

**PUBLIC NOTICE OF SIGNIFICANT AMENDMENT  
TO THE ANNUAL AND/OR FIVE YEAR PLAN**

The **TROY HOUSING AUTHORITY (THA)** is amending its Annual and/or Five Year PHA plan. The THA has received a Commitment to Enter into a Housing Assistance Payments (CHAP) from the U.S. Department of Housing and Urban Development (HUD) for the conversion of public housing units at Martin Luther King Apartments to Project Based Voucher assisted units under the Rental Assistance Demonstration Program (RAD) in accordance with the guidelines of PIH Notice 2012-32, Rev 2 and any successor notices. Conversion under RAD is considered a Significant Amendment to the THA Annual and/or Five Year Plan.

**This is a 45 day notice with an opportunity to present public comments regarding this change.**

The draft of the proposed Significant Amendment is available for review of the THA website at [www.troyhousing.org](http://www.troyhousing.org) and at the THA Administrative Office, 1 Eddy's Lane, Troy, NY 12180.

Comments must be made in writing and presented to the THA Administrative Office Attn. Director of Planning or via email to [hulihant@troyhousing.org](mailto:hulihant@troyhousing.org) no later than 4:30 pm on Tuesday, December 29, 2015.

**A public hearing will be conducted on Tuesday, December 29, 2015 at 5:00 pm in the Community Room of the Martin Luther King Apartments also at 1 Eddy's Lane, Troy, NY 12180.**

**Published on or before November 13, 2015**

## **Martin Luther King Apartments Rental Assistance Demonstration (RAD) Amendment to the Annual Plan**

### **A. Introduction**

The Troy Housing Authority is amending its Annual PHA Plan because it was a successful applicant in the U.S. Department of Housing and Urban Development's (HUD) Rental Assistance Demonstration (RAD) program and has engaged a Development Partner to facilitate this transition. Additional Significant Amendments are anticipated for other Troy Housing Authority sites in the future. Presently, the Authority will be converting public housing units at Martin Luther King Apartments to RAD Project Based Voucher assisted units under the guidelines of PIH Notice 2012-32 (HA), REV-2 and any successor Notices. The conversion will take place in three phases and will include a de-densification on the site and the transfer of assistance of 35 units off site. Phase I will involve the revitalization of 46 units on site, Phase II will involve the revitalization of 31 units on site and Phase III will involve the development of 35 new units off site. Conversion of assistance under RAD is considered a Significant Amendment to the Authority's Annual and/or Five Year Plan.

Upon conversion to RAD Project Based Vouchers, the Authority will adopt the resident rights, participation, waiting list and grievance procedures listed in Section 1.6.C & 1.6.D of PIH Notice 2012-32 (HA), REV-2. These resident rights, participation, waiting list and grievance procedures are further listed below in Section C below. Additionally, Attachment 1B to PIH Notice 2012-32 (HA), REV-2 regarding Resident Provisions is attached to this amendment.

Additionally, the Authority is currently compliant with all fair housing and civil rights requirements and is not under a Voluntary Compliance Agreement. This RAD conversion complies with all applicable site selection and neighborhood reviews standards and all appropriate procedures have been followed.

RAD was designed by HUD to assist in addressing the capital needs of public housing by providing the Authority with access to private sources of capital to repair and preserve its affordable housing assets. Please be aware that upon conversion, the Authority's Capital Fund Budget will be reduced by the pro rata share of Public Housing Developments converted as part of the Demonstration, and that the Authority may also borrow funds to address their capital needs.

The Authority currently has debt under an Energy Performance Contract for the Martin Luther King Apartments and this is being incorporated into the RAD Conversion.

