



Using HOME and HTF in Rental Assistance Demonstration (RAD) Projects

U.S. Department of Housing and Urban Development

What is RAD?

- Created in 2012 to leverage private equity/debt and public funds to reinvest in public housing
- 1st Component: current Public Housing and Section 8 Mod Rehab properties convert assistance to long-term, project-based Section 8 contracts
- 2nd Component: projects funded under legacy programs (Rental Supplement, Rental Assistance Payment, and Mod Rehab) convert unit subsidy funding to Section 8 project-based vouchers



What is RAD?

- 1st Component RAD transactions:
 - Involve rehabilitation of existing public housing property or new construction of housing on same or different site.
 - Are frequently mixed finance projects, with LIHTC, bonds, and grant funds such as HOME, HTF, or CDBG.
 - May involve temporary or permanent relocation of certain tenants.



HOME and HTF Restrictions

- Both HOME & HTF restrict use of funds for public housing purposes:
 - HOME: statute prohibits investment in public housing EXCEPT units assisted with HOPE \$
 - HTF: rule limits use to new construction of replacement public housing units
- RAD transactions are not public housing so HOME/HTF can be used - but be aware of certain rules



HOME and HTF Restrictions

- Public housing-specific costs cannot be charged to HOME/HTF
 - Legal, consultant or other costs associated with RAD application or removal of public housing restrictions (known as conversion or closing)
 - Legal or financing fees for new project - OK
 - Demolition, if not building on same site
- **Ineligible HOME/HTF costs EXCLUDED from TDC for cost allocation purposes**



HOME and HTF Requirements

- HOME & HTF regulations require that funds be provided to OWNER of the housing.
 - Written agreement is between PJ and Owner
 - Common mistake in mixed finance deals – PJ provides funds as grant to PHA, which loans HOME funds to project.
- PJ must oversee development/ensure all HOME requirements are met
 - PHAs can assist, but are not subrecipient



HOME and HTF Requirements

- PJ must oversee development/ensure all HOME requirements are met
 - Underwriting/Subsidy Layering/Cost Allocation
 - Unit Designation
 - Rent structure, income restrictions
 - Affirmative Marketing
 - Cross-cutting federal requirements
- PHA is member of partnership that owns project, not a subrecipient



Uniform Relocation Act (URA)

Government-wide regulation the purpose of which is to:

- Provide uniform, fair & equitable treatment of persons whose property is acquired or who are displaced by federally funded projects
- Ensure relocation assistance is provided to displaced persons
- Ensure displaced persons are relocated to decent, safe, & sanitary (DSS) housing



Uniform Relocation Act (URA)

- URA applies to HOME and HTF funds
 - PJs/HTF Grantees are responsible for ensuring compliance with URA regulations, including notices, advisory services, replacement housing & moving expense payments
- URA also applies to RAD. However, RAD has implemented RAD requirements in a very different manner than other HUD programs
 - Overlay of unique RAD relocation requirements



Section 104(d) of HCDA

Section 104(d) of HCDA establishes additional req'ts for HOME, CDBG, and UDAG funded projects

- Follow a Residential Antidisplacement and Relocation Assistance Plan
- Provide relocation assistance to lower-income residential tenants displaced as result of demolition or conversion of any dwelling unit
- 1-for-1 replacement of occupied & vacant occupiable lower-income dwelling units demolished or converted

