



**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**Office of Public and Indian Housing  
Office of Housing**

## **Rental Assistance Demonstration (RAD) Program Summary**

Summarized from Notice PIH-2012-32 (HA) Issued: July 26, 2012

SUBJECT: Rental Assistance Demonstration – Final Implementation

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### **Purpose**

This notice (Notice) provides program instructions for the Rental Assistance Demonstration (RAD or Demonstration), including eligibility and selection criteria.

### **Background**

RAD is authorized by the Consolidated and Further Continuing Appropriations Act of 2012 (Public Law 112-55, approved November 18, 2011), which provided fiscal year 2012 appropriations for HUD (2012 Appropriations Act). RAD has two separate components:

First component. The first component allows projects funded under the public housing and Section 8 Moderate Rehabilitation (Mod Rehab) programs to convert their assistance to long-term, project-based Section 8 rental assistance contracts.

- PHAs may choose between two forms of Section 8 Housing Assistance Payment (HAP) contracts:
  - Project-based vouchers (PBVs) or
  - Project-based rental assistance (PBRA).
- The 2012 Appropriations Act authorizes up to 60,000 units to convert assistance.

### **Demonstration Goals**

RAD provides the opportunity to test the conversion of public housing and other HUD-assisted properties to long-term, project-based Section 8 rental assistance to achieve certain goals, including the preservation and improvement of these properties through enabling access by PHAs and owners to private debt and equity to address immediate and long-term capital needs. RAD is also designed to test the extent to which residents have increased housing choices after the conversion, and the overall impact on the subject properties.

## **SECTION I: PUBLIC HOUSING PROJECTS**

### **General Program Description**

Applications must be submitted for specific projects. Following review and selection of application, HUD will provide the PHA with a Commitment to enter into a Housing Assistance Payment (CHAP), following which the PHA will have to present a Financing Plan for HUD to approve. After HUD approval of the long-term viability of the Financing Plan and successful closing of the conversion, the project will receive a long-term Section 8 HAP contract. Upon conversion, covered projects will be removed from the public housing program and will be released from the public housing Declaration of Trust (DOT).

**PBV Conversions.**

- The project will be administered by the agency on whose Annual Contributions Contract (ACC) the vouchers are assigned.
- PBV contract rents will be equal to the project's current funding, subject to a cap and adjusted annually
- The initial contract will be for a period of at least 15 years (up to 20 years upon approval)
- At expiration of the initial contract, the agency administering the vouchers shall offer, and the PHA shall accept, a renewal contract.
- Each project with a PBV contract will also carry a concurrent renewable RAD Use Agreement.
- PHAs will provide a Choice-Mobility option to residents of covered projects.

**PBRA Conversions.**

- The project will be administered by HUD's Office of Housing.
- PBRA contract rents will be equal to the project's current funding, subject to a cap and adjusted annually.
- The initial contract will be for a period of 20 years and will be subject to annual appropriations.
- At expiration of the initial contract, HUD shall offer, and the PHA shall accept, a contract which shall be eligible for renewal under the Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRAA).
- Each project with a PBRA contract will also carry a concurrent 20-year renewable RAD Use Agreement.
- Choice-Mobility option to residents of covered projects will be a condition of conversion.

As a major goal of the first component of RAD is to test, in large part, the conversion of the public housing assistance to long-term, project-based Section 8 assistance available to private owners of assisted multifamily housing in order to generate additional sources of private financing, HUD believes that it is important to offer the Section 8 PBV and PBRA forms of assistance largely in the manner that they have been established and proven effective for private owners, managers, financing entities and residents using them.

Equally important for the success of RAD are meaningful resident participation, procedural rights, and mobility, which are addressed in detail in various sections of the Notice and summarized in Attachment 1B.

**Eligibility**

To be eligible for the Demonstration, a PHA must:

- A. Have public housing units under an ACC;
- B. Be classified as a Standard or High Performer under the Public Housing Assessment System (PHAS);
- C. Be classified as a Standard or High Performer under the Section Eight Management Assessment Program (SEMAP);
- D. Be otherwise in substantial compliance with HUD reporting and programmatic requirements;
- E. Not have debarments, suspensions, or Limited Denials of Participation in Federal programs;
- F. Submit a completed application that complies with all RAD Application instructions; and
- G. Be in compliance with all fair housing and civil rights .