## B. Development Information

Below, please find specific information related to the Public Housing Development selected for conversion to RAD:

<b>Name of Public Housing Development:</b> Martin Luther King Apartments	<b>PIC Development ID:</b> NY012200004	<b>Conversion Type:</b> Project Based Vouchers (PBV)	<b>Transfer of Assistance:</b> Yes (Partial)
<b>Total Units: 112</b>	<b>Pre-RAD Unit Type:</b> Family	<b>Post-RAD Unit Type if different:</b> Family	<b>Capital Fund allocation of Development: (2015 THA Capital Fund Grant/ # THA Units then multiplied by # MLK units).</b> $\$1,945,408/1130 = \$172.60 \times 112 = \$192,819.20$ these annual funds will discontinue after conversion for MLK.
<b>Bedroom Type</b>	<b>Number of Units Pre-Conversion</b>	<b>Number of Units Post-Conversion</b>	<b>Change in Number of Units per Bedroom Type and Why: (De Minimis Reduction, Transfer of assistance, Unit Reconfigurations, etc.)</b>
<b>One Bedroom</b>	<b>13</b>	<b>0</b>	
<b>Two Bedroom</b>	<b>0</b>	<b>22</b>	
<b>Three Bedroom</b>	<b>73</b>	<b>70</b>	
<b>Four+ Bedroom</b>	<b>26</b>	<b>20</b>	

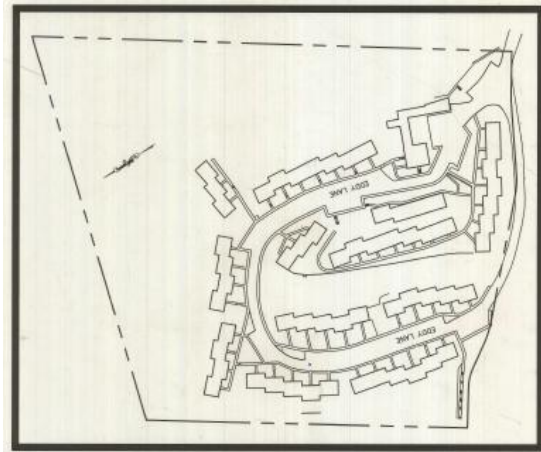
### Transfer of Assistance:

During the third phase of the RAD conversion and revitalization of the Martin Luther King Apartments there will be a transfer of assistance of 35 units to off site locations in Census Tracts 405 and 404. The off-site units will consist of 25 3BR and 10 4BR units. During the transfer small clusters of units will be integrated into the surrounding neighborhoods. This will reduce the concentration of low income housing units on the site from 112 to 77 and will help to avoid a new concentration of low income housing units in the new neighborhoods.

The redevelopment of the Martin Luther King Apartments is also being done to address site issues related to size, exposure and contour. The complex was originally developed in the 1960's with a goal of placing as many units as possible onto the hilly and somewhat isolated site. While there are adequate utilities (e.g., water, sewer, gas and electricity) and streets to accommodate the 124 apartments originally constructed, the site is lacking in adequate program and recreational space (indoors and outdoors). Over the years the Troy Housing Authority has taken 4 units off line to create management offices and another 8 units were recently lost due to fire.

The redevelopment will reduce the number of on-site units to 77 while creating significantly more functional program and recreational space (indoors and outdoors) and improved access to the neighboring community. The remaining 35 units will be developed in the surrounding neighborhood (in Census Tracts 404 and 405). To accomplish this two center buildings will be replaced with greens pace and play areas and units in the center of longer larger buildings will be removed to create more of a neighborhood feel.

**Original Site Configuration**



**Revitalized Site Configuration**



The Neighborhoods where the new units will be located (Census Tracts 404 and 405) are also adequate in size, exposure and contour to accommodate the 35 family units proposed. This will be accomplished through in fill on vacant land and/or rehabilitation of existing underutilized buildings. There are also more than adequate utilities (e.g., water, sewer, gas and electricity) and the streets, many of which have recently been enhanced with CDBG funding, in these neighborhoods are well suited to service the incorporation of these units.

While Census Tracts 405 and 404 are areas with a concentration of poverty, the transfer of units to these Census Tracts will not result in a significant increase or decrease in the overall poverty rate because the existing site is already in Census Tract 405. Also, according to data from the American Community Survey, between 2009 and 2013 (last year data is presently available) the poverty rate in the city of Troy has increased from 23.3% to 28.3% while the poverty rate in Census Tract 404 went from 53.9% in 2009 to a peak of 55.9% in 2011 then decreased to 48.6% in 2013 while the poverty rate in Census Tract 405 went from 43.2% in 2009 to a peak of 50.6% in 2011 and then decreased to 48.2% in 2013.

