



## Summary of Major Administrative & Policy Changes under RAD

The Cambridge Housing Authority (CHA) has identified several new policies and procedures for implementation as the agency converts its public housing stock through the Rental Assistance Demonstration (RAD) program. This document summarizes the major changes and highlights some of the challenges associated with converting to a new demonstration program modeled on a project based Section 8 platform while remaining committed to preserving many of the policies and protections of public housing.

<b>Resident Policies</b>	<b>New Resident Documents</b>	Since many of the rights to due process and other tenant protections don't necessarily apply under RAD/Section 8, CHA used its MTW authority to retain the public housing operational structure and tenant protections. CHA amended the current Section 8 Administrative Plan (Admin Plan) to add a Part Two which mirrors the recently-approved public housing Admissions and Continued Occupancy Policy (ACOP). This amendment of the Admin Plan will ensure that RAD developments will continue to operate under the same set of policies that public housing residents are familiar with.
	<b>Revised Lease</b>	Residents in all pending RAD developments signed a new lease in October of 2014 that will apply when their building converts to RAD.
	<b>Waitlist Policy</b>	CHA will continue to use site based waiting lists and screen potential applicants for admission. Once a project is placed in service for Tax Credits, new admissions off of the waitlist must also qualify for the tax credit program, which limits income to 60% of AMI (RAD and public housing allows up to 80% of AMI). There will be a limited supply of units set aside as non-tax credit units. Newly admitted residents coming off the waitlist who make between 60-80% of AMI will have to wait for one of these non-tax credit units to become available.
	<b>RAD Mobility Vouchers</b>	RAD requirements allow residents, after one year of occupancy in a RAD Development, to request a RAD Tenant-Based Voucher. These families have a priority position on the Section 8 waitlist.
	<b>New Rent Tables</b>	The intersection of RAD rents and tax credit rents required the creation of new rent tables that have higher ceiling rents. CHA is holding families harmless from these increases by phasing in the new rents over several years (in phase 1 this affects approximately 90 families). Residents are not protected from rent increases that occur from increased income.
	<b>Rent Redetermination Dates</b>	When a building is placed in service for tax credits, residents will need to recertify for tax credits on an annual basis. CHA is planning to align the tax credit recertification with the biennial recertification anniversary date to streamline staff and resident effort. This will be phased in over several years.
<b>Fiscal Procedures</b>	<b>New Fiscal Year and Tracking</b>	RAD properties will be on a new fiscal year beginning Jan. 1st as opposed to the current fiscal year which ends Mar 31st. The budget process will remain the same with some new line items to address debt service and replacement reserves. More formal processes for development accounting, streamlining workflow, and maintaining separate books for each LLC is being developed.

<b>Fiscal Procedures (Cont'd)</b>	<b>Procurement</b>	Once properties become limited liability corporations under RAD, procurement efforts shift to a model that includes paying sales tax and separating costs more stringently by development.
	<b>Central Office Costs</b>	CHA is in the process of evaluating central office costs in relation to receiving a more traditional management fee as a percentage of gross revenues compared with HUD defined per unit fees.
	<b>Shift in Revenue Sources</b>	CHA receives a management fee for operating developments pursuant to a Management Agreement with each ownership entity. In addition, one year after conversion, CHA will receive a new revenue source via Administrative Fees earned for each RAD voucher it administers.

<b>Software and Data Tracking</b>	<b>Workflow and Reporting for Move-ins, Transfers, and Inspections</b>	CHA has been working extensively with the creators of the Elite software (Emphasys), to streamline our data management. Since CHA plans to use certain public housing policies in conjunction with Section 8 regulations, Emphasys has mapped out a way for the two programs to interact. This involves extensive custom programming, training, and automation.
	<b>Tax Credit Reporting</b>	CHA already has a few tax credit properties that are handled outside of our main software system. Since CHA plans to have almost all properties using tax credits under RAD, we are exploring ways to integrate tax credit reporting with Elite.
	<b>Custom Programming</b>	Because CHA's RAD effort exists at the crossroads of Low Income Public Housing, Section 8, and Low Income Tax Credit rules, we are beginning to explore new custom reports that may be necessary to track data once the properties are stabilized and in operation.

<b>Property Management</b>	<b>Site Staff Roles and Training</b>	CHA is evaluating if/how staff roles may change under RAD given tax credit reporting requirements, new software training, and other revised responsibilities. While significant changes are not expected, CHA will work within the existing contracts and with Union representation in this matter.
	<b>Asset Management</b>	CHA site staff have always been involved in the creation and review of site budgets, but through RAD, we hope to involve staff more directly in tracking cash flow and understanding obligations to investors and lenders (e.g. debt service coverage ratios, required replacement reserves, etc.). The fiscal department will meet with field staff every quarter to monitor and review financials on a regular basis.
	<b>New Inspection Requirements</b>	Under RAD, CHA moves from the public housing inspection process (REAC) to a Section 8 inspection process (HQS), which requires new forms, training, and implementation. CHA staff will now need to contract with a third party for HQS inspections for any move-in or unit-turnaround inspections.
	<b>Vacant Unit Payments</b>	Site staff will now need to track and request subsidy payments for vacant units (as opposed to receiving a set operating subsidy each year that is handled centrally).
	<b>Tracking HAP Subsidy</b>	We are working on a process to have site staff review and approve monthly HAP subsidy changes for their units (as opposed to receiving a set operating subsidy from the CHA).