

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

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

1. Purpose

This Rider is to be executed between the Public Housing Agency (PHA) and the owner of a project assisted under the section 8 Moderate Rehabilitation program in order to effectuate the conversion to PBV assistance under RAD. This Rider must be used when a project qualifies as “newly constructed housing” or “rehabilitated housing” under 24 C.F.R. § 983.3, and must be attached to the PBV HAP Contract for New Construction or Rehabilitation.

2. Authority

The Consolidated and Further Continuing Appropriations Act, 2012, Pub. L. No. 112-55, approved November 18, 2011 (2012 Appropriations Act), authorizes the conversion of properties with Moderate Rehabilitation assistance under section 8(e)(2) of the United States Housing Act of 1937 (1937 Act) (excluding McKinney-Vento single room occupancy projects) to properties with PBV assistance under section 8(o)(13) of the 1937 Act.

3. Amendments to the HAP Contract

- A. Section 1.e.2.b. of the HAP Contract is revised to read as follows: “The initial term of the HAP Contract for any unit may not be for less than 15 years, and may be for a term of up to 20 years with the consent of the PHA and the owner.”
- B. Section 1.g.1. of the HAP Contract is revised by replacing the phrase “25 percent” with the phrase “50 percent.”
- C. Section 1.g.3. of the HAP Contract is revised by replacing the phrase “25 percent” with the phrase “50 percent.” In addition, a second paragraph is added to this section to read as follows: “The excepted unit provisions in the PBV regulations generally apply to RAD projects. However, for existing families occupying units when the PBV contract is initially executed, a unit may count as a supportive service excepted unit if the PHA offers the family supportive services. The family is not required to accept the services, and may not be evicted for a refusal to accept such services. In addition, an assisted family shall not be involuntarily displaced as a result of this provision. Once an existing family leaves a supportive service excepted PBV unit, the PHA and owner must comply with 24 C.F.R. § 983.56(b)(2)(B) (“Families Receiving Supportive Services”) and all other HUD requirements in order to continue treating the unit as a support service excepted unit.”
- D. Section 2 of the HAP Contract is revised by adding a third sentence to the definition of HUD requirements as follows: “HUD requirements include Notice PIH 2012-32; Rental Assistance Demonstration—Final Implementation.” In addition, the definition of proposal selection date is deleted from the section.
- E. Section 5.a.1. of the HAP Contract is revised to read as follows: “Subject to section 5.b. of the HAP Contract, at each anniversary date during the term of the Contract,

the PHA will adjust the rent to owner by applying HUD's operating cost adjustment factor (OCAF), subject to the availability of appropriations for each year of the Contract term."

- F. Section 5.b. of the HAP Contract is revised to read as follows: "The rent to owner for each Contact unit may at no time exceed the reasonable rent charged for comparable units in the private unassisted market, as determined by the PHA in accordance with 24 C.F.R. § 983.303. However, the rent to owner shall not be reduced below the initial rent to owner for dwelling units under the HAP Contract except in the following cases: (1) to correct errors in calculations in accordance with HUD requirements; (2) if additional housing assistance has been combined with PBV assistance after the execution of the HAP Contract and a rent decrease is required pursuant to 24 C.F.R. § 983.55; or (3) if a decrease in rent to owner is required based on changes in the allocation of responsibility for utilities between the owner and the tenant."
- G. Section 10.b. of the HAP Contract is revised by adding a new section 10.b.3. to read as follows: "The owner must renew all tenant leases upon expiration, unless good cause under 24 C.F.R. § 983.257(a) exists for non-renewal of a lease."
- H. Section 21.a.2. of the HAP Contract is revised by adding the following at the end of the definition of "transfer": "F. Any refinancing or restructuring of permanent debt by the owner of the project."

4. Additional Terms and Alternative Requirements

- A. The owner agrees that the project shall be covered at all times by commercially available property and liability insurance to protect the project from financial loss. To the extent insurance proceeds permit, the owner agrees to promptly restore, reconstruct, and/or repair any damaged or destroyed property of a project, except with the written approval of HUD to the contrary.
- B. **Owner Proposal Selection Procedures.** Projects will be selected for assistance in accordance with the provisions in the RAD Implementation Notice. Therefore, 24 C.F.R. § 983.51 does not apply.
- C. **Percentage Limitation.** Section 8(o)(13)(B) of the 1937 Act and 24 C.F.R. § 983.6 do not apply to assistance provided under RAD.
- D. **Consistency with PHA Plan and Other Goals.** Section 8(o)(13)(C)(ii) of the 1937 Act and 24 C.F.R. §§ 983.57(b)(1) and (c) do not apply.

**Signatures:
Public Housing Agency**

Owner

Print or Type Name of PHA

Print or Type Name of Owner

Signature

Signature

Print or Type Name and Title of Signatory

Print or Type Name and Title of
Signatory

Date (mm/dd/yyyy)

Date (mm/dd/yyyy)