While there are ample opportunities for housing for minority families in the income range throughout the City of Troy (THA manages 10 other locations) this project is also necessary to meet the overriding housing needs in our community as demonstrated by our site based waiting lists:

List	# Apps 7/18/14	# Apps 7/13/15	List	# Apps 7/18/14	# Apps 7/13/15
Corliss	1,026	1,143	Kane	43	60
Fallon	657	808	Conway	40	56
Taylor	1,242	1,483	Grand	1,471	1672
Phelan	1,122	1,329	Griswold	592	631
Sweeney	826	1,081	Kennedy Towers	240	103
Martin Luther King	672	867	Section 8	343*	913*

## **Transfer Waiting List Process:**

Initially, the newly constructed units off site will be occupied by tenants who were relocated during renovations on site. Thereafter, as units become available they will be filled with applicants off the Martin Luther King Waiting List.

## **Resident Rights, Participation, Waiting List and Grievance Procedures**

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

**1. Right to Return.** Any resident that may need to be temporarily relocated to facilitate rehabilitation or construction will have a right to return to an assisted unit at the development once rehabilitation or construction is completed. Permanent involuntary displacement of residents may not occur as a result of a project's conversion of assistance, including, but not limited to, as a result of a change in bedroom distribution, a reduction of units, or the reconfiguration of apartments. Where the transfer of assistance to a new site is warranted and approved residents of the converting project will have the right to reside in an assisted unit at the new site once rehabilitation or construction is complete. Residents of a development undergoing conversion of assistance may voluntarily accept a PHA or Owner's offer to permanently relocate to another assisted unit or other suitable housing, and thereby waive their right to return to the development after rehabilitation or construction is completed.

**2. 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. Consequently, current households will be grandfathered for conditions that occurred prior to conversion but will be subject to any ongoing eligibility requirements for actions that occur after conversion. For example, a unit with a household that was over-income at time of conversion would continue to be treated as an assisted unit. Thus, 24 CFR § 982.201, concerning eligibility and targeting, will not apply for current households. Once that remaining household moves out, the unit must be leased to an eligible family.

**3. Under-Occupied Unit.** If a family is in an under-occupied unit under 24 CFR 983.259 at the time of conversion, the family may remain in this unit until an appropriate-sized unit become available in the covered Project. When an appropriate sized unit becomes available in the covered Project, the family living in the under-occupied unit must move to the appropriate-sized unit within a reasonable period of time, as determined by the administering Voucher Agency. In order to allow the family to remain in the underoccupied unit until an appropriate-sized unit becomes available in the covered Project, 24 CFR 983.259 is waived.

**4. Renewal of Lease.** Under current regulations at 24 CFR § 983.257(b)(3), the PHA must renew all leases upon lease expiration, unless cause exists. This provision must be incorporated by the PBV owner into the tenant lease or tenancy addendum, as appropriate.

**5. 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 or 5 years. To implement this provision, HUD is waiving section 3(a)(1) of the Act, as well as 24 CFR § 983.3 (definition of "total tenant payment" (TTP)) only to the extent necessary to allow for the phase-in of tenant rent increases. A PHA must create a policy setting the length of the phase in period at three years, five years or a combination depending on circumstances. For example, a PHA may create a policy that uses a three year phase-in for smaller increases in rent and a five year phase-in for larger increases in rent. This policy must be in place at conversion and may not be modified after conversion.

**Troy Housing Authority Policy:** If the tenant's monthly rent increases more than 10% or \$25, whichever is greater, a three (3) year phase in will be implemented according to the Three Year Phase in scheduled below.

