEPOSITS**

Owner/agents are permitted to continue recognizing Security Deposit amounts that have been previously provided by residents who are in-place at the time of the PBRA RAD conversion. If residents in-place at PBRA RAD conversion have not previously been required to provide a Security Deposit, the Owner/agent cannot require a security deposit to be collected.

For new residents who are approved after conversion, and in compliance with *CFR24 880.608 Security Deposits*, at the time of the initial execution of the lease, the Owner/agent will require each family to pay a Security Deposit in an amount equal to one month's Total Tenant Payment or \$50 - whichever is greater. The Owner/agent may, but is not required to, collect the Security Deposit on an installment basis



## PBRA RAD Reference – TRACS v 2.0.2.D Component 1 Converting from PH to PBRA RAD

See HUD Handbook 4350.3 REV-1, Chapter 6, Section 2 for further information relating to security deposits.

Owner/agents may not require a higher Security Deposit.

*Note: If the Move-in certification is corrected and TTP changes as a result of the correction, the Owner/agent is responsible for collecting additional security deposit funds or returning a portion of the security deposit as appropriate.*

Security Deposits normally do not change after move-in. However, Owner/agents may choose to refund the original Security Deposit and charge a new Security Deposit when a resident transfer to a new unit. See HH 4350.3, R1, Paragraph 6-16 for additional information. The policy must be applied consistently.

The Owner/agent must place the Security Deposits in a segregated, interest-bearing account.

The balance of this account must, at all times, be equal to the total amount collected from the families then in occupancy, plus any accrued interest. The Owner/agent must comply with any applicable state and local laws concerning interest payments on Security Deposits.

In order to be considered for the return of the Security Deposit, a family which vacates its unit will provide the owner with its forwarding address or arrange to pick up the refund.

The Project Owner is subject to state and local law which may supersede HUD guidance.

The Owner/agent may use the Security Deposit, plus any accrued interest, as reimbursement for any unpaid family contribution or other amount which the family owes under the lease.

### **PET DEPOSITS**

Other than approved pets living on the property at the time of RAD Conversion, Owner/agents may or may not allow pets. The Pet Rules may require residents to pay a refundable Pet Deposit in accordance with local requirements. If the Owner/agent wishes to charge any Pet Fee, that fee must be approved by HUD in accordance with HH 4350.3 R1, Paragraph 6-25.

See local requirements for additional information about developing Pet Rules and collecting Pet Deposits.

In addition to the information presented here, an owner/agent should consult HUD Handbook 4350.1, Multifamily Asset Management and Project Servicing and local ordinance for further information and details relating to pet rules and regulations.

Assistance animals (service animals/companion animals/therapy animals) are animals that provide disability-related assistance, support, or provide service to persons with disabilities and are exempt from Pet Rules and the owner/agent may not require a pet deposit.

Owner/agents must allow Assistance Animals when:

1. There is the presence of a disability
2. The Assistance Animal affects the symptoms or side effects of that disability
3. There is a nexus between the disability and the need for the Assistance Animal

See HH 4350.3 Paragraph 2-44 Assistance Animals as a Reasonable Accommodation for more information.

When the HOH, co-HOH or spouse is disabled or elderly, the household qualifies for a Medical Expense Deductions. Out-of-pocket expenses paid for the cost or upkeep of an Assistance Animal are included when calculating the Medical Expense Deduction.

## PBRA RAD Reference – TRACS v 2.0.2.D Component 1 Converting from PH to PBRA RAD

*Note: Different rules apply to Component 2 PBRA RAD if the owner/agent is converting from PRAC to RAD.*

### **PIH PROVISIONS CONTINUING AFTER CONVERSION – COMPONENT 1**

#### **FAMILY SELF-SUFFICIENCY (FSS)**

At the time of conversion, the owner/agent is required to continue to service all active FSS CoPs. All Project Owners will be required to administer the FSS program or partner with another agency to administer the FSS program in accordance with the requirements of 24 CFR part 984, the participants' contracts of participation, and future guidance published by HUD.

The owner is not required to enroll new participants, but may choose to do so in accordance with HSG Notice 2016-08 [Family Self Sufficiency Program in Multifamily](#). Please see Multifamily and other guidance for additional details, including FSS Coordinator funding eligibility under a RAD conversion. Current guidance can be found in [HSG Notice 2016-08 Family Self Sufficiency Program in Multifamily](#).

Upon conversion, funds escrowed under the Public Housing program for FSS participants shall be transferred into the PBRA escrow account and be considered PBRA funds, thus reverting to PBRA if forfeited by the FSS participant. The owner/agent shall deposit the FSS account funds of all participating families into a single depository account.

The Escrow Accounts for households participating in the program must be calculated in accordance with the PIH regulations at 24 CFR Part 984.

To ensure that HAP payments are processed correctly, and until TRACS is modified, the owner/agent must notify [MF\\_FSS@hud.gov](mailto:MF_FSS@hud.gov) that there are current FSS participants residing in the Covered Project.

The owner/agent has latitude in rewriting interim and final goals. The statutory requirement remains that the HOH seek and maintain appropriate employment; and that all participant family members be free of welfare for a year.

Until the goals are met and the participant graduates, or the participant voluntarily leaves the program, the owner must continue to service the active CoP. The term of the CoP is up to five years from the effective date of the CoP.

The owner/agent may make the determination that the FSS family is not in compliance with the CoP. If the FSS family fails to comply (without good cause) with the terms and conditions of the contract, the owner may terminate the family's participation in the FSS program and withhold any funds held in the family's escrow account.

The owner must return the FSS family's escrow to HUD by creating a negative Owner/Agent Request (OARQ) adjustment on the property's HAP voucher... (H-2016-08, Sec. IV.D.1.g)

*Note: This instruction will change with the release of TRACS v 2.0.3.A.*

Through waiver HSG Notice 2019-09 [Rental Assistance Demonstration-Final Implementation Rev. 4](#), FSS funds awarded in FY14 and prior FSS funds may be used to continue to serve FSS participants living in units converted under RAD to PBRA.

Owner/agents will be allowed to use any funds already granted for FSS coordinator salaries until such funds are expended. All Project Owners will be required to provide both Service Coordinators and Payments to Escrow until the end of the Contract of Participation (for each resident).

Pursuant to the FY 2015 Appropriations Act, any FSS funds awarded in FY 2015 (and thereafter if the provision is extended), may be used to also serve any other PBRA resident participating in the FSS program.

## PBRA RAD Reference – TRACS v 2.0.2.D Component 1 Converting from PH to PBRA RAD

Current ROSS-SC grantees will be able to finish out their current ROSS-SC grants once their housing is converted under RAD.

Once the property is converted, it will no longer be eligible to be counted towards the unit count for future ROSS-SC Grants nor will its residents be eligible to be served by future ROSS-SC Grants, as ROSS-SC, by statute, can serve only Public Housing residents.

At the completion of the ROSS-SC Grant, grantees should follow the normal closeout procedures outlined in the grant agreement. Please note that ROSS-SC grantees may be a non-profits or local Resident Association and this consequence of a RAD conversion may impact those entities.

Owners should refer to guidance provided by Multifamily Housing when enrolling new FSS participants after conversion to PBRA RAD.

If the owner/agent is a PHA that continues to run an FSS program that serves Public Housing and/or HCV FSS participants, the PHA will continue to be eligible (subject to NOFA requirements) to apply for FSS funding and may use that funding to serve Public Housing, HCV and/or PBRA FSS participants.

However, if the PHA no longer has a Public Housing or HCV program, the owner/agent is not eligible to apply for FSS funding.

Until the release of TRACS v 2.0.3.A, Owner/agents will use the *OARQ Miscellaneous Accounting Request* to create an offset to the *Assistance Payment* requests for those residents participating in the FSS program.

- ✧ Resident TTP = \$450
- ✧ FSS Amount = \$300
- ✧ Owner/agent creates an OARQ Miscellaneous Accounting Request for +\$300
- ✧ The HOH Name and Unit Number must appear in the Comment Field
- ✧ The \$300 is deposited in to an interest bearing FSS Escrow Account

All FSS OARQ Miscellaneous Accounting Requests must indicate the Unit Number, Head of Household's Last Name, and the words "FSS Participant" in the comments section.

*For example: FSS Participant William Wright-Unit 101B-052019 FSS Deposit*

During the Year of Conversion, enter these OARQ Miscellaneous Accounting Requests for FSS transactions on the voucher before the voucher is reduced to zero.

*Note: After the release of TRACS v 2.0.3.A, these transactions must be recorded on the 52670 Part 6 (MAT 30 Section 7 Record).*

If an owner/agent refuses to continue an FSS program, the PHA and the owner/agent will enter into an arrangement allowing the PHA to continue to operate the FSS program until all converted PBRA FSS participants have completed their Contracts according to 24 CFR § 984.303.

The PHA will continue to provide the necessary services to the participants, while the owner will be required submit quarterly reports to HUD, manage the escrow accounts and create monthly OARQ adjustments to the HAP voucher.

If the PHA converts their entire Public Housing and Housing Choice Voucher stock to PBRA (the PHA goes out of business of being a PHA), then the owner must continue to administer the FSS program and honor all executed CoPs for current FSS participants.



## PBRA RAD Reference – TRACS v 2.0.2.D Component 1 Converting from PH to PBRA RAD

Additionally, since the PHA has gone out of business, the owner is no longer eligible to apply for future funding under the PIH grant program. There is currently no current grant funding available for multifamily assisted housing owners. (H-2016-08, Sec. VI.4 & 5)

If an FSS Lease Addendum was used, owner/agents should attach a new FSS Lease Addendum when executing HUD Model Lease 90105A. The new Lease Addendum must be updated to correlate with the new lease and must be approved by HUD before implementation.

### **EARNED INCOME DISREGARD**

Residents 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.

*Note: If these residents qualify for Rent Phase-in, Rent Phase-in will end the earlier of:*

- ✧ *When the EID income exclusion ends*
- ✧ *When phased in TTP is equal to standard Component 1 PH to PBRA RAD TTP*
- ✧ *When TTP is less than TTP on the last certification*
- ✧ *If a resident is terminated for non-compliance*

If a resident receiving the EID exclusion, ceases to use the EID exclusion, or the EID exclusion expires in accordance with 24 CFR 960.255, the resident will no longer receive the EID exclusion and the Owner/agent will no longer be subject to the provisions of 24 CFR 960.255.

Furthermore, residents whose EID ceases or expires after conversion shall not qualify for the Rent Phase-in provision, as described in Section 1.7.B.3; instead, the rent will automatically return to S8 RAD rent.

Owner/agents responsible for compliance with EID requirements should be aware that Income Discrepancies may be generated for residents receiving EID. If the difference in actual income and the income amount included on the 50059 results in an annual variance of \$2400 or more (\$200 per month), EIV will generate an Income Discrepancy. The Owner/agent should make a note that the Discrepancy is caused by EID.

After conversion to PBRA RAD, the Owner/agent may not approve any new EID exclusions.

### **MOVING TO WORK (MTW) AGENCIES.**

If an MTW agency chooses to convert assistance to PBRA under this Demonstration, the Covered Project(s) will no longer be included as part of the PHA's MTW program.

### **CAPITAL FUND EDUCATION AND TRAINING COMMUNITY FACILITIES (CFCF) PROGRAM**

CFCF provides capital funding to PHAs for the construction, rehabilitation, or purchase of facilities to provide early childhood education, adult education, and job training programs for public housing residents based on an identified need.

Where a community facility has been developed under CFCF in connection with or serving the residents of a Converting Project, residents will continue to qualify as "PHA residents" for the purposes of CFCF program compliance. The community facility must continue to be available to public housing residents including "PHA residents."