While only PHAs may apply under this section of the Notice, PHAs may consider enlisting partners to facilitate recapitalization and development of their projects.

## **Rehabilitation and Financing Considerations**

As one of the main purposes of RAD is to demonstrate how the conversion of current assistance to two different forms of long-term, project-based Section 8 rental assistance contracts can generate access to private debt and equity to address immediate and long-term capital needs through rehabilitation, eligible applicants and their development partners are encouraged to consider any and all viable forms of debt and equity financing, including available grant funding, to support conversion.

### **A. Rehabilitation and Construction Considerations**

- 1. Physical Condition Assessment (PCA).** Projects selected for award, regardless of whether the PHA is pursuing third-party financing, will be required to perform a detailed physical inspection of the subject property to determine short-term rehabilitation needs, and long-term capital needs to be funded through a Reserve for Replacement account.
- 2. Green Building and Energy Efficiency.** For all projects retrofitted under a RAD conversion, if systems and appliances are being replaced as part of the initial repairs identified in the approved Financing Plan, at a minimum PHAs shall complete replacements with Energy Star®, WaterSense® or Federal Energy Management Program (FEMP)-designated products and appliances. Additionally, PHAs shall utilize the most energy- and water-efficient options that are financially feasible and that are found to be cost-effective by the PCA described above.
- 3. Temporary Relocation.** Any temporary relocation must comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) and its implementing regulations (49 CFR Part 24).
- 4. Accessibility Requirements.** When a project's rehabilitation meets the definition of a -substantial rehabilitation under 24 CFR Part 8.23, a PHA must comply with all applicable accessibility features under Section 504 of the Rehabilitation Act of 1973.

### **B. Financing Considerations**

- 1. Debt Financing.** RAD projects are eligible for financing from private and public lending sources. All loans made that are secured by covered projects are subject to a RAD Use Agreement that will be recorded in first position.

Permanent debt financing on covered projects must be at a fixed rate of interest, for a fixed term, fully amortized over no more than 40 years, and with a maturity date or balloon no earlier than 18 years, except in the case of PBV conversions when the contract is less than 18 years, in which case the maturity date or balloon cannot be less than the term of the contract.

Sources of private and public debt financing to consider include any and all sources that are commonly used in other low-income, use-restricted developments.

- 2. Public Housing Capital and Operating Program Funds.** PHAs are permitted under the Demonstration to use available public housing funding, including Operating Reserves (as defined in PIH Notice 2011-55) and unobligated Capital Funds, as an additional source of capital to support.
- 3. Existing PHA Indebtedness and Contractual Obligations.** In its application, a PHA must disclose the estimated amount of any indebtedness—including energy performance contracts, Capital Fund Financing, Operating Fund Financing, Public Housing Mortgage Program, or other sources—that is

associated with the subject property. Any outstanding debt on the project must be addressed in the project's Financing Plan. The PHA may want to consider refinancing these existing debt obligations as part of conversion.

4. **Federal Housing Administration (FHA) Insured Financing.** FHA mortgage insurance provides high leverage and long-term, fully amortizing fixed-rate financing at competitive interest rates.
5. **Low-Income Housing Tax Credits (LIHTCs).** Applicants are encouraged to use LIHTCs to support recapitalization of their projects. Some properties converting under RAD may also be eligible to participate in HUD's recently announced Multifamily Low Income Housing Tax Credit Pilot Program (Notice H 2012-1), which offers a distinct application platform and a separate processing track under the FHA section 223(f) program described above. Many states face excessive demand on an annual basis for allocations of 9% LIHTCs. Yet many more routinely do not fully allocate their supply of 4% as-of-right credits coupled with tax-exempt bond financing allowed under their annual Private Activity Bond Volume Cap.

There is no requirement to have secured these credits prior to submitting an application. However, for 9% credits, there are special application.

6. **Grant Funding.** In addition to equity from the sale of tax credits, there are numerous additional sources of equity, including local, state, and federal grants that PHAs should explore. Beyond being a source of debt, state and local CDBG and HOME funds are often applied as -gap grants in other forms of affordable housing developments.

**Consultants:** To the extent that PHAs or owners lack recent experience in accessing various forms of debt and/or equity capital, they should consider engaging technical assistance offered by local or national development intermediaries, professional financing advisors, consultants, and/or development partners to augment their capacities. In reviewing the Financing Plan for final approval, HUD will assess the capacity of the development team relative to the proposed redevelopment plan.