The method below explains the set percentage-based phase-in an owner must follow according to the phase-in period established. For purposes of this section "standard TTP" refers to the TTP calculated in accordance with regulations at 24 CFR §5.628 and the "most recently paid TTP" refers to the TTP recorded on line 9j of the family's most recent HUD Form 50058

### **Three Year Phase-in:**

- Year 1: Any recertification (interim or annual) performed prior to the second annual recertification after conversion – 33% of difference between most recently paid TTP and the standard TTP
- Year 2: Year 2 Annual Recertification (AR) and any Interim Recertification (IR) prior to Year 3 AR – 66% of difference between most recently paid TTP and the standard TTP
- Year 3: Year 3 AR and all subsequent recertifications – Full standard TTP

**6. Public Housing Family Self Sufficiency (PH FSS).** Public Housing residents that are current FSS participants will continue to be eligible for FSS once their housing is converted under RAD, and PHAs will be allowed to use any PH FSS funds, to serve those FSS participants who live in units converted by RAD. Due to the program merger between PH FSS and HCV FSS that took place pursuant to the FY14 Appropriations Act (and was continued in the FY15 Appropriations Act), no special provisions are required to continue serving FSS participants that live in public housing units converting to PBV under RAD.

However, PHAs should note that there are certain FSS requirements (e.g. escrow calculation and escrow forfeitures) that apply differently depending on whether the FSS participant is a participant under the HCV program or a public housing resident, and PHAs must follow such requirements accordingly. All PHAs will be required to administer the FSS program in accordance with FSS regulations at 24 CFR Part 984, and participants' contracts of participation, and the alternative requirements established in the "Waivers and Alternative Requirements for the FSS Program" Federal Register notice, published on December 29, 2014, at 79 FR 78100. Further, upon conversion to PBV, already escrowed funds for FSS participants shall be transferred into the HCV escrow account and be considered TBRA funds, thus reverting to the HAP account if forfeited by the FSS participant.

**7. Resident Participation and Funding.** Residents of covered projects with converted PBV assistance 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.

**8. Resident Procedural Rights.** The following items must be incorporated into both the Section 8 Administrative Plan and the Project Owner's lease, which includes the required tenancy addendum, as appropriate. Evidence of such incorporation may be requested by HUD for purposes of monitoring the program.

- a. Termination Notification.** HUD is incorporating additional termination notification requirements to comply with section 6 of the Act for public housing projects that convert assistance under RAD. In addition to the regulations at 24 CFR § 983.257, related to Project owner termination of tenancy and eviction, the termination procedure for RAD conversions to PBV will require that PHAs provide adequate written notice of termination of the lease which shall not be less than:

- i. A reasonable period of time, but not to exceed 30 days:
  - a. If the health or safety of other tenants, PHA employees, or persons residing in the immediate vicinity of the premises is threatened; or
  - b. In the event of any drug-related or violent criminal activity or any felony conviction;
- ii. 14 days in the case of nonpayment of rent; and
- iii. 30 days in any other case, except that if a State or local law provides for a shorter period of time, such shorter period shall apply.

**b. Grievance Process.** Pursuant to the requirements in the RAD Statute, HUD has established additional procedural rights to comply with the requirements of section 6 of the Act.

For issues related to tenancy and termination of assistance, PBV program rules require the Project Owner/PHA (hereinafter “Project Owner”) to provide an opportunity for an informal hearing, as outlined in 24 CFR § 982.555. RAD will specify alternative requirements for 24 CFR § 982.555(b) in part, which outlines when informal hearings are not required, to require that:

- i. In addition to reasons that require an opportunity for an informal hearing given in 24 CFR § 982.555(a)(1)(i)-(vi), an opportunity for an informal hearing must be given to residents for any dispute that a resident may have with respect to a Project owner action in accordance with the individual’s lease or the contract administrator in accordance with RAD PBV requirements that adversely affect the resident’s rights, obligations, welfare, or status.
  - a. For any hearing required under 24 CFR § 982.555(a)(1)(i)-(vi), the contract administrator will perform the hearing, as is the current standard in the program. The hearing officer must be selected in accordance with 24 CFR § 982.555(e)(4)(i).
  - b. For any additional hearings required under RAD, the Project Owner will perform the hearing.
- ii. There is no right to an informal hearing for class grievances or to disputes between residents not involving the Project Owner or contract administrator.
- iii. The Project Owner gives residents notice of their ability to request an informal hearing as outlined in 24 CFR § 982.555(c)(1) for informal hearings that will address circumstances that fall outside of the scope of 24 CFR § 982.555(a)(1)(i)-(vi).
- iv. The Project Owner provides opportunity for an informal hearing before an eviction. Current PBV program rules require that hearing procedures must be outlined in the PHA’s Section 8 Administrative Plan.