### **FUNDING & VOUCHERS**

**For Component 1 PH to PBRA RAD Conversions**, the PBRA RAD Contract becomes effective on the first day of either of the two months following closing, at the PHA/OA's discretion. MFH funding is placed on the PBRA RAD Contract on January 1 of the year following the Contract Effective Date.

During the time between the Contract Effective Date and January 1 of the following year, a converted project will be

## PBRA RAD Reference – TRACS v 2.0.2.D Component 1 Converting from PH to PBRA RAD

funded through the Public Housing accounts at the level of Public Housing subsidy available to that project in that year. This is called the Year of Conversion. For example:

- ✧ **Component 1 PH to PBRA RAD** Contract is effective September 1, 2018
- ✧ PIH funds the contract for the remainder of 2018 (*Year of Conversion*)
- ✧ MFH begins paying the HAP January 1, 2019 (*Year two*)

*Note: Different rules apply to Component 1 Mod Rehab to PBRA RAD and Component 2 PBRA RAD.*

### **SUBMITTING VOUCHERS**

Owners should note the deadline for transmission of vouchers and all related TRACS files supporting the voucher is the 10<sup>th</sup> day of the month directly preceding the voucher payment month.

For example, the February voucher TRACS transmission would be due on January 10.

Owner/agents must understand the rules regarding submission of the voucher. These rules are outlined in the MAT Guide.

### **VOUCHERS YEAR OF CONVERSION – COMPONENT 1 PH TO PBRA RAD ONLY**

As stated previously, MFH funding is placed on the Component 1 PH to PBRA RAD Contract on January 1 of the year following the Contract Effective Date.

The time between the Contract Effective Date and January 1 of the following year 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.

For this reason, during the Year of Conversion, paper vouchers and electronic TRACS Voucher Files are created and electronic TRACS vouchers are transmitted to TRACS.

The Voucher Request Amount must be reduced to \$0 by entering an offsetting OARQ Miscellaneous Accounting Request.

During the Year of Conversion, these zero-vouchers **MUST** be submitted to TRACS along with all supporting Tenant Files (certifications).

Before submitting to TRACS, all vouchers (pdf) must be submitted to the HUD Account Executive assigned to the property. The HUD Account Executive will review the voucher to ensure that the requested amount is zero. If the Requested Amount is zero, the Account Executive will approve submission to TRACS.

If the Voucher Request Amount is more than \$0 during the Year of Conversion, the voucher will be rejected (receive a FATAL error) due to lack of funding.

After the Year of Conversion, Owner/agent should carefully monitor any retroactive adjustments to the voucher. If adjustments affect Assistance Payment calculations during the Year of Conversion, appropriate OARQ Miscellaneous Accounting Requests must be included on the vouchers reversing adjustments for the Year of Conversion.

*Note: Different rules apply to Component 1 Mod Rehab to PBRA RAD and Component 2 PBRA RAD. .*

### **RAD REHAB ASSISTANCE PAYMENTS – COMPONENT 1 PH TO PBRA RAD ONLY**

A Rehab Assistance Payment may be available when the property RAD Contract falls under **Component 1 PH to PBRA RAD**. The per unit amount is set forth in the HAP Contract.

## PBRA RAD Reference – TRACS v 2.0.2.D Component 1 Converting from PH to PBRA RAD

HUD and the Project Owner typically will enter into a HAP Contract before construction begins. During the period of work - identified in the approved Financing Plan and RCC - standard HAP contract administration procedures will be used for occupied units.

Except where the Section 8 Pass-through is used, units that are not occupied at any point during the period of work - identified in the approved Financing Plan and RCC - may be eligible, subject to certain conditions, for Rehab Assistance Payments equal to the Public Housing Operating Fund and the Capital Fund amounts that formed the basis for the calculation of initial Contract Rents.

During the period of rehabilitation or construction as identified in the HAP Contract, the maximum number of units for which a Project Owner can receive RAD Rehab Assistance Payments is limited to the number of units eligible for Operating Fund or Capital Fund subsidy prior to conversion. As a result, some units in the Covered Project may not be eligible for Rehab Assistance Payments.

As necessary to implement this provision, HUD is suspending the applicability of additional provisions in 24 CFR § 880.504(a) until all contract units are made available for occupancy and waiving the applicability of section 8(c)(4) of the Act.

The Rehab Assistance Payments apply during the time the unit is out of service and end on the earlier of:

- ✧ The date specified in the HAP Contract
- ✧ The date rehab is complete

When the Owner/agent is requesting Rehab Assistance, the unit must appear vacant in TRACS and the Owner/agent may not bill for subsidy for the same period.

**Rehab Assistance Payments** should be prorated for partial months on a unit-by-unit basis. In TRACS version 2.0.2.D, the Miscellaneous Accounting Request Code OARQ is used to request these funds.

*Note: When TRACS version 2.0.3.A is released, the process will be the same but the Owner/agent will use Miscellaneous Accounting Request Code RADR to request these funds.*

The OARQ Comment Field must indicate the voucher month of the Rehab Assistance Payment Request.

For example: “January 2019 Rehab Assistance Payment.”

When submitting the voucher to the HUD Account Executive, Owner/agents must provide detailed information supporting the Rehab Assistance Payment Request.

See the sample Rehab Assistance Payment Schedule provided by HUD. Rehab Assistance Payment Requests for multiple months may appear on a single voucher. This occurs when an owner/agent did not request Rehab Assistance Payments on a previous voucher. Enter a separate Miscellaneous Accounting Request for each month.

*Note: **Component 1 PH to PBRA RAD** – Owner/agents enter these Miscellaneous Accounting Requests for Rehab Assistance on the voucher during the Year of Conversion.*

### **PROJECT OVERSIGHT IN THE YEAR OF CONVERSION - VOUCHERS – COMPONENT 1 PH TO PBRA RAD**

As stated above, 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. The Owner/agent will still need to voucher through TRACS. All TRACS files submitted during the *Year of Conversion* must include resident certifications to support information reported on the voucher. Voucher must include an Owner Agent Request (OARQ) Miscellaneous Accounting Request adjusting the total Voucher Request amount to \$0.00.

## PBRA RAD Reference – TRACS v 2.0.2.D

### Component 1 Converting from PH to PBRA RAD

The Owner/agent and the HUD AE must complete the following steps monthly during the initial conversion year:

1. The Owner/agent sends the completed paper HAP voucher via fax or email to the HUD AE.
2. The HUD AE conducts a review of the HAP voucher to ensure accuracy of any Rehab Assistance Transactions
3. The HUD AE conducts a cursory review of the HAP voucher to ensure it is zeroed out.
4. The HUD AE approves or outlines needed changes.
5. Once the Owner/agent has received approval, the Owner/agent transmits the voucher to TRACS using the TRACS compliant software.
6. The Owner/agent checks TRACS to make sure that voucher is successfully recorded
7. The Owner/agent addresses any error as appropriate

#### **ONGOING PROJECT OVERSIGHT - VOUCHERS**

For *Component 1 PH to PBRA RAD*, after the *Year of Conversion*, the HUD Account Executive will conduct oversight in much the same manner, except the HUD Account Executive will not check to see if the voucher has a zero balance. After the *Year of Conversion*, the HUD Account Executive will check the *Rehab Assistance Request* and will also check the voucher to make sure that there are no adjustments that affect the *Year of Conversion*.

The Owner/agent and the MF Account Executive/Project Manager must complete the following steps monthly during the initial conversion year:

1. The Owner/agent sends the completed paper HAP voucher via fax or email to the HUD AE.
2. The HUD AE conducts a review of the HAP voucher to ensure accuracy of any Rehab Assistance Transactions
3. The HUD AE conducts a cursory review of the HAP voucher to ensure it there are no adjustments affecting the *Year of Conversion*.
4. The HUD AE approves or outlines needed changes.
5. Once the Owner/agent has received approval, the Owner/agent transmits the voucher to TRACS using the TRACS compliant software.
6. The Owner/agent checks TRACS to make sure that voucher is successfully recorded
7. The Owner/agent addresses any error as appropriate

Oversight and monitoring of the RAD Contract will include all oversight tasks currently performed for other *Project-Based Rental Assistance (PBRA)* contracts.

#### **JANUARY/FEBRUARY/MARCH VOUCHERS SUBMITTED AFTER THE YEAR OF CONVERSION – COMPONENT 1 PH TO PBRA RAD**

*Note: Different rules apply to Component 1 Mod Rehab to PBRA RAD and Component 2 PBRA RAD. .*

As discussed above, *Conversion Year (Year One)* vouchers are funded by PIH therefore OAs submit “Zero Vouchers” to TRACS. However, in *Year Two*, the HAP is funded under *Multifamily Housing*.

When the January voucher is recorded in TRACS (in Year Two), the voucher will be automatically suspended until review by HUD’s *Voucher Processing* division.

You will need to email a copy (pdf) of the signed voucher to HUD’s *Voucher Processing* team. HUD’s *Voucher Processing* team will conduct a line-by-line review comparing the certifications recorded in TRACS to the requests included on the voucher. Any discrepancies will result in a delay of the voucher payment.

HUD’s *Voucher Processing* team has 21 days to review the voucher and provide guidance to the OA.

It is best for OAs to conduct their own “*voucher audit*” before submitting the January voucher to avoid unnecessary delays. To do this, log in to HUD’s *Secure Systems*.

## PBRA RAD Reference – TRACS v 2.0.2.D

### Component 1 Converting from PH to PBRA RAD

1. Access TRACS.
2. Review the Certification Query and make sure the compliance percentage is 100%.
3. Compare the active TRACS records to the names of the residents receiving subsidy on the voucher.
4. All certifications should be recorded in the TRACS database.

If there are issues with the voucher, corrected vouchers are submitted to TRACS. In this case, the voucher must first be rejected in TRACS or the corrected voucher will FATAL.

Threshold edits are usually generated when the February and March (usually) vouchers are submitted as well.

#### **IMPROPER PAYMENTS & REPAYMENT AGREEMENTS**

At this time, there is no HUD guidance explaining how Owner/agents of PBRA RAD properties should handle Repayment Agreements that have already been executed when conversion is from Public Housing or Mod Rehab (PIH programs). RBD is seeking HUD guidance. These Repayment Agreements and any future repayment transactions for these repayment agreements may not appear on the PBRA RAD voucher.

After conversion, when an improper payment is discovered through the use of EIV, the owner/agent must indicate this on the HUD 50059(s) created or corrected as a result of such discovery.

The resident may return the entire improper payment or the resident and the owner/agent may enter in to a repayment agreement.

After conversion, when a resident or an owner is required to return a Multifamily Housing improper payment to HUD, the owner/agent must follow guidance provided in HH 4350.3 and the MAT Guide. These Repayment Agreements are tracked by HUD using HUD Form 52670 Part 6.

*Note: For Component 1 PH to PBRA RAD Conversions, Owner/agents should be careful that improper payments do not affect assistance provided during the Year of Conversion. If such is the case, the Owner/agent should seek guidance from HUD.*

*Note: Different rules apply to Component 1 Mod Rehab to PBRA RAD and Component 2 PBRA RAD. .*

#### **CONVERSION CERTIFICATIONS & PBRA RAD RENT (TTP) CALCULATIONS**

Owner/agents use their TRACS compliant site software to prepare the form HUD-50059 and 50059-A for all residents.

Owner/agents must begin submitting the form HUD-50059 and 50059-A to TRACS beginning on the PBRA RAD Contract Effective Date. The first HUD 50059 submitted to TRACS to establish the resident under the new PBRA RAD contract is referred to as the Conversion IC (Initial Certification).

Owner/agents should refer to data on the most recent 50058 certification submitted before conversion to RAD and use that data, when possible, to populate the Conversion IC.