### **Waivers, Alternatives, and Other Public Housing Requirements**

- A. **Use of Public Housing Program Funds to Support Conversion.** PHAs are permitted under the Demonstration to use available public housing funding, including Operating Reserves, Capital Funds, and Replacement Housing Factor (RHF) funds, as an additional source of capital to support conversion, whether for rehabilitation or new construction. Eligible conversion-related uses for these funds include pre-development, development, or rehabilitation costs and establishment of a capital replacement reserve or operating reserve. These funds must be identified in the Financing Plan submitted to HUD for review. (A PHA may not use public housing program funds on a project following conversion.)
- B. **Conversion is a Significant Amendment to Annual/Five Year Plan.** Conversion of assistance under the Demonstration will be considered a significant amendment to the PHA's Annual/Five-Year Plan. All PHAs must include the following information in their significant amendment:
  1. A description of the units to be converted, including the number of units, the bedroom distribution of units, and the type of units (e.g., family, elderly/disabled, or elderly- only);
  2. Any change in the number of units that is proposed as part of the conversion, including de minimis unit reductions and unit reductions that are exempt from the de minimis cap;

3. Any change in the bedroom distribution of units that is proposed as part of the conversion;
4. Any changes in the policies that govern eligibility, admission, selection, and occupancy of units at the project after it has been converted. This includes any waiting list preferences that will be adopted for the converted project; and
5. If there will be a transfer of assistance at the time of conversion, the significant amendment must include the location (including census tract) of any converted units that will be transferred off-site.

HUD will review all significant amendments for compliance with civil rights laws, Executive Orders, and regulations.

- C. Resident Opportunities and Self Sufficiency Service Coordinators (ROSS-SC) and Public Housing Family Self-Sufficiency (PH FSS) programs.** So that residents currently participating in ROSS-SC or PH FSS may continue to do so upon conversion, HUD is waiving section 34 of the Act (for ROSS-SC and PH FSS).

### **Special Provisions Affecting Conversions to PBVs**

#### **A. PBV Project Selection**

1. **Maximum Amount of PBV assistance.** Covered projects do not count against the maximum amount of assistance a PHA may utilize for the PBV program, which is currently set at 20 percent of the amount of budget authority allocated to a PHA under the Housing Choice Voucher program.
2. **Cap on the Number of PBV Units in Each Project.** The 25 percent limitation on the number of units that may receive PBV assistance in a project is increased to 50 percent. An assisted household cannot be involuntarily displaced as a result of this provision.

An owner may still project-base 100 percent of the units provided at least 50 percent of the units at the project qualify for the exceptions for elderly, disabled, or families receiving supportive services, or are within single-family properties.

3. **Site selection – Compliance with PBV Goals, section 8(o)(13)(C)(ii) of the Act and 24 CFR § 983.57(b)(1) and (c).** HUD waives these provisions having to do with deconcentration of poverty and expanding housing and economic opportunity, for the existing site.

#### **B. PBV Contract Terms**

1. **Length of Contract.** Covered projects shall have an initial HAP term of at least 15 years (up to 20 years upon request of the PHA and with approval by the agency administering the vouchers).
2. **Mandatory Contract Renewal.** By statute, upon contract expiration, the agency administering the vouchers shall offer, and the PHA shall accept, renewal of the contract subject to the terms and conditions applicable at the time of renewal and the availability of appropriations each year for such renewal.
3. **Ownership or Control.** Pursuant to the RAD statute, during the initial term and all renewal terms of the HAP contract, HUD will require ownership or control of assisted units by a public or non-profit entity. HUD may allow ownership of the project to be transferred to a for-profit entity to facilitate

such entity's use of tax credits, but only if the PHA preserves its interest in the property in a manner approved by the Secretary. All current and future ownership entities are subject to the eligibility requirements of Section 1.3 of this final Notice, including the civil rights threshold requirements.