**Troy Housing Authority Policy:** The hearing procedures for PBV and PBV clients converted under RAD are outlined in Section 18 of the Troy Housing Authority HCV Administrative Plan.

**9. Earned Income Disregard (EID).** Tenants who are employed and are currently receiving the EID exclusion at the time of conversion will continue to receive the EID after conversion, in accordance with regulations at 24 CFR § 5.617. Upon the expiration of the EID for such families, the rent adjustment shall not be subject to rent phase-in, as described above; instead, the rent will automatically rise to the appropriate rent level based upon tenant income at that time.

Under the Housing Choice Voucher program, the EID exclusion is limited to only persons with disabilities (24 CFR § 5.617(b)). In order to allow all tenants (including non-disabled persons) who are employed and currently receiving the EID at the time of conversion to continue to benefit from this exclusion in the PBV project, the provision in section 5.617(b) limiting EID to only disabled persons is waived. The waiver and resulting alternative requirement only applies to tenants receiving the EID at the time of conversion. No other tenant (e.g., tenants who at one time received the EID but are not receiving the EID exclusion at the time of conversion (e.g., due to loss of employment); tenants that move into the property following conversion, etc.) is covered by this waiver.

#### **10. Jobs Plus.** Not Applicable

**11. When Total Tenant Payment Exceeds Gross Rent.** Under normal PBV rules, the PHA may only select an occupied unit to be included under the PBV HAP contract if the unit's occupants are eligible for housing assistance payments (24 CFR § 983.53(d)). Also a PHA must remove a unit from the contract when no assistance has been paid for 180 days because the family's TTP has risen to a level that is equal to or greater than the contract rent, plus any utility allowance, for the unit (i.e., the Gross Rent)) (24 CFR § 983.258). Since the rent limitation may often result in a family's TTP equaling or exceeding the gross rent for the unit, for current residents (i.e. residents living in the public housing property prior to conversion), HUD is waiving both of these provisions and requiring that the unit for such families be placed on and/or remain under the HAP contract when TTP equals or exceeds the Gross Rent. Further, HUD is establishing the alternative requirement that the rent to owner for the unit equal the family's TTP until such time that the family is eligible for a housing assistance payment. HUD is waiving as necessary to implement this alternative provision, the provisions of Section 8(o)(13)(H) of the Act and the implementing regulations at 24 CFR 983.301 as modified by PIH Notice 2012-32, REV-2. In such cases, the resident is considered a participant under the program and all of the family obligations and protections under RAD and PBV apply to the resident. Likewise, all requirements with respect to the unit, such as compliance with the HQS requirements, apply as long as the unit is under HAP contract. Assistance may subsequently be reinstated if the tenant becomes eligible for assistance.

Following conversion, 24 CFR § 983.53(d) applies, and any new families referred to the RAD PBV project must be initially eligible for a HAP payment at admission to the program, which means their TTP may not exceed the gross rent for the unit at that time. Further, a PHA must remove a unit from the contract when no assistance has been paid for 180 days. If units are removed from the HAP contract because a new admission's TTP come to equal or exceed the gross rent for the unit and if the project is fully assisted, HUD is imposing an alternative requirement that the PHA must reinstate the unit after the family has vacated the property; and, if the project is partially assisted, the PHA may substitute a different unit for the unit on the HAP contract in accordance with 24 CFR § 983.207 or, where "floating" units have been permitted.