Under HUD rules, Owner/agents are not required to re-verify information included on the Conversion IC. Owner/agents should use income, expense and asset information included on the most recent 50058 certification submitted prior to RAD conversion.

*Note: Special rules apply when the Effective Date of the Conversion IC is the same as an anticipated Effective Date of a resident's Annual Recertification (AR) or Interim Recertification (IR).*

Owner/agents converting from PH or Mod Rehab should be aware that there are questions on the 50059 that are not included on the 50058. For Mod Rehab/ PH to PBRA RAD, when there are questions on the HUD 50059 that are not



## PBRA RAD Reference – TRACS v 2.0.2.D

### Component 1 Converting from PH to PBRA RAD

asked on the HUD 50058, the owner/agent should obtain correct responses from residents.

**RBD has created a Conversion Questionnaire for residents which is part of the [PBRA RAD FASTForms package](#).**

There are special data entry rules for the Conversion IC. For example, because existing residents converting to RAD are not required to requalify, the “Eligibility Check Not Required” flag must be set to Yes.

Owner/agents should remember that income review is required at least annually. The Next Recert Date on the Conversion IC must match the date that review is required based on the most recent 50058 certification submitted prior to conversion to RAD.

Owner/agents are required to adhere to the data entry rules outlined in HUD’s Monthly Activity Transmission Guide Chapters 4 and 5. The MAT Guide for the current version of TRACS (2.0.2.D) can be found at [https://www.hud.gov/sites/documents/202D\\_MAT\\_Guide.zip](https://www.hud.gov/sites/documents/202D_MAT_Guide.zip).

**For Component 1 PH to PBRA RAD**, the TTP indicated on the Conversion IC must match the TTP or be lower than the TTP on the most recent HUD 50058 submitted before conversion to RAD unless the PBRA calculated rent results in a lower TTP.

*Note: Because minimum rent (TTP) for PIH programs is \$50 and minimum rent (TTP) for MFH programs is \$25, PHA.OAs must check the standard PBRA RAD calculation for any resident who was paying the \$50.00 minimum rent (TTP). If the RAD calculated rent is lower than \$50.00, rent will be reduced for that resident.*

For example:

- ✧ Under PIH, resident TTP = PIH minimum rent of \$50.00
- ✧ PHA converts to PBRA RAD
- ✧ At conversion, OA applies MF rules and calculated TTP = \$10.00.
- ✧ OA applies minimum TTP of \$25.00
- ✧ Resident TTP = \$25.00 instead of \$50.00

*Note: Because noncitizen proration rules are different for PIH, owner/agents must recalculate rent for any resident paying prorated rent. If the RAD calculated rent is lower, TTP will be reduced for that resident.*

Residents living in properties subsidized through the Section 8 program must pay a minimum Total Tenant Payment (TTP) of \$25 unless there is an approved Hardship Exemption. Refer to 24 CFR 5.630 and HH 4350.3 Paragraph 5-26 for Multifamily Housing Minimum Rent Policy for Section 8 properties.

Rent Phase-in rules may apply when creating subsequent certifications.

**RBD offers PBRA RAD Conversion IC Instructions and PBRA RAD Conversion Questionnaire as part of the [PBRA RAD FASTForms package](#).**

**RBD offers an [RBD Online Training Workshop](#) discussing TRACS Certification and Voucher transmission requirements specific to PBRA RAD.**

The owner/agent must also be familiar with the Conversion IC submission requirements for residents who have relocated and have the Right to Return. Reference the MAT Guide Chapter 4 for additional information.

### **DETERMINING INCOME AND CALCULATING RENT**

Owner/agents managing Public Housing or Mod Rehab programs should be aware that the PIH Income Inclusions and Exclusions are not the same as the MFH Income Inclusions and Exclusions.

## PBRA RAD Reference – TRACS v 2.0.2.D

### Component 1 Converting from PH to PBRA RAD

While HH 4350.3 R1, C4 Exhibit 5-1 provides a list of Income Inclusions and Exclusions, this Handbook resource is not current. We have provided an updated list with notes as Appendix A of the RBD Conversion IC Instructions.

After the Conversion IC is created and submitted residents' income must be determined and the Total Tenant Payment and Tenant Rent TTP/TR must be calculated according to 24 CFR 5.609 and HUD Handbook 4350.3 REV-1, Chapter 5 and subsequent HUD Notices.

There is an exception for Component 1 PH to PBRA RAD residents who were paying "flat rent". In these cases, Owner/agents must determine if Rent Phase-in applies and must apply Rent Phase-in rules for all certifications submitted after the Conversion IC.

#### **WHEN TOTAL TENANT PAYMENT EXCEEDS GROSS RENT**

Under the PBRA program, assisted families typically pay 30% of Adjusted Income toward rent and utilities - referred to as the Total Tenant Payment (TTP).

Under normal PBRA rules, a Owner/agent must process a Termination of Assistance pursuant to HH 4350.3, Paragraph 8-5 C when the family's TTP has risen to a level that is equal to or greater than Gross Rent (GR).

*Note: Gross Rent = Contract Rent plus any HUD Utility Allowance.*

In addition, HH 4350.3, Paragraph 8-6 A.1 provides that, when terminating a tenant's assistance, the Owner/agent is to increase the Tenant Rent to the Contract Rent (assuming that the resident does not receive the benefit of any other type of subsidy). Component 1 PH to PBRA RAD properties have different rules.

For Component 1 PH to PBRA RAD, when TTP equals or exceeds the Gross Rent, the owner/agent must charge a Tenant Rent equal to the lesser of

- ✧ TTP (greater of 10% annual income or 30% adjusted income), less the HUD Utility Allowance, or
- ✧ Any applicable Maximum Rent allowable under LIHTC regulations.

For Component 1 PH to PBRA RAD only, HUD is waiving requirements set forth in HH 4350.3 Paragraphs 3.6, 8-5 C. and 8-6 A. 1.

In such cases, the resident will still be considered an "assisted Section 8 tenant" and will still have the rights and be subject to the requirements of Section 8 residents.

Residents will retain all of the rights under the Model Lease, including the right to occupy the unit, as well as those rights provided through HSG Notice 2019-09 [Rental Assistance Demonstration-Final Implementation Rev. 4](#).

Residents will still be subject to the requirements for Section 8 residents, including the requirements concerning reexamination of family income and composition found in 24 CFR §§ 5.657 and 880.603(c).

When TTP equals or exceeds Gross Rent (Assistance Payment is zero or negative), the excess rent collected by the Owner/agent is considered Project Funds and must be used for project purposes.

All normal actions affecting the Contract Rent shall continue for these units, including application of the OCAF adjustment to the Contract Rent indicated on the Rent Schedule—since the OCAF Adjusted Rent will still be in effect whenever the unit is occupied by an eligible family.

## PBRA RAD Reference – TRACS v 2.0.2.D Component 1 Converting from PH to PBRA RAD

If the resident moves out, the Owner/agent must select an applicant from the Waiting List who meets the applicable Income Limits for the project. Keep in mind that for PBRA RAD, OAs may allow residents to move in as long as the income is equal to or less than the Low-Income Limit.

This is an exception to the instruction provided in HH 4350.3 R1, Paragraph 3-6.

*Note:* HSG Notice 2019-09 [Rental Assistance Demonstration-Final Implementation Rev. 4](#) indicates that Component 1 PH to PBRA RAD owner/agents may move-in a family that is income eligible even if the S8 RAD formula is not less than the Gross Rent (AP is zero or negative). At this time, OAs may process move-ins using this exception. However, understand that this rule may change in the future.

*Note:* Different rules apply to Component 1 Mod Rehab to PBRA RAD and Component 2 PBRA RAD. .

### **REPORTING REQUIREMENTS – TRACS 2.0.2.D**

TRACS v 2.0.2.D will not accept a RAD 50059 Tenant File when the Assistance Payment (AP) is \$0 or negative. The accepted workaround is to create and send a Termination Transaction (TM) to TRACS when AP is \$0 or negative.

However, the Owner/agent will charge the resident the TTP that is calculated based on the Rent Calculation Rules described above. For example:

#### **At conversion (9/1/2018) (TRACS v 2.0.2.D)**

- ✧ Unit Rent is \$600
- ✧ Household Adjusted Income is \$23000
- ✧ 30% of AI = \$550 (assuming 30% of adjusted is greater than 10% of annual)
- ✧ AP = \$50
- ✧ 50059 Conversion IC is created w/ Next Annual Recertification Date of 5/1/2019 (based on most recent cert)
- ✧ Initial Certification is sent to TRACS
- ✧ Resident TTP \$550/month (taken from the previous 50059)
- ✧ HAP Request = \$50.00

#### **On 12/15/2018 Resident Reports for Interim Recertification**

- ✧ Unit Rent is \$600
- ✧ New household Adjusted Income is \$26000
- ✧ 30% of AI = \$650 (assuming 30% of adjusted is greater than 10% of annual)
- ✧ AP = <\$50>
- ✧ Interim Recertification effective 2/1/2019 created and signed by the resident and the Owner/agent but is NOT sent to TRACS because it would fatal in TRACS v 2.0.2D – Site software may or may not allow the Owner/agent to automate this process. Certifications may have to be created manually.
- ✧ Resident is charged \$650/month
- ✧ TM (effective 1/31/2019) sent to TRACS in v 2.0.2.D on 1/10/18
- ✧ 2/2019 Voucher submitted to TRACS
- ✧ Resident does not appear on subsequent HAP Vouchers
- ✧ Resident's unit is not part of the assisted unit count on the 2.0.2.D voucher



## PBRA RAD Reference – TRACS v 2.0.2.D Component 1 Converting from PH to PBRA RAD

### On 3/1/2019 Resident Reports for 5/1 Annual Recertification

- ✧ Unit Rent is \$600
- ✧ Household Adjusted Income (AI) is \$26000
- ✧ 30% of AI = \$650 (assuming 30% of adjusted is greater than 10% of annual)
- ✧ AP = <\$50>
- ✧ Resident is charged \$650/month
- ✧ The AR (effective 5/1/2019) is signed by the resident/Owner/agent but IS NOT sent to TRACS
- ✧ 5/2019 Voucher submitted to TRACS
- ✧ Resident Does Not appear on HAP Vouchers
- ✧ Resident's unit is not part of the assisted unit count on the 2.0.2.D voucher

### On 3/1/2020 Resident Reports for 5/1 Annual Recertification

- ✧ Unit Rent is \$610
- ✧ Household Adjusted Income is \$29000
- ✧ 30% of AI = \$725 (assuming 30% of adjusted is greater than 10% of annual)
- ✧ AP = <\$115>
- ✧ Resident is charged \$725/month
- ✧ The Annual Recertification (effective 5/1/2020) is signed by the resident and the Owner/agent but IS NOT sent to TRACS
- ✧ 5/2020 Voucher submitted to TRACS
- ✧ Resident Does Not appear on HAP Vouchers
- ✧ Resident's unit is not part of the assisted unit count on the 2.0.2.D voucher

*Note: Noncitizen Rule Proration does not apply to Component 1 PBRA RAD households with zero or negative assistance. These households pay according to the normal RAD rent calculation without Noncitizen Rule Proration*

### **RENT PHASE-IN COMPONENT 1 PH TO PBRA RAD ONLY**

Currently, in the PBRA RAD program, Section 8 RAD Rent is calculated by taking the Total Tenant Payment (TTP) and then subtracting a Utility Allowance (UA), to come up with Tenant Rent (TR). The way we calculate TTP is to determine 10% of Monthly Gross Income and then determine 30% of Monthly Adjusted Income. Whichever number is greater is TTP.