4. **RAD Use Agreement.** Pursuant to the RAD statute, covered projects shall have an initial RAD Use Agreement that:
  - a. Will be recorded superior to other liens on the property;
  - b. Will run for the same term as the initial HAP contract, automatically renew upon extension or renewal of the HAP contract for a term that runs with the renewal term of the HAP contract;
  - c. Requires that in the event that the HAP contract is removed due to breach, non-compliance or insufficiency of Appropriations, for all units previously covered under the HAP contract, new tenants must have incomes at or below 80 percent of the area median income (AMI) at the time of admission and rents may not exceed 30% of 80% of median income for an appropriate size unit for the remainder of the term of the RAD Use Agreement; and
  - d. Requires compliance with all applicable fair housing and civil rights requirements, including the obligation to affirmatively further fair housing and all applicable site selection and neighborhood standards requirements.
5. **Initial Contract Rent Setting.** Pursuant to the RAD statute, the statutory and regulatory PBV requirements governing contract rents will apply (see 24 CFR § 983.301), except that rents cannot exceed -current funding.
6. **Method of Adjusting Contract Rents.** Contract rents will be adjusted annually by HUD's Operating Cost Adjustment Factor (OCAF) at each anniversary of the HAP contract, subject to the availability of appropriations for each year of the contract term.
8. **RAD Rehab Assistance.** To ensure that the amount of subsidy for the project is retained at the pre-conversion level once the assistance is converted to the HAP contract, covered projects will be eligible for assistance equal to current funding, as defined in this notice, less adjusted formula income, for units that are not occupied and will be undergoing rehabilitation or construction as identified in the approved Financing Plan and RAD Conversion Commitment.

#### C. **PBV Resident Rights and Participation**

1. **No Re-screening of Tenants upon Conversion.** Pursuant to the RAD statute, at conversion, current households are not subject to rescreening, income eligibility, or income targeting provisions.
2. **Right to Return.** Any residents that may need to be temporarily relocated to facilitate rehabilitation or construction will have a right to return to the development once rehabilitation or construction is completed.
3. **Renewal of Lease.** Upon lease expiration, a PHA can choose not to renew the lease, without good cause. In such a case, the regulatory consequence is the loss of the assisted unit. Under RAD, the PHA must renew all leases upon lease expiration, unless cause exists.

4. **Phase-in of Tenant Rent Increases.** If a tenant's monthly rent increases by more than the greater of 10 percent or \$25 purely as a result of conversion, the rent increase will be phased in over 3 years, which a PHA may extend to 5 years.
5. **Public Housing Family Self Sufficiency (PH FSS) and Resident Opportunities and Self Sufficiency Service Coordinator (ROSS-SC) programs.** Current PH FSS participants will continue to be eligible for FSS once their housing is converted under RAD.

Current ROSS-SC grantees will be able to finish out their current ROSS-SC grants once their housing is converted under RAD. However, once the property is converted, it will no longer be eligible to be counted towards the unit count for future public housing ROSS-SC grants, nor will its residents be eligible to be served by future public housing ROSS-SC grants.

6. **Resident Participation and Funding.** Residents of covered projects converting assistance to PBVs will have the right to establish and operate a resident organization for the purpose of addressing issues related to their living environment and be eligible for resident participation funding.
7. **Resident Procedural Rights.**
  - a. **Termination Notification.** HUD is incorporating additional termination notification requirements for public housing projects that convert assistance under RAD. PHAs must provide adequate written notice of termination of the lease, usually 30 days.
  - b. **Grievance Process.** For issues related to tenancy and termination of assistance, PBV program rules require the PHA to provide an opportunity for an informal hearing, as outlined in 24CFR § 982.555. Current PBV program rules require that hearing procedures must be outlined in the PHA's Section 8 Administrative Plan.

#### **D. PBV: Other Miscellaneous Provisions**

1. **Access to Records, Including Requests for Information Related to Evaluation of Demonstration.** PHAs must agree to any reasonable HUD request for data to support program evaluation.
2. **Additional Monitoring Requirement.** The PHA's Board must approve the operating budget for the covered project annually in accordance with HUD requirements.
3. **Davis-Bacon Act and Section 3 of the Housing and Urban Development Act of 1968 (Section 3).** Under existing PBV program rules, projects that qualify as -existing housing under 24 CFR § 983.52(a) are not subject to Davis-Bacon, however, the Davis-Bacon Act and Section 3 shall apply to all initial repairs that are identified in the Financing Plan to the extent that such repairs qualify as construction or rehabilitation.
4. **Establishment of Waiting List.** In establishing the waiting list for the converted project, the PHA shall utilize the project-specific waiting list that existed at the time of conversion.