#### **12. Transfer of Assistance.** Addressed in Section B. Development Information.

13. Capital Fund Education and Training Community Facilities (CFCF) Program. CFCF provides capital funding to PHAs for the construction, rehabilitation, or purchase of facilities to provide early childhood education, adult education, and job training programs for public housing residents based on an identified need. Where a community facility has been developed under CFCF in connection to or serving the residents of an existing public housing project converting its assistance under RAD, residents will continue to qualify as "PHA residents" for the purposes of CFCF program compliance. To the greatest extent possible the community facility should continue to be available to public housing residents

Troy Housing Authority Policy: A new community facility will be built on site that tenants on and off site may access. There is also another community facility run by the Troy Housing Authority in Census Tract 404, The Rainbow Center at the Fallon Apartments, that all tenants may also access.



## **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, including but not limited to project financial statements, operating data, Choice-Mobility utilization, and rehabilitation work.

**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**

i. The Davis-Bacon prevailing wage requirements (prevailing wages, the Contract Work Hours and Safety Standards Act, and other related regulations, rules, and requirements) apply to all initial repairs and new construction that are identified in the Financing Plan to the extent that such repairs or construction qualify as development.

“Development”, as applied to work subject to Davis-Bacon requirements on Section 8 projects, encompasses work that constitutes remodeling that alters the nature or type of housing units in a PBV project, reconstruction, or a substantial improvement in the quality or kind of original equipment and materials, and is initiated within 18 months of the HAP contract. Development activity does not include replacement of equipment and materials rendered unsatisfactory because of normal wear and tear by items of substantially the same kind. Davis-Bacon requirements apply only to projects with nine or more assisted units.

ii. Section 3 (24 CFR Part 135) applies to all initial repairs and new constructions that are identified in the Financing Plan to the extent that such repairs qualify as construction or rehabilitation. In addition, Section 3 may apply to the project after conversion based on the receipt of the use of federal financial assistance for rehabilitation activities.

**4. Establishment of Waiting List.** 24 CFR § 983.251 sets out PBV requirements for establishing and maintaining a voucher-wide, PBV program-wide, or site based waiting list from which residents for the Project will be admitted. These provisions apply unless the project is covered by a remedial order or agreement specifying the type of waiting list and waiting list policies. The PHA shall consider the best means to transition applicants from the current waiting list, including:

i. Transferring an existing site-based waiting list to a new site-based waiting list. If the PHA is transferring the assistance to another neighborhood, the PHA must notify applicants on the wait-list of the transfer of assistance, and on how they can apply for residency at the new project site or other sites. Applicants on a project-specific waiting list for a project where the assistance is being transferred shall have priority on the newly formed waiting list for the new project site in accordance with the date and time of their application to the original project's waiting list.

ii. Informing applicants on the site-based waiting list on how to apply for a PBV program-wide or HCV program-wide waiting list.

iii. Informing applicants on a public housing community-wide waiting list on how to apply for a voucher-wide, PBV program-wide, or site-based waiting list. If using a site-based waiting list, PHAs shall establish a waiting list in accordance with 24 CFR § 903.7(b)(2)(ii)-(iv) ensuring applicants on the PHA's public housing waiting lists have been offered placement on the converted project's initial waiting list. In all cases, PHAs have the discretion to determine the most appropriate means of informing applicants on the public housing community-wide waiting list given the number of applicants, PHA resources, and admissions requirements of the projects being converted under RAD.

A PHA may consider contacting every applicant on the public housing waiting list via direct mailing; advertising the availability of housing to the population that is less likely to apply, both minority and non-minority groups, through various forms of media (e.g., radio stations, posters, newspapers) within the marketing area, informing local non-profit entities and advocacy groups (e.g., disability rights groups); and conducting other outreach as appropriate. Applicants on the agency's 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. Any activities to contact applicants on the public housing waiting list must be conducted in accordance with the requirements for effective communication with persons with disabilities at 24 CFR § 8.6 and the obligation to provide meaningful access for persons with limited English proficiency (LEP).

A PHA must maintain any site-based waiting list in accordance with all applicable civil rights and fair housing laws and regulations unless the project is covered by a remedial order or agreement that specifies the type of waiting list and other waiting list policies.

To implement this provision, HUD is specifying alternative requirements for 24 CFR § 983.251(c)(2). 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).