*Note: In states that have "as paid public benefits," "welfare rent" may apply.*

The owner/agent will then subtract any Utility Allowance (UA) to determine Tenant Rent (TR).

For example: **Miller Family**

Annual Income	=	\$24,000.00
Annual Income/12	=	\$ 2,000.00
10% of Monthly Gross Income	=	\$ 200.00
Adjusted Income	=	\$18,240.00
Adjusted Income/12	=	\$ 1,520.00
30% of Adjusted Income	=	\$ 456.00
TTP	=	\$456.00
Less UA	=	\$150.00
Tenant Rent	=	\$306.00

## PBRA RAD Reference – TRACS v 2.0.2.D Component 1 Converting from PH to PBRA RAD

For Component 1 PBRA RAD only, when TTP exceeds Gross Rent, Tenant Rent is equal to TTP minus the Utility Allowance. This is true even if Tenant Rent exceeds Gross Rent. (*Gross Rent = Contract Rent plus Utility Allowance*).

If there is Low-Income Housing Tax Credit (LIHTC) layering, the resident will pay the lesser of:

- ✧ RAD Calculated TTP less UA or
- ✧ Any applicable Maximum Rent allowable under LIHTC regulations

*Please note that TRACS v 2.0.2D will not accept a certification when AP is zero or negative. In these cases, a TM transaction is submitted to TRACS but the resident will pay the RAD Calculated TTP less UA. When TRACS v 2.0.3A is released, the OA must send ICs to TRACS to record these RAD residents in HUD's database. Please participate in TRACS 2.0.3A training specifically for RAD before implementing TRACS v 2.0.3A.*

### **RENT PHASE-IN**

*Note: Residents who were approved to receive the Earned Income Disregard (EID) Income Exclusion prior to conversion to PBRA RAD are not eligible for Rent Phase-in.*

In order to avoid sharp increases in rent due solely to conversion to PBRA RAD, HUD has introduced a new way to slow down a rent increase. It is called Rent Phase-in and only applies to a Component 1 conversion from Public Housing to PBRA.

If a resident's TTP increases by more than the greater of 10% or \$25.00 - **purely as a result of conversion** - HUD allows for a gradual increase from the TTP the resident is paying before conversion to the "Section 8 PBRA RAD TTP".

Under the *Rent Phase-in* option, the rent increase will be "phased in" over three years – which the Owner/agent may extend to five years. The determination of whether phase-in will last for three or five years is made prior to execution of the PBRA RAD contract.

For TRACS 2.0.2.D, whether a tenant is subject to Rent Phase-in is determined at the time of the first AR or IR after conversion.

*Important Note: Because the instructions related to phase-in for TRACS 2.0.2D were written before there was a complete understanding of the RAD rules, there are two aspects of phase-in requirements that are incorrect in hindsight: 1) determining whether or not phase-in applies at the first AR or IR post conversion; 2) not making the phase-in decision based purely on facts at the time of the conversion. These errors are corrected in TRACS version 2.0.3A but the 2.0.2D rules apply while 2.0.2D software is being used.*

*Note: If an increase in excess of 10%/\$25.00 occurs because of a change in income or deductions or because of a change in family composition, Rent Phase-in Rules do not apply.*

For TRACS v 2.0.2.D, *Phase-in Percentages for Three-year and Five-year Phase-ins* are:

Year	3 Year Phase-in Percentage	5 Year Phase-in Percentage
1	33%	20%
2	66%	40%
3	100%	60%
4	NA	80%
5	NA	100%

**PBRA RAD Reference – TRACS v 2.0.2.D**  
**Component 1 Converting from PH to PBRA RAD**

**EXAMPLE OF THREE-YEAR PHASE-IN**

**PBRA RAD Contract Effective Date 8/1/2019**

**Three-year Phase-in**

**Conversion IC**

❖ Unit Contract Rent	=	\$600
❖ Total Tenant Payment at RAD Conversion	=	\$100
❖ Rent Override	=	Y
❖ TTP Before Override	=	\$250
❖ <b>TTP</b>	=	<b>\$100</b>
❖ <b>Less UA</b>	=	<b>&lt;\$75&gt;</b>
❖ <b>Tenant Rent</b>	=	<b>\$ 25</b>

10% of \$100 = \$10, so the rent increase would have to be \$25 or more - due solely to conversion to RAD - in order for Rent Phase-in to apply.

**First AR 10/1/2019 – Year 1 @ 33%**

Resident's income is the same. Resident would normally pay a TTP of \$250.

It is determined that *Phase-in* applies (TTP is more than \$25 higher than \$100 TTP at RAD Conversion).

TTP at AR (before override)	=	\$250
Less TTP at RAD Conversion	=	<u>&lt;\$100&gt;</u>
Difference	=	\$150
\$150 x 33%	=	\$50 (\$49.50 rounded up)
TTP at RAD Conversion	=	\$100
Plus, Phase-in Amount	=	<u>\$50</u>
<b>New TTP</b>	=	<b>\$150</b>
<b>Less UA</b>	=	<b>&lt;\$75&gt;</b>
<b>Tenant Rent</b>	=	<b>\$ 75</b>

**GR 8/2020**

**Utility Allowance Remains the Same**

**Contract Rent Increase to \$615**

TTP at GR (before override)	=	\$250
Less Current TTP	=	<u>&lt;\$150&gt;</u>
Difference	=	\$100
\$100 x 33%	=	\$ 33
Current TTP	=	\$150
Plus, Phase-in Amount	=	<u>\$ 33</u>
<b>New TTP</b>	=	<b>\$183</b>
<b>Less UA</b>	=	<b>&lt;\$75&gt;</b>
<b>Tenant Rent</b>	=	<b>\$108</b>

**PBRA RAD Reference – TRACS v 2.0.2.D**  
**Component 1 Converting from PH to PBRA RAD**

**Second AR 10/1/2020 – Year 2 @ 66%**

Resident's income has increased - TTP Before Override is \$375

TTP at AR ( <i>before override</i> )	=	\$375
Less Current TTP		<\$183>
Difference	=	\$192
\$192 x 66%	=	\$127

Current TTP =		\$183
Plus Phase-in Amount		<u>\$127</u>
<b>New TTP</b>	=	<b>\$310</b>
<b>Less UA</b>		<\$75>
<b>Tenant Rent</b>	=	<b>\$235</b>

**GR 8/2021**

**Utility Allowance Increases to \$80,  
 Contract Rent Increase to \$650**

TTP at GR ( <i>before override</i> )	=	\$375
Less Current TTP		<\$310>
Difference	=	\$ 65
\$65 x 66%	=	\$ 43

Current TTP	=	\$310
Plus, Phase-in Amount		<u>\$ 43</u>
<b>New TTP</b>	=	<b>\$353</b>
<b>Less UA</b>		<\$80>
<b>Tenant Rent</b>	=	<b>\$273</b>

**Third AR 10/1/2021 – Year 3 @ 100%**

Resident's income has increased

<b>New TTP</b>	=	<b>\$780</b>
<b>Less UA</b>		<\$80>
<b>Tenant Rent</b>	=	<b>\$700</b>

**WHEN PHASE-IN STOPS BEFORE THE END OF THE PHASE-IN PERIOD**

Rent Phase-in Calculations stop before the end of the Phase-in period when Calculated TTP is equal to or less than the TTP (New TTP) shown on the previous full certification. In some cases, Rent Phase-in may end when EID ends after conversion.

**TTP is Equal to or Less Than TTP on the Previous Certification**

The Phase-in ends when the calculated TTP is less than or equal to Total Tenant Payment on the **prior** certification. Using the example above with an income reduction reflected on the 10/1/2020 AR:

**PBRA RAD Reference – TRACS v 2.0.2.D**  
**Component 1 Converting from PH to PBRA RAD**

**PBRA RAD Contract Effective Date 8/1/2019**

**Three-year Phase-in**

**Conversion IC**

✧ Unit Contract Rent	=	\$600
✧ Total Tenant Payment at RAD Conversion	=	\$100
✧ TTP Before Override	=	\$250
✧ Rent Override	=	Y
✧ <b>TTP At RAD Conversion</b>	=	<b>\$100</b>
✧ <b>Less UA</b>	=	<b>&lt;\$75&gt;</b>
✧ <b>Tenant Rent</b>	=	<b>\$ 25</b>

10% of \$100 = \$10, so the rent increase would have to be \$25 or more, in order for Rent Phase-in to apply.

**First AR 10/1/2019**

Resident's income is the same. Resident would normally pay a TTP of \$250.

It is determined that *Phase-in* applies (*TTP is more than \$25 higher than \$100 TTP at RAD Conversion*).

**Year 1 % = 33%**

TTP at AR ( <i>before override</i> )	=	\$250
Less TTP at RAD Conversion	=	<u>&lt;\$100&gt;</u>
Difference	=	\$150
\$150 x 33%	=	\$50 ( <i>\$49.50 rounded up</i> )
TTP at RAD Conversion	=	\$100
Plus Phase-in Amount	=	<u>\$50</u>
<b>New TTP</b>	=	<b>\$150</b>
<b>Less UA</b>	=	<b>&lt;\$75&gt;</b>
<b>Tenant Rent</b>	=	<b>\$ 75</b>

**IR 3/1/2020 – Year 1 @ 33%**

Resident's income has increased

TTP at IR ( <i>before override</i> )	=	\$775
Less Current TTP	=	<u>&lt;\$150&gt;</u>
Difference	=	\$625
\$625 x 33%	=	\$206
Current TTP	=	\$150
Plus, Phase-in Amount	=	<u>\$206</u>
<b>New TTP</b>	=	<b>\$356</b>
<b>Less UA</b>	=	<b>&lt;\$75&gt;</b>
<b>Tenant Rent</b>	=	<b>\$281</b>

## PBRA RAD Reference – TRACS v 2.0.2.D Component 1 Converting from PH to PBRA RAD

### GR 8/2020

#### Utility Allowance Remains the Same Contract Rent Increase to \$615

TTP at GR ( <i>before override</i> )	=	\$775
Less Current TTP		<\$356>
Difference	=	\$439
\$439 x 33%	=	\$145
Current TTP	=	\$356
Plus, Phase-in Amount		<u>\$145</u>
<b>New TTP</b>	=	<b>\$501</b>
<b>Less UA</b>		<b>&lt;\$75&gt;</b>
<b>Tenant Rent</b>	=	<b>\$426</b>

### Second AR 10/1/2020 – Year 2 @ 66%

Resident's income has **decreased**

TTP at AR ( <i>before override</i> )	=	\$350
Less Current TTP		<u>\$501</u>
Difference	=	<\$151>

Because Calculated TTP is less than TTP on the prior certification (*\$350 is less than \$501*), Phase-in ends. The standard RAD Calculated TTP will be the TTP on the AR.

No Rent Override Option will be needed.

<b>New TTP</b>	=	<b>\$350</b>
<b>Less UA</b>		<b>&lt;\$75&gt;</b>
<b>Tenant Rent</b>	=	<b>\$275</b>

### Additional Information – TRACS v 2.0.3A

The Rent Phase-in rules will change slightly when TRACS v 2.0.3A is released.

- ✧ The annual percentages will change – slowing down the rent increase process.
- ✧ In addition, the determination of whether Rent Phase-in applies will be made when the Conversion IC is created instead of when the first AR or IR after conversion is created.
- ✧ Also, Rent Phase-in will not apply to partial certifications (UT/GR) but rather, will only apply to full certifications (IC, IR, AR).

### Questions About Rent Phase-in

Questions about Rent Phase-in rules should be directed to the HUD Account Executive responsible for the PBRA Contract.

### ANNUAL RECERTIFICATIONS

To ensure that assisted residents pay rents commensurate with their ability to pay, HUD requires Owner/agents to conduct a recertification of family income and composition at least annually. Owner/agents must recalculate residents' rents and assistance payments, if applicable, based on the information gathered.

