



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-6503-N-01]

Rental Assistance Demonstration: Supplemental Guidance on Revised RAD Notice

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

ACTION: Notice.

SUMMARY: The Rental Assistance Demonstration (RAD) provides the opportunity to test the conversion of assistance of public housing properties and other HUD-assisted properties to long-term, project-based Section 8 rental assistance. This *Federal Register* notice announces the posting of a supplement to the most current notice (Revised RAD Notice Revision 4, H-2019-09/PIH-2019-23 (HA)). As provided by the RAD Statute, this notice addresses the requirement that RAD may proceed after publication of notice of its terms in the *Federal Register*. This notice summarizes the key changes made to H-2019-09/PIH-2019-23 (HA) through the RAD Supplemental Notice 4C, H-2025-01/PIH-2025-03 (HA). This notice also meets the RAD statutory requirement to publish waivers and alternative requirements at least 10 days before effective, while this does not prevent the demonstration, as modified, from proceeding immediately.

DATES: The RAD Supplemental Notice 4C, H-2025-01/PIH-2025-03 (HA), other than those items listed as new statutory or regulatory waivers or alternative requirements specified in this notice, is effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

The new statutory and regulatory waivers and alternative requirements are effective [INSERT DATE 10 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Interested persons are invited to submit questions or comments electronically to rad@hud.gov.

FOR FURTHER INFORMATION CONTACT: William A. Lavy, Director of Program Administration, Office of Recapitalization, Office of Multifamily Programs, Department of Housing and Urban Development, 451 Seventh Street SW, Room 6230, Washington, DC 20410; telephone (202) 402-2465 (this is not a toll-free number). HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech and communication disabilities. To learn more about how to make an accessible telephone call, please visit <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>. To assure a timely response, please direct written requests for further information electronically to the email address rad@hud.gov.

SUPPLEMENTARY INFORMATION:

I. Background

Originally authorized by the Consolidated and Further Continuing Appropriations Act, 2012 (Pub. L. 112-55, approved November 18, 2011) (2012 Appropriations Act) and later amended, RAD allows for the conversion of assistance of public housing properties, Rent Supplement (Rent Supp), Rental Assistance (RAP), Moderate Rehabilitation (Mod Rehab), Mod Rehab Single Room Occupancy (SRO), Section 202 Project Rental Assistance Contract (202 PRAC), and Section 811 Project Rental Assistance Contract (811 PRAC) programs (collectively, “covered programs”) to long-term, renewable project-based rental assistance under Section 8 of the United States Housing Act of 1937 (the Act).¹ The most recent version of the RAD notice is H-2019-09/PIH-2019-23 (HA), located at <https://www.hud.gov/sites/dfiles/OCHCO/documents/2019-09hsgn.pdf>.

¹ The RAD statutory requirements were amended by the Consolidated Appropriations Act, 2014 (Pub. L. 113-76, approved January 17, 2014), the Consolidated and Further Continuing Appropriations Act, 2015 (Pub. L. 113-235, approved December 16, 2014), the Consolidated Appropriations Act, 2016 (Pub. L. 114-113, approved December 18, 2015), the Consolidated Appropriations Act, 2017 (Pub. L. 115-31, approved May 5, 2017), the Consolidated Appropriations Act, 2018 (Pub. L. 115-141, approved March 23, 2018), the Consolidated Appropriations Act, 2022 (Pub. L. 117-103, approved March 15, 2022), and the Consolidated Appropriations Act, 2024 (Pub. L. 118-42, approved March 9, 2024). The statutory provisions of the 2012 Appropriations Act pertaining to RAD, as amended, are referred to collectively as the “RAD Statute” in this notice.

II. Key Changes made to RAD

The following highlights key changes to RAD that are included in the RAD Supplemental Notice 4C (the Notice):

1. Extension of Application Date. The Consolidated Appropriations Act, 2024 extended the date by which a Public Housing Agency (PHA) may apply to convert public housing under RAD to September 30, 2029. Section I of the Notice implements this statutory change, which impacts both stand-alone applications and applications for Portfolio Awards which allow a PHA to reserve RAD conversion authority for a set of projects (including for multiple phases of a large-scale redevelopment effort and for planned projects) and which lock in the applicable contract rent in the year of the application.

