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HUD Issues Rental Assistance Demonstration (RAD) Program Instructions and Requests Comments

In FY 2012, HUD was authorized by Congress to begin the Rental Assistance Demonstration (RAD), which provides the opportunity to voluntarily convert the assistance of public housing and other vulnerable HUD-assisted programs to long-term, project-based Section 8 rental assistance contracts. Ultimately, the goals of RAD are to test whether such conversions will aid in the preservation and improvement of these properties, namely through access to private debt and equity to address immediate and long-term capital needs, while protecting their affordability and insuring public ownership or control through long-term, renewable contracts and coterminous use-agreements. RAD is also designed to offer residents of properties that convert their assistance greater choice and mobility options once their homes are improved. On March 8, 2012, the Department issued Notice PIH 2012-18, which provides initial RAD program instructions and requests public comment on the implementation of and instructions for RAD.

Congress authorized RAD with two components. The first component allows public housing and Section 8 Moderate Rehabilitation (Mod Rehab) program assistance to convert into long-term, project-based Section 8 rental assistance contracts in either the Project-Based Voucher (PBV) or Project-Based Rental Assistance (PBRA) programs. The second component allows tenant protection vouchers (TPVs) funded under the Rental Supplement (Rent Supp), Rental Assistance Payment (RAP), and Mod Rehab programs to convert into PBVs.

The program instructions are broken into three sections in the Notice:

- **Section I:** Provides proposed instructions to public housing agencies (PHAs) and their partners, who can convert the assistance of public housing projects under the first component of RAD. HUD seeks public comment on this Section.
- **Section II:** Provides proposed instructions to owners of Mod Rehab projects, who can convert the assistance of these projects under the first or second component of RAD. HUD seeks public comment on this Section.
- **Section III:** Provides interim instructions to owners of Rent Supp and RAP projects, who can convert the assistance of these projects under the second component of RAD. This Section is effective immediately;

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however, the Department still seeks public comment and reserves the right to issue further instructions in the Final Notice. Projects that convert assistance prior to the Final Notice will be subject to the interim instructions in this Notice.

The public comment period has been extended to April 23, 2012 (originally ending on April 9, 2012) and may be submitted by two methods:

- **Electronic Submission of Comments.** Interested persons may submit comments electronically through the Federal eRulemaking Portal at <http://www.regulations.gov>. HUD strongly encourages commenters to submit comments electronically. Comments submitted electronically through <http://www.regulations.gov> can be viewed by other commenters and interested members of the public. Commenters should follow the instructions provided on the site to submit comments electronically.
- **Submission of Comments by Mail.** Comments may be submitted by mail to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 10276, Washington, DC 20410-0500.

The Notice, draft application materials, and instructions for public comment are posted on the RAD website, <http://www.hud.gov/rad>. The website also contains links to a series of informational webcasts on RAD as well as other resources. The website will be updated regularly with further information and additional resources. Please be sure to check it regularly. The Department also welcomes questions at rad@hud.gov.

Tenant Provided Third-Party Written Verification is Now Acceptable



Secretary Shaun Donovan initiated the Delivering Together effort to identify ways to reduce PHA burden. The recertification process was identified as one of the key time consuming and labor intensive PHA efforts, and a number of recommendations addressed that concern. One aspect of recertification that was identified as burdensome was the verification of income. In some cases, PHAs were not sure about the current reliefs offered by the income verification hierarchy, so the most

recent changes are summarized below.

HUD issued the final rule on the refinement of income and rent determinations for Public Housing, Section 8 Moderate Rehabilitation, Project-based Voucher, Project-based Certificate, and the Housing Choice Voucher Program. The rule significantly changes verification requirements and introduced effective methods to reduce errors in unreported or underreported income. The regulation was further clarified through the issuance of PIH 2010-19 on May 17, 2010 that was effective immediately.

The notice revises the verification hierarchy that now includes six levels. PHAs are required to access the EIV system and obtain an income report for each household and further required to maintain the income report in the tenant file along with the HUD-50058. If the Income Report does not contain any employment and income information for the family, the PHA should attempt the next lower level verification technique.

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Level	Verification Technique	Ranking
6	Upfront Income Verification (UIV) using HUD's Enterprise Income Verification (EIV) system	Highest (Mandatory)
5	Upfront Income Verification (UIV) - Non-HUD	Highest (Optional)
4	Written Third Party Verification	High (Mandatory to supplement EIV-reported income sources and when EIV has no data; Mandatory for non-EIV reported income sources; Mandatory when tenant disputes EIV-reported employment and income information and is unable to provide acceptable documentation to support dispute)
3	Written Third Party Verification Form	Medium-Low (Mandatory if written third party verification documents are not available or rejected by the PHA; and when the applicant or tenant is unable to provide acceptable documentation)
2	Oral Third Party Verification	Low (Mandatory if written third party verification is not available)
1	Tenant Declaration	Low (Use as a last resort)

Significant Changes in the Level and Acceptability of Certain Tenant Provided Documents:

Directly under the tiers of the most preferred forms of verification (EIV and UIV) is Written Third Party Verification. It includes an original or authentic document generated by a third party source dated either within the 60-day period preceding the reexamination or PHA request date. Such documentation may be in the possession of the tenant (or applicant), and in the past was commonly referred to as tenant-provided documents. It is the Department's position **that such tenant-provided documents are now considered written third party verification** since these documents originated from a third party source. Previously tenant supplied documents that came from a third party were not considered third-party written documentation- but were a lesser tier in the hierarchy that would have required additional third party written verification, whenever possible. Third party written documents now includes, but is not limited to, acceptable tenant-provided documentation (generated by a third party source) such as pay stubs, a payroll summary report, employer notice/letter of hire/termination, SSA benefit verification letter, bank statements, child support payment stubs, welfare benefit letters and/or printouts, and unemployment monetary benefit notices, etc. The PHA may, at its discretion, reject any tenant-provided documents and follow up directly with the source to obtain necessary verification of information.