HH 4350.3 REV-1, Chapter 7 provides detailed instructions for conducting Annual Recertifications.



## PBRA RAD Reference – TRACS v 2.0.2.D Component 1 Converting from PH to PBRA RAD

Owner/agents should refer to HH 4350.3, R1, the MAT Guide Chapter 4 and subsequent Notices for additional information about Annual Recertifications.

[RBD offers an RBD Online Training Workshop discussing Annual Recertification Requirements.](#)

### **INTERIM RECERTIFICATIONS**

Interim Recertifications are required by 24 CFR 5.657 and further information can be found in HH 4350.3. Interim Recertifications are performed when there is a change in family income or family composition. To ensure that assisted residents pay rents commensurate with their ability to pay, residents must supply information requested by the Owner/agent or HUD for use in an Interim Recertification of family income and composition in accordance with HUD requirements.

Residents must notify the Owner/agent when:

- ✧ A family member moves out of the unit;
- ✧ The family proposes to move a new member into the unit;
- ✧ An adult member of the family who was reported as unemployed on the most recent certification or recertification obtains employment; or
- ✧ The family's income cumulatively increases by \$200 or more a month.

Residents 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 (TR) and Assistance Payment (AP) for the resident.

Changes a resident may report include the following:

- ✧ 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;
- ✧ Increases in allowances including, but not limited to, increased medical expenses, and higher child care costs; and
- ✧ 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.

Residents are not required to report when a family member turns 18 years of age between Annual Recertifications. However, residents must follow the requirements in their lease for reporting changes in the household income.

Owners must process an Interim Recertification if a resident reports:

- ✧ A change in family composition;
- ✧ An increase in a family's cumulative income of \$200 or more a month;
- ✧ An increase in allowances (e.g., number of dependents, a new disability assistance expense);
- ✧ Most decreases in income except in circumstances described in HUD Handbook 4350.3 Paragraph 7-11.D; or
- ✧ A change in citizenship or eligible immigration status of any family member

If a resident reports a change in income that does not increase the household's cumulative income by \$200 or more a month, the Owner/agent should not process an Interim Recertification to increase the resident's rent.

If a resident 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/agent should not include the increase in income in processing the Interim Recertification.

Upon receiving a resident request for an Interim Recertification, Owner/agents 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 resident. Generally, this should not exceed four weeks.

## PBRA RAD Reference – TRACS v 2.0.2.D Component 1 Converting from PH to PBRA RAD

Owner/agents should not recertify a resident receiving welfare assistance in an as-paid welfare program when the Public Assistance Agency reduces the resident's shelter and Utility Allowance because it is greater than the resident's actual rent.

Owner/agents may delay, but not refuse, to process an Interim Recertification if they have confirmation that a resident's income will be partially or fully restored within two months.

Processing may be delayed only until the new income is known.

Owner/agents do not have to perform Interim Recertifications for individual residents who are paying market rent due to non-compliance with the lease or with HUD requirements.

Owner/agents should refer to HH 4350.3, R1 and subsequent Notices for additional information about Interim Recertifications.

Owner/agents are required to perform Interim Recertifications when the AP is zero or negative based on the S8 RAD Rent Calculation.

**[RBD offers an RBD Online Training Workshop discussing Interim Recertification Requirements.](#)**

TRACS Tenant Files should be submitted throughout the month as certifications are completed.

### **FAIR HOUSING**

Fair Housing refers to a collection of laws that prohibit discrimination. Some fair housing requirements apply to all properties – regardless of federal funding – and some requirements apply only to those properties that receive federal funds.

Owner/agents of PBRA RAD properties are required to comply with all fair housing requirements set forth in HUD regulations. This includes but is not limited to:

- ✧ [Title VI of the Civil Rights Act of 1964](#)
- ✧ [The Fair Housing Act/Fair Housing Amendment Act](#)
- ✧ The [Americans with Disabilities Act](#)
- ✧ [Section 504 or the Rehabilitation Act](#)
- ✧ The Violence Against Women Reauthorization Act (See HSG Notice 2017-05 [Violence Against Women Act \(VAWA\) Reauthorization Act of 2013 – Additional Guidance for Multifamily Owners and Management Agents](#))
- ✧ [Limited English Proficiency](#)
- ✧ [The Equal Access Rule](#)
- ✧ [Affirmative Fair Housing](#)
- ✧ [Uniform Federal Accessibility Standards \(UFAS\)/ADA Accessibility Guidelines](#)

**[RBD offers an RBD Online Training Workshop discussing Fair Housing Requirements for Federally Funded Properties and The Responsibilities of the Section 504 Coordinator.](#)**

### **SECTION 504 OF THE REHABILITATION ACT**

The Rehabilitation Act prohibits discrimination on the basis of disability in programs conducted by Federal agencies, in programs receiving Federal financial assistance, in Federal employment, and in the employment practices of Federal contractors. This includes those properties with project-based HUD assistance programs and properties accepting vouchers through HUD's resident-based assistance programs.

The scope of Section 504's coverage was to ensure that all federally funded programs are readily accessible and usable by qualified people with disabilities.

## PBRA RAD Reference – TRACS v 2.0.2.D Component 1 Converting from PH to PBRA RAD

Section 504 establishes certain **affirmative** accessibility standards that Owner/agents must meet regardless of whether or not an applicant or resident has made an individual request for a reasonable accommodation.

### **Section 504 Coordinators**

For properties accepting government subsidy, when an owner, managing entity, or project employs 15 or more people, regardless of their location or duties, the owner or managing entity must designate one person to coordinate efforts to comply with Section 504 requirements.

At the owner's discretion, this person may handle Section 504 matters for more than one property.

### **HUD/DOJ Joint Statements**

The Department of Justice ("DOJ") and the Department of Housing and Urban Development ("HUD") are jointly responsible for enforcing the federal Fair Housing laws. HUD and DOJ frequently respond to complaints alleging that Owner/agents have violated the Act by refusing reasonable accommodations/modifications to persons with disabilities.

In order to respond to frequently asked questions regarding reasonable accommodation and modification and questions about construction requirements, The Department of Housing and the Department of Justice released the HUD/DOJ joint statements. They can be found with other resources on HUD's web site.

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/fair\\_housing\\_equal\\_opp/library#Guidance](http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/library#Guidance)

It is recommended that all property managers, especially the 504 Coordinators, become familiar with the HUD/DOJ joint statements. These documents are provided to assist housing providers when they are considering requests for reasonable accommodation and/or modification.

### **AFFIRMATIVE FAIR HOUSING MARKETING PLANS**

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 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, Chapter 2 for a discussion of Civil Rights Related Program Requirements.

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.

### **THE VIOLENCE AGAINST WOMEN ACT**

At the end of October 2016, HUD finalized a new rule to protect the housing of survivors of domestic and dating violence, sexual assault and stalking. The new Final Rule [Violence Against Women Reauthorization Act of 2013: Implementation in HUD Housing Programs](#), was posted to the Federal Register on November 16, 2016. HUD Subsequently released two Notices.

PIH Notice 2017-08 [Violence Against Women Reauthorization Act of 2013 Guidance](#) and HSG Notice 2017-05 [Violence Against Women Act \(VAWA\) Reauthorization Act of 2013 – Additional Guidance for Multifamily Owners and Management Agents](#)

## PBRA RAD Reference – TRACS v 2.0.2.D

### Component 1 Converting from PH to PBRA RAD

Owner/agents must develop policies to comply with guidance provided for MFH. This includes:

- ✧ Development of a VAWA Policy
  - Included in the TSP
  - Included in the House Rules
- ✧ Development of a VAWA Emergency Transfer Plan
- ✧ Provision for distributing VAWA forms (HUD 5380 and HUD 5382) in compliance with Notice Requirements outlined in HSG Notice 2017-05 [Violence Against Women Act \(VAWA\) Reauthorization Act of 2013 – Additional Guidance for Multifamily Owners and Management Agents](#)

**RBD offers a [VAWA FASTForms](#) package that provides a VAWA Policy template with supporting notices, forms and checklists.**

**RBD offers an [RBD Online Training Workshop](#) discussing VAWA requirements specific to MFH.**

#### **THE SEXUAL HARASSMENT IN FAIR HOUSING INITIATIVE**

Sexual harassment in housing includes demands for sex or sexual acts in order to buy, rent or continue renting a home. It also includes other unwelcome sexual conduct that makes it hard to keep living in or feel comfortable in your home.

Applicants and residents are encouraged to contact the property management staff or the owner/agent if they feel that they are a victim of sexual harassment by any landlord, property manager, maintenance staff or other people who have control over housing.

#### **THE EQUAL ACCESS RULE**

In 2012, then Secretary of Housing Shaun Donovan introduced a change in housing protections. In February 2015, HUD released HSG Notice 2015-01 [Notice of Program Eligibility for HUD Assisted and Insured Housing Programs for All People Regardless of Sexual Orientation, Gender Identity or Marital Status as Required by HUD's Equal Access Rule](#). In July 2015, HUD released Housing Notice 2015-06 [Program Eligibility in Multifamily Assisted and Insured Housing Programs in Accordance with HUD's Equal Access Rule](#).

These Notice provide guidance for Owner/agents developing communications explaining protections in place to ensure equal access to housing opportunities regardless of sexual orientation, gender identity or marital status. New language was added to the CFR 24 CFR 5.105

#### **TITLE VI OF THE CIVIL RIGHTS ACT OF 1964**

Title VI of the Civil Rights Act of 1964 prohibits discrimination on the basis of race, color, or national origin in all HUD-assisted programs. In addition to enforcing other Federal statutes that prohibit discrimination in housing, HUD has a statutory obligation to ensure that families and individuals are not subjected to discrimination on the basis of race, color, or national origin by any HUD-funded grantee or sponsor.

#### **LIMITED ENGLISH PROFICIENCY (LEP)**

On January 2, 2007, HUD released the Final Rule: [Final Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons](#).

The effective date of the Final Rule was February 21, 2007. Owner/agents are required to make reasonable efforts to provide language assistance to ensure meaningful access for LEP persons.

To do this, Owner/agents should:

1. Conduct a four-factor analysis;
2. Develop a language access plan (LAP); and
3. Provide appropriate language assistance.

## PBRA RAD Reference – TRACS v 2.0.2.D

### Component 1 Converting from PH to PBRA RAD

Refusing to serve LEP persons or not adequately serving or delaying services to LEP persons would violate Title VI. Owner/agents must ensure nondiscrimination by taking reasonable steps to ensure meaningful access for persons who experience LEP.

An individual property assessment of the following four factors will allow each Owner/agent to understand the effort required to do so:

1. The number or proportion of LEP persons served or encountered in the eligible service population;
2. The frequency with which LEP persons come into contact with the program; ·
3. The nature and importance of the program, activity, or service provided by the program; and ·
4. The resources available and costs to the recipient.

Owner/agents may develop a Language Assistance Plan (LAP) to address identified needs of the LEP populations it serves. Some elements included in a well-designed LAP include:

- ✧ Identifying LEP persons who need language assistance and the specific language assistance that is needed;
- ✧ Identifying the points and types of contact the agency and staff may have with LEP persons;
- ✧ Identifying ways in which language assistance will be provided; ·
- ✧ Outreaching effectively to the LEP community;
- ✧ Training staff;
- ✧ Providing interpreters for large, medium, small, and one-on-one meetings;
- ✧ Developing community resources, partnerships, and other relationships to help with the provision of language services; and
- ✧ Making provisions for monitoring and updating the LAP, including seeking input from beneficiaries and the community on how it is working and on what other actions should be taken
- ✧ Determining which documents and informational materials are vital;
- ✧ Translating informational materials in identified language(s) that detail services and activities provided to beneficiaries
- ✧ Providing appropriately translated notices to LEP persons.