Applicants on the agency's centralized public housing waiting list who wish to be placed onto the newly-established waiting list are done so in accordance with the date and time of their original application to the centralized public housing waiting list. However, after the initial waiting list has been established, the PHA shall administer its waiting list for the converted project in accordance with 24 CFR § 983.251(c).

5. **Mandatory Insurance Coverage.** The project shall maintain at all times commercially available property and liability insurance to protect the project from financial loss.
6. **Future Refinancing.** Owners must receive HUD approval for any refinancing or restructuring of permanent debt within the HAP contract term to ensure the financing is consistent with long-term preservation.

**A. PBRA Contract Terms**

1. **Length of Contract.** Covered projects shall have an initial HAP term of 20 years.
2. **Mandatory Contract Renewal.** Pursuant to the RAD statute, upon contract expiration, the Secretary shall offer, and the PHA shall accept, renewal of the contract subject to the terms and conditions applicable at the time of renewal and the availability of appropriations each year of such renewal.
3. **Ownership or Control.** Pursuant to the RAD statute, during the initial term and all renewal terms of the HAP contract, HUD will require ownership or control of assisted units by a public or non-profit entity. HUD may allow ownership of the project to be transferred to a for-profit entity to facilitate such entity's use of tax credits, but only if the PHA preserves its interest in the property in a manner approved by the Secretary.
4. **RAD Use Agreement.** Pursuant to the RAD statute, covered projects shall have an initial RAD Use Agreement that:
  - a. Will be recorded superior to other liens on the property;
  - b. Will run for the same term as the initial HAP contract, automatically renew upon extension or renewal of the HAP contract for a term that runs with the renewal term of the HAP contract, and remain in effect even in the case of abatement or termination of the HAP contract (for the term the HAP contract would have run, absent the abatement or termination), unless the Secretary provides approval for the RAD Use Agreement to be terminated when an owner requests a transfer of assistance;
  - c. Requires that in the event that the HAP contract is removed due to breach, non-compliance or insufficiency of Appropriations, for all units previously covered under the HAP contract new tenants must have incomes at or below 80 percent of the area median income (AMI) at the time of admission and rents may not exceed 30% of 80% of median income for an appropriate size unit for the remainder of the term of the RAD Use Agreement; and
  - d. Requires compliance with all applicable fair housing and civil rights requirements.
5. **Initial Contract Rent Setting.** No additional or incremental funding is associated with this Demonstration. At the time that assistance will be converted, initial contract rents will be established based on the funding for which a project is currently eligible, including pro-rated Operating Subsidy eligibility, the portion of the PHA's Capital Fund Formula Grant attributable to the project, and tenant rents.
6. **Method of Adjusting Contract Rents.** Contract rents will be adjusted annually by HUD's OCAF at each anniversary of the HAP contract.



- 7. Distributions.** Regardless of type of financing, converted projects will not be subject to any limitation on distributions, contingent on the availability of surplus cash as determined by year-end audited or certified financial statements.

## **B. PBRA Resident Rights and Participation**

- 1. No Rescreening of Tenants upon Conversion.** Pursuant to the RAD statute, at conversion, current households are not subject to rescreening, income eligibility, or income targeting provisions.
- 2. Right to Return.** Any resident that may need to be temporarily relocated to facilitate rehabilitation or construction will have a right to return to the development once rehabilitation or construction is completed.
- 3. Phase-in of Tenant Rent Increases.** If a resident's monthly rent increases by more than the greater of 10 percent or \$25 purely as a result of conversion, the rent increase will be phased in over 3 years, which a PHA may extend to 5 years.
- 4. Public Housing Family Self-Sufficiency (PH FSS) and Resident Opportunities and Self Sufficiency (ROSS-SC).** Current PH FSS participants at the covered project will continue to be eligible under PH FSS guidelines until the PH FSS grant expires.

Current ROSS-SC grantees will be able to finish out their current ROSS-SC grants once their housing is converted under RAD. However, once the property is converted, it will no longer be eligible to be counted towards the unit count for future public housing ROSS-SC grants nor will its residents be eligible to be served by future public housing ROSS-SC grants.