If using pay stubs as a form of verification, the PHA is required to obtain at a minimum, two current and consecutive pay stubs for determining annual income from wages. For new income sources or when two pay stubs are not available, the PHA should project income based on the information from a traditional written third party verification form or the best available information. Unless there is a dispute in the information or verification, the PHA can now use these tenant supplied documents that are now considered written third party verification, coupled with using EIV to streamline and expedite the verification process for determining income from these sources.

Other Major Changes:

In addition to accessing the information, each new admission the PHA is required to confirm and validate the EIV Income Report within 120 days of the PIC submission date and maintain a copy in the file. For each historical adjustment (reexamination or changes), the PHA is required to review the EIV Income Report to confirm/validate family-reported income within 120 days of the PIC submission date and maintain a copy in the file. For each interim reexamination of the family income and composition, the PHA is required to verify that there is no household income discrepancies and maintain verification in the tenant file. HUD emphasized additional reporting requirements that must be maintained by the PHA in order to maintain program compliance. In addition to procedural changes for the PHAs, they must make revisions to the Admissions and Continued Occupancy Policy (ACOP) or Administrative Plans. PHAs are strongly encouraged to provide notice to applicants and participants through the HUD supplied document, *What You Should Know About EIV*.

The full text of Notice PIH 2010-19 can be found at: http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_8999.pdf



PIH Notices

PIH 2012-10, "Verification of Social Security Numbers (SSNs), Social Security (SS) and Supplemental Security Income (SSI) Benefits; and Effective Use of the Enterprise Income Verification (EIV) System's Identity Verification Report" issued February 14, 2012. This notice explains the procedures public housing agencies (PHAs) are required to use for verifying social security numbers, social security benefits of applicants, participants and household members at the time of application for rental housing assistance programs and during mandatory reexamination of household income, as well as the procedures for effective use of EIV's Identity Verification Report to reduce subsidy payment and administrative errors. Similar guidance was issued under notice PIH-2010-03. This notice supersedes the aforementioned notice.

PIH 2012-13, "Extension - Administering the Community Service and Self-Sufficiency Requirement (CSSR)" issued February 22, 2012. This notice extends for another year Notice PIH 2011-11, same subject. No substantive changes were made to the Notice. Section 12(c) [42 U.S.C. Section 1437j] of the United States Housing Act of 1937, as amended on October 12, 1998 by Section 512 (Pub. L. 105-276) of the Quality Housing and Work Responsibility Act of 1998, contained a CSSR that every adult resident of public housing contribute eight hours of community service each month, or participate in an economic self-sufficiency program for eight hours each month. Regulations for the CSSR requirement can be found at 24 CFR Subpart F, 960.600 through 960.609. On November 25, 2009, PIH issued Notice 2009-48 to assist PHAs' understanding and administration of the mandated CSSR and in response to an audit report issued by the Office of Inspector General on March 24, 2008.

PIH 2012-14, "Guidance on Public Housing salary restrictions in HUD's Federal Fiscal Year (FFY) 2012 Appropriations Act (P.L. 112-55)" issued February 24, 2012. This notice provides guidance on implementing the provision in HUD's FFY 2012 Appropriations, P.L. 112-55, that limits the use of FFY 2012 Section 8 Tenant-Based Rental Assistance and Section 9 appropriations to pay salaries to public housing agency (PHA) employees. This limitation applies to all PHA employees, including chief executive officers, other officials, and any other employees.

PIH 2012-16, "Request for Applications under the Moving to Work Demonstration Program for Fiscal Year 2011" issued February 27, 2012. This notice offers eligible public housing agencies (PHAs) the opportunity to apply for admission to the Moving to Work (MTW) demonstration program. MTW allows PHAs to design and test innovative, locally designed housing and self-sufficiency strategies for low income families by permitting PHAs to combine assistance received under Sections 8 and 9 of the United States Housing Act of 1937 (1937 Act) into a single agency-wide funding source and by allowing certain exemptions from existing public housing and Housing Choice Voucher (HCV) program rules, as approved by the Department of Housing and Urban Development (HUD). HUD estimates that over 1,500 PHAs are eligible to apply. As a result, HUD has instituted additional eligibility requirements for applicants to ensure the four most qualified agencies are selected. These additional criteria will also allow HUD to test important policy priorities of interest to the Department and the assisted housing community.

PIH 2012-17, "Guidelines on Bedbug Control and Prevention in Public Housing" issued February 28, 2012. Bedbug infestations have become a serious problem in housing throughout the country. Public Housing properties are not immune to infestations. This Notice provides information and references to best practices regarding the prevention and control of bedbug infestations. It also provides guidance on the rights and responsibilities of HUD, Public Housing Agencies (PHAs) and tenants with regard to bedbug infestations.

PIH 2012-18, "Rental Assistance Demonstration – Partial Implementation and Request for Comments" issued March 8, 2012. This notice (Notice) provides program instructions for the Rental Assistance Demonstration (RAD), including eligibility and selection criteria, and seeks public comment on these instructions and criteria.

HUD's PIH Notices can be viewed online at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/publications/notices.

Contact us:

Public and Indian Housing Information
Resource Center (PIH IRC)
2614 Chapel Lake Drive
Gambrills, MD 21054
Toll free number: 1-800-955-2232
Fax number: 1-443-302-2084
E-mail: pihirc@firstpic.org
(Put "HUD PHM Newsletter" in the subject line)

HUD is now on YouTube



Stay up to date on HUD programs and initiatives by viewing the HUD YouTube channel at:

<http://www.youtube.com/hudchannel>.