Owner/agents must make sure that applicants and residents who do not speak English, have meaningful access to critical documents. This does not always mean that Owner/agents must provide translated versions of every form or notice. However, it does mean that Owner/agents will work with the resident to ensure important information is communicated in an effective manner.

For example, have a contract with another organization to supply an interpreter when needed; use a telephone service line interpreter; or, if it would not impose an undue burden, or delay or deny meaningful access to the client, the agency may seek the assistance of another agency in the same community with bilingual staff to help provide oral interpretation service.

HUD has identified their own critical documents and provided alternative language versions on the [HUD LEP web site](#). These include:

- ✧ Brochures, Booklets & Fact Sheets
- ✧ Forms
- ✧ Posters
- ✧ All four HUD model leases
- ✧ HUD Form 9887
- ✧ HUD Form 903.1 “Are You a Victim of Discrimination”
- ✧ The Resident Rights & Responsibilities
- ✧ Is Fraud Worth It? (Spanish)
- ✧ The HUD Fact Sheet – How Your Rent is Determined
- ✧ The EIV & You Brochure

## PBRA RAD Reference – TRACS v 2.0.2.D Component 1 Converting from PH to PBRA RAD

Additional information about Limited English Proficiency Requirements can be found on HUD’s web site. HUD also provides answers to frequently asked questions about LEP at:  
[https://portal.hud.gov/hudportal/HUD?src=/program\\_offices/fair\\_housing\\_equal\\_opp/promotingfh/lep-faq](https://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/promotingfh/lep-faq).

### **CLOSING**

HUD guidance about the PBRA RAD program continues to be enhanced as more and more properties convert.

In addition, HUD has been granted Congressional approval to expand the RAD program and will offer RAD contract opportunities to owner/agents managing the 202 PRAC program.

PHA and OAs should stay abreast of any changes affecting HUD’s Multifamily Housing programs in general and specifically to PBRA RAD.

### **ROSS BUSINESS DEVELOPMENT – TRAINING AND POLICY DEVELOPMENT**

Ross Business Development (RBD) is a woman-owned small business based in Atlanta, GA. Our sole focus is to provide compliance support for Owner/agents of multi-family housing communities who are participating in HUD’s MFH PBRA programs.

### **RBD provides training, policy development, occupancy consulting, fair housing consulting and systems support (EIV and TRACS).**

This document is provided as a courtesy to our customers, but you may be interested in additional RBD Offerings.

We provide links to valuable training and management references and resources from our web site. Visit our [Resources Page](#) to find links to HUD Forms, HUD Questions & Answers, EIV Resources, TRACS Resources, HUDBlast Archives and much more.

You can also sign up for the [HUDBlast](#) and receive our RBD HUDBlast Newsletter that provides you with information about HUD changes as they relate to the MFH PBRA property manager.

We offer forms packages that provide templates for key policies including supporting documents. These are referred to as [RBD FASTForms](#). Templates allow you to take sample policies and modify them to conform to your own management practices. Offerings include [RAD FASTForms](#), [TSP FASTForms](#), [EIV FASTForms](#), [VAWA FASTForms](#), [House Rule FASTForms](#), [Reasonable Modifications & Accommodations FASTForms](#), [MOR FASTForms](#).

Supporting notices, checklists and other forms are included on these FASTForms. You can find additional information on our web site at <https://www.rbdnow.com/fast-forms>. If you don’t have the time or expertise to develop your own policies and supporting forms, we can customize these policies for you.

We offer both [online training](#), [classroom training](#) and personal instructor-led training. Customers can participate in “open” classes or schedule custom training as desired.

### **CONTACT**

If you have questions or comments about this document, please feel free to contact Mary Ross, President, Ross Business Development, Inc.

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[info@rbdnow.com](mailto:info@rbdnow.com)

770-424-1806 (office number)



**PBRA RAD Reference – TRACS v 2.0.2.D**  
**Component 1 Converting from PH to PBRA RAD**

**APPENDIX A: COMPONENT 1 PBRA RAD CONVERSION CHECKLIST 202D**

Component 1 Conversion to PBRA RAD Task
If planning substantial rehab, contact REAC to request delay of any REAC inspection until rehab is complete
Develop Conversion Package for residents in place at time of conversion <i>(include LIHTC processes if applicable)</i>
Gather pertinent information for all resident participating in FSS if applicable
Transfer FSS account funds of all participating families into a single depository account
Gather pertinent information for all residents qualified for EID
Copy any EID documentation for new tenant file
Gather pertinent information for all residents in Repayment and determine how funds are returned to the PHA
Send EOP to PIC to End Participation for existing residents
Provide Residents with RAD Conversion Package – This includes the Lease Termination Notice (not an adverse action), RAD Questionnaire, and other required documents. If LIHTC, should include LIHTC Questionnaire as well.
Meet with Residents
If LIHTC, make sure all residents are LIHTC eligible. If not, address as appropriate.
Obtain TRACS Compliant Software <i>(if converting, there are additional steps)</i>
Develop House Rules <i>(must include mandatory language re: termination and grievance policies)</i>
Develop Pet Rules and Assistance Animal Rules
Develop Tenant Selection Plan including any preferences <i>(RAD properties do not qualify for an elderly designation – any elderly preference must be approved by HUD)</i>
Develop Application/Pre-Application & Application Package <i>(include LIHTC processes if applicable)</i>
Develop Lease Package for existing residents <i>(include LIHTC lease documents if applicable)</i>
Update FSS Lease Addendum if applicable
Obtain approval for FSS Lease Addendum if applicable
Develop Lease Package for new residents <i>(include LIHTC lease documents if applicable)</i>
Develop EIV Policy
Develop VAWA Policy including VAWA Emergency Transfer (VET) Process
Develop AR Package
Register Property with Secure Systems to obtain access
Register DUNS number with System for Award Management (SAM)
WASS Access <i>(Coordinator)- If users already have access, you only need to obtain TRACSMail ID</i>
Request a TRACSMail ID for each property/contract
Complete Cyber Awareness Challenge and print certificates <i>(all staff with access to tenant certification files)</i>
TRACS Access <i>(Coordinators and Users)</i>
Access TRACS and print TRACS ROBs for all Coordinators and Users
Terminate access to PIH EIV <i>(PH/Mod Rehab)</i>
EIV Access Multifamily <i>(Coordinator)</i>
EIV Access Multifamily <i>(Users)</i>
EIV ROBs for anyone without access to systems but with access to tenant files
APPS Access
Identify and introduce yourself to HUD Account Executive (AE)
Define Unit Numbers <i>(Unique within the property)– Changing unit numbers causes problems so be sure you are using a numbering format that will work in the future. Don't make something up thinking it will be easy to change later.</i>
List all units that will be or are vacant for Rehab using HUD/TRACS Unit Numbering. Include any residents that will be or have been relocated for Rehab – Use to track residents' return
Prepare Rehab Assistance Expense Schedule <i>(Component 1 Only)</i>
Enter Contract Information in Software and double check entry – <i>Please double check</i>
<ul style="list-style-type: none"> <li>• Contract Number</li> </ul>

**PBRA RAD Reference – TRACS v 2.0.2.D**  
**Component 1 Converting from PH to PBRA RAD**

Component 1 Conversion to PBRA RAD Task	
	<ul style="list-style-type: none"> <li>• Contract Rent</li> </ul>
	<ul style="list-style-type: none"> <li>• Utility Allowance</li> </ul>
	<ul style="list-style-type: none"> <li>• Unit Mix (<i>number of 1BR, 2BR, 3BR, etc.</i>)</li> </ul>
	<ul style="list-style-type: none"> <li>• Total Number of Units in Contract</li> </ul>
	Create Conversion ICs for all existing residents including those already relocated for rehab <i>You must follow RAD special rules when Conversion IC is effective on same date as AR or IR. You must follow rules re: Rehab Assistance. You must follow special rules when AP is zero or negative. You must follow special rules if residents were relocated prior to Contract Effective Date.</i>
	Double Check “Next Recertification Dates” to make sure they match 50058 submitted prior to RAD Conversion <i>(This is very important to ensure annual review of income as required)</i>
	Double Check “TTP” to make it matches 50058 submitted prior to RAD Conversion unless RAD calculated TTP is lower
	Prepare Lease Package for each family
	Prepare Initial Reminder or Requirement to Recertify
	Obtain signatures for all required resident documents
	Provide copies to resident
	Submit Conversion ICs to TRACS
	Check site software/iMAX to identify any Errors sent from TRACS
	Check TRACS <i>Certification Query</i> to make sure all ICs were recorded successfully
	Check TRACS <i>Certifications with Discrepancies</i> Report and address errors as appropriate
	For residents with AR/IR effective on Contract Effective Date, send corrected Conversion IC
	For residents relocating for RAD Rehab, create TM using RR Termination Code <i>(do not create a MO). Effective Date is the last day the resident remains in the unit and receives subsidy. If any resident was relocated prior to the Contract Effective Date Terminate using Code NS and the effective date is equal to the effective date of the Conversion IC.</i>
	Continue to process 50059s and 50059As as required by HUD
Component 1 – Voucher Submission	
Every Month During Year of Conversion (YOC) – RAD Contract Effective Date through December 31 of same year (e.g. June 1, 2019 through December 31, 2019)	
	Create monthly voucher in software - <i>(last YOC voucher - December voucher - will be created in November)</i>
	Check the number of units
	Check rent amounts
	Check UA amounts
	Create Rehab Assistance Schedule
	Print, sign and scan Rehab Assistance Schedule for that Month
	202D Enter Miscellaneous Accounting Request – OARQ for Rehab Assistance Amount for that month
	202D Enter Miscellaneous Accounting Request – OARQ to reduce the voucher Requested Amount to Zero
	Check to make sure voucher requested amount is zero
	Finalize voucher in site software
	Print, sign and scan voucher
	Submit scanned voucher and Rehab Assistance Schedule to HUD AE and request permission to submit to TRACS <i>(Please note the Contract Number and the voucher month in the subject line of the email)</i>
	AE approves voucher & Rehab Assistance Schedule
	Submit to TRACS – <i>Do not submit vouchers to TRACS until you receive AE approval</i>
	Check TRACS to make sure voucher was recorded successfully
	Compliance percentage should be 100% - if not, conduct voucher audit and track status of inactive residents as appropriate
	TRACS Status should be P10 or P00 – investigate any other status
	Requested amount must be \$0