**Troy Housing Authority Plan:** The existing Martin Luther King Site Based Waiting List will transition to the RAD PBV development with the following exceptions:

- The 1BR and 5BR waiting list will no longer be applicable. Applicants on these lists will be notified and asked which alternate sites they would like to be considered for. They will be added to those list based on the preferences, date and time of their original application.
- A 2BR waiting list will be established (presently there are no 2BR units at the site).
- The Troy Housing Authority will place a notice in the newspaper of general circulation advising the community of the changes at Martin Luther King and the new unit designations so that everyone, including those on the waiting lists for other sites can be placed on the new Martin Luther King RAD PBV Waiting List if they so desire.

**5. Mandatory Insurance Coverage.** The project shall maintain at all times commercially available property and liability insurance to protect the project from financial loss and, to the extent insurance proceeds permit, promptly restore, reconstruct, or repair damaged or destroyed property of a project.

**6. Agreement Waiver.** For public housing conversions to PBV, there will be no Agreement to Enter into a Housing Assistance Payments (AHAP) contract. Therefore, all regulatory references to the Agreement (AHAP), including regulations under 24 CFR Part 983 Subpart D are waived.

**7. 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. (Current lenders and investors are also likely to require review and approval of refinancing of the primary permanent debt.)

**8. Administrative Fees for Public Housing Conversions during Transition Period. For the remainder of the Calendar Year in which the HAP Contract is effective (i.e. "transition period"), RAD PBV projects will be funded with public housing funds.** For example, if the project's assistance converts effective July 1, 2015, the public housing Annual Contributions Contract (ACC) between the PHA and HUD will be amended to reflect the number of units under the HAP contract, but will be for zero dollars, and the RAD PBV contract will be funded with public housing money for July through December 2015. Since TBRA is not the source of funds, PHAs should not report leasing and expenses into VMA during this period, and PHAs will not receive section 8 administrative fee funding for converted units during this time.

**9. Choice Mobility.** One of the key features of the PBV program is the mobility component, which provides that if the family has elected to terminate the assisted lease at any time after the first year of occupancy in accordance with program requirements, the PHA must offer the family the opportunity for continued tenant-based rental assistance, in the form of either assistance under the voucher program or other comparable tenant based rental assistance. If as a result of participation in RAD a significant percentage of the PHA's HCV program becomes PBV assistance, it is possible for most or all of the PHA's turnover vouchers to be used to assist those RAD PBV families who wish to exercise mobility. While HUD is committed to ensuring mobility remains a cornerstone of RAD policy, HUD recognizes that it remains important for the PHA to still be able to use tenant-based vouchers to address the specific housing needs and priorities of the community. Therefore, HUD is establishing an alternative requirement for PHAs where, as a result of RAD, the total number of PBV units (including RAD PBV units) under HAP contract administered by the PHA exceeds 20 percent of the PHA's authorized units under its HCV ACC with HUD.

The alternative mobility policy provides that an eligible voucher agency would not be required to provide more than three-quarters of its turnover vouchers in any single year to the residents of covered Projects. While a voucher agency is not required to establish a voucher inventory turnover cap, if such a cap is implemented, the voucher agency must create and maintain a waiting list in the order in which the request from eligible households were received. In order to adopt this provision, this alternative mobility policy must be included in an eligible PHA's administrative plan. This alternative requirement does not apply to PBVs entered into outside of the context of RAD.

**10. Reserve for Replacement.** The Project Owner shall establish and maintain a replacement reserve in an interest-bearing account to aid in funding extraordinary maintenance and repair and replacement of capital items in accordance with applicable regulations. The reserve must be built up to and maintained at a level determined by HUD to be sufficient to meet project requirements.

**11. Significant Amendment Definition As part of the Rental Assistance Demonstration (RAD).** The Troy Housing Authority is redefining the definition of a substantial deviation from the PHA Plan to exclude the following RAD-specific items:

- a. Changes to the Capital Fund Budget produced as a result of each approved RAD Conversion, regardless of whether the proposed conversion will include use of additional Capital Funds;
- b. Changes to the construction and rehabilitation plan for each approved RAD conversion;  
and
- c. Changes to the financing structure for each approved RAD conversion.