2. RAD and Section 18 Blends. The RAD statute as amended by the Consolidated Appropriations Act, 2024 allows HUD to convert tenant protection voucher assistance to a RAD HAP Contract under either Project-Based Rental Assistance (PBRA) or Project Based Voucher (PBV) assistance when a Converting Property partially converts Section 9 assistance under RAD and an event under Section 18 of the Act occurs that results in eligibility for tenant protection vouchers under Section 8(o) of the Act. Section II of the Notice implements this statutory change.

3. Resident Services. The RAD statute as amended by the Consolidated Appropriations Act, 2024 provides waiver authority to facilitate the ongoing availability of services to enrolled residents for Jobs Plus, Resident Opportunity and Self-Sufficiency Service Coordinators (ROSS-SC), and Family Self Sufficiency (FSS) programs. Section III of the Notice clarifies the eligibility and availability of these programs at Covered Projects; removes waivers with respect to the FSS program that are no longer needed due to the implementation of 24 CFR part 984; and clarifies the continuing availability of grant assistance through the Congregate Housing Services Program.

4. Waivers of Rental Adjustments by OCAF. Section IV describes the process by which Covered Projects may apply for a waiver to receive an exception to the requirement in RAD Notice, Rev-4 for annual adjustments to contract rents during the initial contract term while limited to the Operating Cost Adjustment Factor (OCAF).

5. Annual Financial Statements. Section V of the Notice strengthens program requirements for Project Owners to submit annual financial statements to HUD or the Contract Administrator.

6. Extension from 14 to 30-Day Notice for Non-Payment of Rent. Section VI of the Notice strengthens RAD resident protections by extending termination notification timelines by adding 16 more days in the case of tenant nonpayment of rent.

7. Renewal After Initial Term. Section VII of the Notice clarifies that each HAP Contract must be renewed/extended after its initial term of 15 or 20 years.

8. Leases. Section VIII of the Notice provides guidance on security deposits, pet occupancy, and the use of plain language in tenant leases for new residents and for residents in-place at the time of conversion.

9. Restore-Rebuild (formerly Faircloth-to-RAD). Section IX of the Notice makes clarifying changes to resident notification requirements for Restore-Rebuild developments where the proposed project is occupied.

10. Financing Plan Requirements and Feasibility Benchmarks for Public Housing Conversions. Section X of the Notice strengthens the Financing Plan Requirements and Feasibility Benchmarks for public housing properties undergoing a RAD conversion to ensure properties are sustainable and financially stable for the long term.

11. HOTMA PBV Rule Conforming Changes. Section XI of the Notice modifies the RAD Notice, Rev-4 in response to the Housing Opportunity Through Modernization Act of 2016 – Housing Choice Voucher and Project Based Voucher Implementation; Additional Streamlining Changes (HOTMA Voucher Final Rule), published in the *Federal Register* May 7, 2024, at 89

FR 38304, as corrected in a publication in the *Federal Register* on May 28, 2024, at 89 FR 46020, and effective as of June 6, 2024.

III. New Waivers and Alternative Requirements

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

HUD has previously published its waivers and alternative requirements for RAD on July 26, 2012 (77 FR 43850), July 2, 2013 (78 FR 39759), June 26, 2015 (80 FR 36830), January 19, 2017 (82 FR 6615), July 3, 2018 (83 FR 31169), October 10, 2019 (84 FR 54630), and August 21, 2023 (88 FR 56764). This notice only includes waivers and alternative requirements not previously published. This notice does not include waivers of regulations that were previously published or where regulatory references in the RAD Notice have been updated to conform to regulatory changes implemented via the HOTMA Voucher Final Rule. Lastly, although waivers and alternative requirements authorized under the Second Component are not subject to a *Federal Register* publication requirement, new Second Component waivers and alternative requirements are included in this notice as a matter of convenience.

The new waivers and alternative requirements are:

1. Resident Services.

a. Resident Opportunity and Self-Sufficiency Service Coordinators (ROSS-SC).

Provision affected: In accordance with the current RAD Notice provisions, ROSS-SC grantees are able to finish out their current ROSS-SC grants once their projects are converted under RAD.