**PBRA RAD Reference – TRACS v 2.0.2.D**  
**Component 1 Converting from PH to PBRA RAD**

Component 1 Conversion to PBRA RAD Task	
	Address any voucher issues if applicable
	Repeat each month – <i>Please note, after December voucher is submitted (In November) voucher submission process changes</i>
	Six months before RAD Contract Anniversary Date, start preparing for OCAF and UA adjustments
	Five months before RAD Contract Anniversary Date, notify resident of proposed OCAF and UA adjustments
	Four months before RAD Contract Anniversary Date, submit OCAF and UA adjustments to HUD AE for approval
	Obtain copy of executed HUD Rent Schedule ( <i>signed by HUD</i> )
	Enter Gross Rent Change ( <i>for both Contract Rent and UA</i> ) in site software
	Print 50059As and 50059s as appropriate
	OA must sign all GRCs
	No tenant signature is required for 50059 or 50059A if there is no change to Tenant Rent (TR)
	HOH must sign 50059A if TR goes up or down ( <i>30-day notice is required if UA decreases and TR increases or if TR increases for any other reason</i> )
	All adult household members must sign 50059 if GR is effective on the same day as a 50059 (AR, MI, IR) and TR goes up or down ( <i>30-day notice is required if UA decreases and TR increases</i> )
	Provide residents with copy of appropriate certification and include original in tenant file
	Submit GRC to TRACS with other certification submissions ( <i>special rules apply if the GRC is retroactive</i> )
	In October or November, contact HUD Account Executive (AE) and check on the status of funding for RAD contract
Voucher Submission – Component 1 After YOC Starting with January Voucher created in December	
	In December, create January voucher in software ( <i>no later than December 10</i> )
	Create January Rehab Assistance Schedule ( <i>if OA is still entitled to Rehab Assistance</i> )
	Print, sign and scan Rehab Assistance Schedule for January ( <i>if OA is still entitled to Rehab Assistance</i> )
	Enter Miscellaneous Accounting Request – OARQ for Rehab Assistance Amount for January ( <i>if OA is still entitled to Rehab Assistance</i> )
	Finalize January voucher in site software
	Print, sign and scan January voucher
	Submit scanned January voucher and January Rehab Assistance Schedule ( <i>if OA is still entitled to Rehab Assistance</i> ) to HUD AE and request permission to submit to TRACS ( <i>Please note the Contract Number and the voucher month in the subject line of the email</i> )
	HUD AE approves January voucher & January Rehab Assistance Schedule ( <i>if OA is still entitled to Rehab Assistance</i> )
	Submit January voucher and certifications to TRACS ( <i>Do not submit to TRACS until you have AE approval</i> )
	Check TRACS to make sure voucher was recorded successfully
	Compliance percentage should be 100% - if not, conduct voucher audit and track status of inactive residents as appropriate
	<b>TRACS Voucher Status will be T31 – VOUCHER FAILED TRACS THRESHOLD EDIT; REQUIRES REVIEW BY HUD/FOB</b>
	Email scanned copy of January voucher and January Rehab Assistance Schedule ( <i>if OA is still entitled to Rehab Assistance</i> ) to <a href="mailto:Voucherprocessing@HUD.Gov">Voucherprocessing@HUD.Gov</a> and copy your HUD AE ( <i>Please note the Contract Number and the voucher month in the subject line of the email – please note the voucher ID in the subject line or body of the email</i> )
	For a Component 1 PBRA RAD Contract that is entering Year 2, January and February and sometime March vouchers will be suspended for review.  Once voucher processing receives the scanned voucher, it is supposed to be assigned within 3 days. Voucher Processing will provide a response within 21 days. Once the voucher processors have completed their review, they may 1) approve the voucher – voucher status will change to P00, 2) ask for additional information or 3) reject the voucher – the voucher status in TRACS must be changed to T30 in order for an OA to submit a corrected voucher. The OA must check to make sure this has occurred before submitting any corrections. The corrected voucher must include the voucher ID created in TRACS.

**PBRA RAD Reference – TRACS v 2.0.2.D**  
**Component 1 Converting from PH to PBRA RAD**

Component 1 Conversion to PBRA RAD Task	
	<p>If the OA does not receive a response within 21 days, the OA can contact the AE to see if they can assist in determining why there is a delay.</p> <p>If the voucher is rejected, this whole process starts again. The OA has to fix the voucher, resubmit the correction to TRACS, wait for the T31 error, send the scanned copy of the corrected voucher to voucher processing.</p>
	Create February voucher in software
	Create February Rehab Assistance Schedule <i>(if OA is still entitled to Rehab Assistance)</i>
	Print, sign and scan February Rehab Assistance Schedule <i>(if OA is still entitled to Rehab Assistance)</i>
	Enter Miscellaneous Accounting Request – OARQ for Rehab Assistance Amount for that month <i>(if OA is still entitled to Rehab Assistance)</i>
	Voucher Processing approves January voucher
	Finalize February voucher in site software
	Print, sign and scan February voucher
	Submit scanned February voucher and February Rehab Assistance Schedule to HUD AE and request permission to submit to TRACS <i>(Please note the Contract Number and the voucher month in the subject line of the email)</i>
	AE approves February voucher & February Rehab Assistance Schedule <i>(if OA is still entitled to Rehab Assistance)</i>
	Submit February voucher and certifications to TRACS – <i>Do not submit the February voucher to TRACS until AE approves February voucher and Voucher Processing approves the January voucher</i>
	Check TRACS to make sure voucher was recorded successfully
	Compliance percentage should be 100% - if not, conduct voucher audit and track status of inactive residents as appropriate
	TRACS Status will be T31 – VOUCHER FAILED TRACS THRESHOLD EDIT; REQUIRES REVIEW BY HUD/FOB
	Email scanned copy of February voucher and February Rehab Assistance Schedule <i>(if OA is still entitled to Rehab Assistance)</i> to <a href="mailto:Voucherprocessing@HUD.Gov">Voucherprocessing@HUD.Gov</a> and copy your HUD AE <i>(Please note the Contract Number and the voucher month in the subject line of the email)</i>
	<p>For a Component 1 PBRA RAD Contract that is entering Year 2, January and February and sometime March vouchers will be suspended for review.</p> <p>Once voucher processing receives the scanned voucher, it is supposed to be assigned within 3 days. Voucher Processing will provide a response within 21 days. Once the voucher processors have completed their review they may 1) approve the voucher – voucher status will change to P00, 2) ask for additional information or 3) reject the voucher – the voucher status in TRACS must be changed to T30 in order for an OA to submit a corrected voucher. The OA must check to make sure this has occurred before submitting any corrections. The corrected voucher must include the voucher ID created in TRACS.</p> <p>If the OA does not receive a response within 21 days, the OA can contact the AE to see if they can assist in determining why there is a delay.</p> <p>If the voucher is rejected, this whole process starts again. The OA has to fix the voucher, resubmit the correction to TRACS, wait for the T31 error, send the scanned copy to voucher processing.</p>
	<p>For a Component 1 PBRA RAD Contract that is entering Year 2, January and February and sometime March vouchers will be suspended for review.</p> <p>Once voucher processing receives the scanned voucher, it is supposed to be assigned within 3 days. Voucher Processing will provide a response within 21 days. Once the voucher processors have completed their review they may 1) approve the voucher – voucher status will change to P00, 2) ask for additional information or 3) reject the voucher – the voucher status in TRACS must be changed to T30 in order for an OA to submit a corrected voucher. The OA must check to make sure this has occurred before submitting any corrections. The corrected voucher must</p>



**PBRA RAD Reference – TRACS v 2.0.2.D**  
**Component 1 Converting from PH to PBRA RAD**

Component 1 Conversion to PBRA RAD Task	
	<p>include the voucher ID created in TRACS.</p> <p>If the OA does not receive a response within 21 days, the OA can contact the AE to see if they can assist in determining why there is a delay.</p> <p>If the voucher is rejected, this whole process starts again. The OA has to fix the voucher, resubmit the correction to TRACS, wait for the T31 error, send the scanned copy to voucher processing.</p>
	Create March voucher in software
	Create March Rehab Assistance Schedule <i>(if OA is still entitled to Rehab Assistance)</i>
	Print, sign and scan March Rehab Assistance Schedule for March <i>(if OA is still entitled to Rehab Assistance)</i>
	Enter Miscellaneous Accounting Request – OARQ for Rehab Assistance Amount for March <i>(if OA is still entitled to Rehab Assistance)</i>
	Voucher Processing approves February voucher
	Finalize March voucher in site software
	Print, sign and scan March voucher
	Submit scanned March voucher and March Rehab Assistance Schedule <i>(if OA is still entitled to Rehab Assistance)</i> to HUD AE and request permission to submit to TRACS <i>(Please note the Contract Number and the voucher month in the subject line of the email)</i>
	AE approves March voucher & March Rehab Assistance Schedule <i>(if OA is still entitled to Rehab Assistance)</i>
	Submit March voucher and certifications to TRACS – <i>Do not submit the March voucher to TRACS until AE approves the March voucher and Voucher Processing approves the February voucher</i>
	Check TRACS to make sure voucher was recorded successfully
	Compliance percentage should be 100% - if not, conduct voucher audit and track status of inactive residents as appropriate
	If TRACS Status is P10 – Your voucher has been accepted and will go through the normal process and you can prepare the April voucher using normal process
	If TRACS Status is T31 – VOUCHER FAILED TRACS THRESHOLD EDIT; REQUIRES REVIEW BY HUD/FOB
	Email scanned copy of March voucher and March Rehab Assistance Schedule <i>(if OA is still entitled to Rehab Assistance)</i> to <a href="mailto:Voucherprocessing@HUD.Gov">Voucherprocessing@HUD.Gov</a> and copy your HUD AE <i>(Please note the Contract Number and the voucher month in the subject line of the email)</i>
	<p>For a Component 1 PBRA RAD Contract that is entering Year 2, January and February and sometime March vouchers will be suspended for review.</p> <p>Once voucher processing receives the scanned voucher, it is supposed to be assigned within 3 days. Voucher Processing will provide a response within 21 days. Once the voucher processors have completed their review they may 1) approve the voucher – voucher status will change to P00, 2) ask for additional information or 3) reject the voucher – the voucher status in TRACS must be changed to T30 in order for an OA to submit a corrected voucher. The OA must check to make sure this has occurred before submitting any corrections. The corrected voucher must include the voucher ID created in TRACS.</p> <p>If the OA does not receive a response within 21 days, the OA can contact the AE to see if they can assist in determining why there is a delay.</p> <p>If the voucher is rejected, this whole process starts again. The OA has to fix the voucher, resubmit the correction to TRACS, wait for the T31 error, send the scanned copy to voucher processing.</p>
	Create April voucher in software
	Create April Rehab Assistance Schedule <i>(if OA is still entitled to Rehab Assistance)</i>
	Print, sign and scan Rehab Assistance Schedule for April <i>(if OA is still entitled to Rehab Assistance)</i>

**PBRA RAD Reference – TRACS v 2.0.2.D**  
**Component 1 Converting from PH to PBRA RAD**

Component 1 Conversion to PBRA RAD Task	
	Enter Miscellaneous Accounting Request – OARQ for Rehab Assistance Amount for April ( <i>if OA is still entitled to Rehab Assistance</i> )
	Voucher Processing approves March voucher
	Finalize voucher in site software
	Print, sign and scan voucher
	Submit scanned voucher and Rehab Assistance Schedule ( <i>if OA is still entitled to Rehab Assistance</i> ) to HUD AE and request permission to submit to TRACS ( <i>Please note the Contract Number and the voucher month in the subject line of the email</i> )
	AE approves April voucher & April Rehab Assistance Schedule ( <i>if OA is still entitled to Rehab Assistance</i> )
	Submit April voucher and certifications to TRACS – <i>Do not submit the April voucher to TRACS until AE approves April voucher and Voucher Processing approves the March voucher</i>
	Check TRACS to make sure voucher was recorded successfully
	Compliance percentage should be 100% - if not, conduct voucher audit and track status of inactive residents as appropriate
	If TRACS Status is P10 – Your voucher has been accepted and will go through the normal process and you can prepare the May voucher using normal process. Your PBRA RAD Contract should follow normal HUD submissions processes now.
	Repeat voucher & certification submission process each month



## PBRA RAD Reference – Converting to PBRA RAD

### APPENDIX B: REVIEW OF DIFFERENCES – PBRA RAD VS STANDARD SECTION 8

Contract Rent – The HUD-assigned Rent for the Unit before any Utility Allowance is considered

Utility Allowance (UA) – The HUD approved Utility Allowance for a Unit

Gross Rent (GR) – Contract Rent plus the Utility Allowance

Operating Rent – The GR for a PRAC Unit

LIHTC Max Rent – The Maximum Rent for a unit as indicated on the LIHTC documents

LIHTC Utility Allowance (LIHTC UA) – Any Utility Allowance - not the HUD Utility Allowance - that may affect the LIHTC Maximum Rent that a resident would pay under the RAD Rules