- 5. Resident Participation and Funding.** Residents of covered projects converting assistance to PBRA will have the right to establish and operate a resident organization in accordance with 24 CFR Part 245 (Tenant Participation in Multifamily Housing Projects). In addition, in accordance with Attachment 1B, residents will be eligible for resident participation funding.
- 6. Resident Procedural Rights**
  - a. Termination Notification.** HUD is incorporating additional termination notification requirements for public housing projects that convert assistance under RAD. PHAs must provide adequate written notice of termination of the lease, usually 30 days.
  - b. Grievance Process.** For issues related to tenancy and termination of assistance, PBV program rules require the PHA to provide an opportunity for an informal hearing, as outlined in 24CFR § 982.555. Current PBV program rules require that hearing procedures must be outlined in the PHA's Section 8 Administrative Plan.

## **C. PBRA: Other Miscellaneous Provisions**

- 1. Access to Records, including Requests for Information Related to Evaluation of Demonstration.** PHAs must agree to any reasonable HUD request for data to support program evaluation, including but not limited to project financial statements, operating data, Choice-Mobility utilization, and rehabilitation work.
- 2. Davis-Bacon Act and Section 3 of the Housing and Urban Development Act of 1968 (Section 3).** The Davis-Bacon Act and Section 3 apply to all initial repairs that are identified in the Financing Plan to the extent that such repairs qualify as construction or rehabilitation.

- 3. Establishment of Waiting List.** In establishing the waiting list for the converted project, the PHA shall utilize the project-specific waiting list that existed at the time of conversion.

Applicants on the agency's centralized public housing waiting list who wish to be placed onto the newly-established waiting list are done so in accordance with the date and time of their original application to the centralized public housing waiting list. After the initial waiting list has been established, the PHA shall administer its waiting list for the converted project in accordance with 24 CFR § 880.603.

- 4. Mandatory Insurance Coverage.** The project shall maintain at all times commercially available property and liability insurance to protect the project from financial.
- 5. Choice-Mobility.** HUD seeks to provide all residents of covered projects with viable Choice-Mobility options. PHAs that are applying to convert the assistance of a project to PBRA are required to provide a Choice-Mobility option to residents of covered projects in accordance with the following:
  - a. Resident Eligibility.** Residents have a right to move with tenant-based rental assistance the later of: (a) 24 months from date of execution of the HAP or (b) 24 months after the move-in date.
  - b. Voucher Inventory Turnover Cap.** Recognizing the limitation on the availability of turnover vouchers from year to year, a voucher agency would not be required, in any year, to provide more than one-third of its turnover vouchers to the residents of covered projects.
  - c. Project Turnover Cap.** Also recognizing the limited availability of turnover vouchers and the importance of managing turnover in the best interests of the property, in any year, a PHA may limit the number of Choice-Mobility moves exercised by eligible households to 15 percent of the assisted units in the project.

HUD's goal is to have 100 percent of residents in the Demonstration offered a Choice- Mobility option within a reasonable time after conversion. However, as HUD recognizes that not all PHAs will have vouchers sufficient to support this effort, HUD will:

- 6. Future Refinancing.** Owners must receive HUD approval for any refinancing or restructuring of permanent debt within the HAP contract term to ensure the financing is consistent with long-term preservation.
- 7. Submission of Year-End Financial Statements.** Covered projects converting assistance to PBRA must comply with 24 CFR Part 5 Subpart H, as amended, revised, or modified by HUD from time to time regarding submission of financial statements.

### **Resident Notification**

Prior to submitting an application to participate in the Demonstration, HUD requires a PHA to:

1. Notify residents of projects proposed for conversion and legitimate resident organizations of the PHA's intent to pursue a conversion;
2. Conduct at least two meetings with residents of projects proposed for conversion to discuss conversion plans and provide opportunity for comment; and

3. Prepare comprehensive written responses to comments received in connection with the required resident meetings on the proposed conversion to be submitted with the RAD Application.

Once a PHA is selected to participate in the Demonstration, it must have at least one more meeting with residents before HUD will execute a HAP contract.

In addition, a PHA must have an additional meeting with residents if there is a substantial change to the conversion plans. A substantial change includes, but is not limited to:

- Transfer of assistance or ownership;
- Change in the number of assisted units; or
- A substantial change in the scope of work.

Upon issuance of the RAD Conversion Commitment (see Section 1.12 of this Notice), the PHA must notify each affected household that conversion of the project has been approved, and inform households of the specific rehabilitation or construction plans and any impact the conversion may have on them. Households in the affected project(s) who do not want to transition to a new program may be offered, if available, the opportunity to move to other public housing owned by the PHA.