Waiver: HUD is waiving the limitation under Section 34 of the 1937 Act and in the Self Sufficiency Programs account in the Consolidated Appropriations Act, 2024 (and subsequent Appropriations Acts, as applicable) that permits ROSS-SC to serve only public housing units or

residents. **Alternative requirement:** HUD is implementing an alternative requirement permitting the PHA or the new project owner to apply for their ROSS-SC grant to be renewed, subject to the requirements of the ROSS-SC NOFO.

b. Jobs Plus. **Provision affected:** Jobs Plus grantees are able to finish out their current Jobs Plus period of performance if enrolled prior to conversion, unless a modification is approved. **Waiver:** HUD is waiving the limitation in the Self Sufficiency Programs account in the Consolidated Appropriations Act, 2024 (and subsequent Appropriations Acts, as applicable) that restricts Jobs Plus grants to serving only public housing residents. **Alternative requirement:** HUD is implementing an alternative requirement permitting any Jobs Plus program at a target project(s) to enroll residents in Jobs Plus services and in the Jobs Plus financial/rent incentive after conversion.

2. HOTMA PBV Rule conforming changes.

a. Converted public housing units under HAP contract where rehabilitation work is performed. **Provisions affected:** The HUD required scope of work in most RAD transactions occurs after the HAP Contract is executed and while subsidy is flowing but does not fit with the newly revised housing types for PBVs. **Waiver:** The definitions of “existing housing,” “rehabilitated housing,” and “newly constructed housing” at 24 CFR § 983.3(b), the definitions of “development activity” and “substantial improvement” at 24 CFR § 983.3(b) with respect to the scope of work completed under the RCC, and at 42 USC 1437f(o)(13)(A) and 24 CFR § 983.5(a)(2) describing the housing types for which a PHA enters into a HAP Contract in the PBV program, are waived. **Alternative requirements:** The requirements of the RAD Notice Revision 4, H-2019-09/H-2019-23, as amended by the Notice shall apply with regard to the HUD required work completed under the RAD Conversion Commitment in place of the PBV requirements stemming from the housing type classifications.

b. Converted moderate rehab units under HAP contract where rehabilitation work is performed after the HAP Contract is executed. **Provisions affected:** The HUD required scope of

work in most RAD transactions includes work that falls under the PBV regulatory definition of substantial improvement at 24 CFR § 983.212. **Waiver:** Paragraph (ii) of the definition of “existing housing” at 24 CFR § 983.3(b), which requires a PHA determination and owner certification regarding substantial improvement in order for a project to qualify as existing housing, the provision of 24 CFR § 983.212(a) prohibiting the owner from requesting PHA approval before the effective date of the HAP contract, and 24 CFR § 983.212(a)(1)(ii), which requires that PHAs do not approve substantial improvement to commence until after the first two years of the effective date of the HAP Contract, are waived. **Alternative requirements:** Mod Rehab projects converting to PBV through RAD shall be considered existing housing under 24 CFR part 983 so long as they meet the criteria of paragraph (i) of the definition of “existing housing” at 24 CFR part 983.3. Such projects shall follow all other requirements governing substantial improvements under 24 CFR part 983.212 that are not waived herein.

IV. Program Notice Availability

The RAD Supplemental Notice 4C (H-2025-01/PIH-2025-03 (HA)) can be found on RAD’s website, www.hud.gov/rad.

V. Finding of No Significant Impact

A Finding of No Significant Impact (FONSI) with respect to the environment has been completed in accordance with HUD regulations in 24 CFR part 50 that implement section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)). The FONSI is available for public inspection during regular business hours in the Regulations Division, Office of General Counsel; Department of Housing and Urban Development; 451 7th Street SW, Room 10276; Washington, DC 20410–0500. Due to security measures at the HUD Headquarters building, please schedule an appointment to review the FONSI by calling the Regulations Division at (202) 402-3055 (this is not a toll-free number). HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech and communication disabilities. To learn more about how to make an accessible

telephone call, please visit <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>.

Frank Cassidy,
Principal Deputy Assistant Secretary for Housing.

Benjamin Hobbs,
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