Tax Credit Rent – LIHTC Max Rent less any LIHTC UA

Total Tenant Payment (TTP) – The greater of 10% of Annualized Income or 30% of Adjusted Income under HUD rules

RAD Calculated TTP – Component 1 calculation that may result in a TTP greater than Gross Rent

Assistance Payment (AP) – The portion of the Gross Rent paid by HUD

Section 8	PBRA RAD
Assigned to Contract Administrator ( <i>in most cases</i> )	HUD Account Executive or Resolution Specialist assigned by HUD to act as Contract Administrator
Application/Eligibility	
<p>HOH, co-HOH or spouse must be 62 or older or disabled for <b>S8 Elderly</b> or <b>202/8</b> only.</p> <p>No elderly eligibility requirement for other S8 properties</p> <p>Under Section 8 Definition A – <b>5.403] Elderly Family</b>. <i>Elderly family means a family whose head or spouse or sole member is a person who is at least 62 years of age. It may include two or more persons who are at least 62 years of age living together, or one or more persons who are at least 62 years of age living with one or more live-in aides</i></p>	<p><b>Component 1 and Component 2</b> (Except PRAC to RAD) - No elderly eligibility designation (<i>OAs may establish an elderly preference with HUD approval</i>)</p> <p><b>Component 2 PRAC to PBRA RAD</b> - Elderly eligibility designation. Section 8 Definition A – <b>5.403] Elderly Family</b>. <i>Elderly family means a family whose head or spouse or sole member is a person who is at least 62 years of age.</i></p> <p>For PBRA RAD – used for <u>eligibility for deductions</u>. Under Section 8 Definition A – <b>5.403] Elderly Family</b>. <i>Elderly family means a family whose head or spouse or sole member is a person who is at least 62 years of age.</i></p>
No required applicant preferences	<p>Preference required - Right to Return - Residents in place at the time of the PBRA RAD</p> <p>As the purpose of the conversion of SRO assistance to assistance under a PBRA contract is to place the properties on a more sustainable footing while retaining and preserving the original purpose of SRO properties to serve the homeless, the following requirements apply specifically to SRO conversions. All properties converted shall follow procedures under the PBRA programs to establish an Admissions Preference for converted properties for homeless individuals or families.</p>
TTP must be less than GR at MI or IC	<p><b>For Component 1</b> - TTP does not have to be less than GR at MI or IC – RAD Calculated TTP can be equal to or greater than GR (Ap is zero or negative)</p> <p><i>Note: TRACS v 2.0.2.D will reject this transaction. OAs must implement published “work-around”.</i></p> <p><b>Component 1 Mod Rehab to PBRA RAD and Component 2 PBRA RAD.</b> - TTP must be less than GR at MI or IC</p>

**PBRA RAD Reference – TRACS v 2.0.2.D**  
**Component 1 Converting from PH to PBRA RAD**

Section 8	PBRA RAD
Pre 81 Universe – Low income, Very-low income (VLI) & Extremely-Low income (ELI) are qualified Post 81 Universe - Very-low income (VLI) & Extremely-Low income (ELI) are qualified	<b>For Component 1</b> Post 81 Universe – but allowed to admit Low income (25% monitored at HQ), Very-low income (VLI), Extremely-low income (ELI) are qualified <b>Component 2: Mod Rehab/Rent Supp/RAP to PBRA RAD:</b> Post 81 Universe – but allowed to admit Low income (25%), Very-low income (VLI), Extremely-low income (ELI) are qualified  <b>Component 2 PRAC to PBRA RAD</b> Post 81 Universe - Very-low income (VLI) & Extremely-Low income (ELI) are qualified
S8 Citizenship Eligibility Rules	S8 Citizenship Eligibility Rules
S8 Student Eligibility Rules	S8 Student Eligibility Rules
Rent Calculation	
Minimum Rent = \$25.00	Minimum Rent = \$25.00
Rent Calculation	
Non-citizen proration	Non-citizen proration when Assistance Payment (AP) is positive
Assistance may be terminated <b>for non-compliance</b> with program rules such as failure to participate in the AR tasks	<b>Component 1 and Component 2:</b> Assistance may be terminated for non-compliance with program rules such as failure to participate in AR tasks  <b>If there is no LIHTC funding in place,</b> Terminated resident pays Contract Rent.  <b>If there is LIHTC funding in place,</b> A terminated resident may never pay more than Tax Credit Rent but may pay less. When LIHTC Max Rent is more than Contract Rent, the terminated resident may pay Contract Rent or an amount up to the Tax Credit Rent. When LIHTC Max Rent is less Contract Rent, the terminated resident must pay the Tax Credit Rent. In this case, AP must not be positive.
Calculated TTP is lesser of 10% of Annual Income or 30% of Adjusted Income with cap at Gross Rent	Calculated TTP is lesser of 10% of Annual Income or 30% of Adjusted Income  <b>Component 1 PH to PBRA RAD</b> TTP can exceed Gross Rent  <i>Note: TRACS v 2.0.2.D will reject this transaction. OAs must implement published “work-around”.</i>  <b>Component 1 Mod Rehab to PBRA RAD and Component 2 PBRA RAD</b> TTP is capped at Gross Rent
When TTP is equal to GR, Assistance is Terminated.  <b>If there is no LIHTC funding in place,</b> Resident pays Contract Rent.  <b>If there is LIHTC funding in place,</b> A terminated resident may never pay more than any applicable	<b>Component 1 PH to PBRA RAD only</b> – TTP can exceed GR. The Assistance Payment may be zero or negative. The resident is NOT terminated.  <i>Note: TRACS v 2.0.2.D will reject the transaction. OAs must implement published “work-around” of sending a TM to TRACS yet creating a “manual” 50059 and charging the resident the RAD Calculated TR. When TRACS v 2.0.3 is released, the OA</i>

**PBRA RAD Reference – TRACS v 2.0.2.D**  
**Component 1 Converting from PH to PBRA RAD**

Section 8	PBRA RAD
Maximum Rent allowable under LIHTC regulations but may pay less. When Tax Credit Rent is more than Contract Rent, the terminated resident may pay Contract Rent or an amount up to the Tax Credit Rent. When Tax Credit Rent is less Contract Rent, the terminated resident must pay the Tax Credit Rent.	<p><i>will send an IC to TRACS.</i></p> <p><b>If there is no LIHTC funding in place</b>, resident pays Calculated RAD TTP less UA.</p> <p><b>If there is LIHTC funding in place</b>, When AP is zero or negative, resident pays the lesser of RAD Calculated TTP less UA or Tax Credit Rent.</p> <p><b>Component 1 Mod Rehab to PBRA RAD and Component 2 PBRA RAD.</b> – Total Tenant Payment (TTP) cannot exceed GR. AP is Terminated with a TM transaction.</p> <p><b>If there is no LIHTC funding in place</b>, Resident pays Contract Rent.</p> <p><b>If there is LIHTC funding in place</b>, A terminated resident may never pay more than Tax Credit Rent but may pay less. When LIHTC Max Rent is more than Contract Rent, the terminated resident may pay Contract Rent or an amount up to the Tax Credit Rent. When LIHTC Max Rent is less Contract Rent, the terminated resident must pay the Tax Credit Rent. In this case, AP must not be positive.</p>
AP is never negative	<p><b>Component 1 PH to PBRA RAD only</b> - When AP is negative, that negative transaction is reversed using a Misc. Accounting Request. Such excess rent is deposited in to the property operating account.</p> <p><b>Component 1 Mod Rehab to PBRA RAD and Component 2 PBRA RAD</b> – AP is never negative</p>
No Rent Phase-in	<p><b>Component 1 PH to PBRA RAD only</b> - Rent Phase-in Determination made with first AR or IR and applies if TTP increases by the greater of \$25 or 10% <b>solely as a result of conversion to RAD</b> – usually applies to residents who were paying flat rent, when EID ends on or immediately before the contract effective date or when permissive deductions are removed. This differs from instruction provided in HSG Notice 19-09</p> <p><i>Note: New rules will apply when TRACS v 2.0.3.A is released. When TRACS v 2.0.3.A is released, determination of whether Rent Phase-in applies will be made when Conversion IC is created. Also, new phase-in percentages will be implemented.</i></p>
Lease/House Rules	
Use HUD Model Lease 90105A	Use HUD Model Lease 90105A
Lease Rules follow standard requirements outlined in 4350.3 and subsequent HSG Notices	Lease Rules follow standard requirements outlined in 4350.3 and subsequent HSG Notices
Late Fees (not 202/8)	Late Fees
NSF Fees (not 202/8)	NSF Fees
Required to allow pets for properties set aside for elderly	<b>All Components other than PRAC to RAD</b> - Not

**PBRA RAD Reference – TRACS v 2.0.2.D**  
**Component 1 Converting from PH to PBRA RAD**

Section 8	PBRA RAD
and disabled residents	required to allow pets except those pets approved prior to conversion to PBRA RAD. Assistance animals must be allowed.  <b>Component 2 PRAC to RAD</b> Required to allow pets for properties set aside for elderly
Required to follow HUD guidance re: Pet Rules for properties set aside for elderly and disabled residents	<b>All Components other than PRAC to RAD</b> - Not required to follow HUD guidance re: Pet Rules. Required to follow local ordinance  <b>Component 2 PRAC to RAD</b> Required to follow HUD guidance re: Pet Rules for properties set aside for elderly and disabled residents
Required to provide HUD 91067 VAWA Addendum	Required to provide HUD 91067 VAWA Addendum
House Rules follow standard requirements outlined in 4350.3 and subsequent HSG Notices	Follow standard requirements outlined in 4350.3 except <ul style="list-style-type: none"> <li>• House Rules must have provision for special termination rules. And</li> <li>• House Rules must have specific language explaining Residents' Rights to Participate including available funding if applicable</li> </ul>
Tenant Organizations must be encouraged	<b>Component 1 PH to PBRA RAD:</b> Tenant Organizations must be encouraged and funded @ \$25 per unit. Special Rules apply. <b>Component 1 Mod Rehab to PBRA RAD and Component 2 PBRA RAD</b> Tenant Organizations must be encouraged
Rent Calculation	
When TTP is equal to GR, AP is Terminated. Resident pays Contract Rent or Max Tax Credit Rent when LIHTC funding is in place	<b>Component 1 PH to PBRA RAD only</b> - When TTP exceeds GR, resident pays the lesser of Calculated RAD TTP ( <i>greater of 10% of Annual Income or 30% of Adjusted Income</i> ) less UA or any applicable Maximum Rent allowable under LIHTC regulations ( <i>Assistance Payment (AP) can exceed GR</i> ) <b>Component 1 Mod Rehab to PBRA RAD and Component 2 PBRA RAD</b> - When TTP is equal GR, AP is Terminated, resident pays Contract Rent or Max Tax Credit Rent when LIHTC funding is in place
When TTP is equal to GR, AP is terminated. Resident pays Contract Rent or Max Tax Credit Rent when LIHTC Max Rent is less than Contract Rent	<b>Component 1 PH to PBRA RAD only</b> - - When TTP exceeds GR, resident pays the lesser of Calculated TTP less UA or any applicable Maximum Rent allowable under LIHTC regulations when LIHTC funding is in place ( <i>citizenship proration is not part of the rent calculation when AP is zero or negative</i> ) <b>Component 1 Mod Rehab to PBRA RAD and Component 2 PBRA RAD</b> - When TTP is equal GR, AP is Terminated, resident pays Contract Rent or Max Tax Credit Rent when LIHTC funding is in place