



# Questions and Answers for Office of Multifamily Housing Stakeholders<sup>1</sup>

## Coronavirus (COVID-19)

Last Updated: May 21, 2020, 8:00 a.m., ET

*This document is intended to provide guidance and clarification of HUD's policies, and does not have the force and effect of law except when based on statutory, regulatory, or other legally binding authority.*

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<sup>1</sup> Office of Multifamily Housing Stakeholders include tenants; property managers, owners, and agents; lenders and their partners; residential service coordinators; contract administrators; and other participants in FHA Multifamily mortgage insurance and Office of Housing rental assistance programs.

## **Recapitalization and Rental Assistance Demonstration**

### *Property Reviews and Inspections*

#### **Q1: Will HUD relax its RAD Capital Needs Assessment inspection requirements for RAD conversions?**

**A:** The Capital Needs Assessments are a core part of the RAD review process, as they are used to establish a basis on which to project the property's 20-year capital needs. As such, unless constructed within the past ten years, all properties will require a complete inspection in compliance with the MAP Guide. For properties built within the last ten years, HUD may approve the inspection of only vacant or model units. The Office of Recapitalization will extend milestones and deadlines on a case-by-case basis if the capital needs inspection cannot be completed at this time due to COVID-19. Recap is also considering other approaches to avoid delays caused by inspectors having more limited access to sites at this time.

(Updated on 4/2/20)

### *Policy and Operations*

#### **Q2: Public Housing Authorities (PHAs) and their development teams are currently implementing renovations and tenant moves to facilitate construction. How should property owners reconcile the construction schedule with COVID-19 concerns?**

**A:** PHAs and their Rental Assistance Demonstration (RAD) development partners should consider the health and well-being of the residents and the public as the first priority and use CDC guidance and guidance from state and local health officials. In doing so, RAD development teams should consider the impact of their renovation activities on the potential to exacerbate or mitigate exposure to the virus, particularly among vulnerable populations. Every construction project is different - in the vulnerability of the residents, the extent of tenant relocation, the extent of construction, the timing of construction and the deadlines created by natural conditions or financing sources. In all cases, development teams should follow the instructions of applicable governmental authorities (such as a government-issued shelter-in-place or similar order).

(Added on 4/2/20)

#### **Q3: How will HUD handle delays in the completion of construction required by the RAD Conversion Commitment (RCC), including increases in costs, modification of resident relocation? How will it approve periods for rehab assistance payments?**

**A:** HUD will approve extensions to the rehab period and rehab assistance payments. Such requests can be made through the RAD Resource Desk. Note that the RAD construction

deadlines do not supersede other parties' requirements, so development teams should also consult with their lenders, investors, and other stakeholders as applicable when modifying the construction schedule. Increases in costs should be reflected on the sources and uses log on the RAD Resource Desk. HUD encourages PHAs to maintain routine communication with residents whose length of relocation may be impacted and to alert HUD if relocation plans change such that resident relocation will exceed 12 months.

(Added on 4/2/20)

**Q4: Where can a PHA or owner find guidance regarding PBRA or PBV program requirements that customarily involve in-person meetings?**

A: Guidance is available and will be continually updated at [www.hud.gov/coronavirus](http://www.hud.gov/coronavirus). Guidance for PBRA can be found within this FAQ document ("FAQ for Multifamily Housing Providers"). For PBV, please see "FAQs for Public Housing, Housing Choice Voucher, Project-based Voucher Program, and Native American Programs."

(Added on 4/2/20)

**Q5: How should PHAs communicate with residents about the RAD conversion process, respond to resident questions, and solicit feedback when in-person resident meetings are not possible due to the recent COVID-19 outbreak?**

A: The health and safety of residents, PHA and Owner staff, and other program partners is paramount. PHAs that continue with public meetings should follow the latest CDC, state, or local health department guidance relative to holding public meetings. However, it is still critical for PHAs and owners to keep residents informed about any changes to their housing, their rights, and the timing of key events related to the conversion and for residents to have the opportunity to provide comments as required at different stages of a RAD conversion.

**Required resident meetings.** The RAD Notice requires PHAs and owners to hold resident meetings and to receive and provide response to comments during those meetings. In lieu of community meetings held in common areas, PHAs and owners may hold meetings remotely using videoconferencing or teleconferencing technology provided that they can:

- Accept and respond to answers to questions submitted during the meeting;
- Maintain an attendance log in order to track if residents are able to participate successfully;
- Accommodate the needs of persons with disabilities or with limited English proficiency (LEP) through the meeting format. In selecting the host technology, PHAs must ensure they can comply with Section 504 of the Americans with Disability Act; and
- Provide residents with a follow-up notice after the meeting with a summary or reproduction of presented information and a means to ask additional questions related to the conversion.

**In selecting among alternative meeting methodologies, PHAs and owners should be attentive to the nature of technology which residents are likely to have in their homes. When submitting their Financing Plan or Conversion Plan and (for public housing conversions) their RAD application, PHAs and owners must provide the date(s) of any remote resident meetings and a record of the responses (written or oral, or in subsequent actions) to resident comments on the proposed conversion and scope of work that were received in connection with such meetings. HUD may request follow-up measures on a case-by-case basis.**

**Effectively communicating during this period may take more time than previously and PHAs and owners may determine that additional meetings are necessary in order to ensure that you are reaching all residents. Please keep your RAD point of contact updated in the event that an extension to existing deadlines is needed.**

**Ongoing resident engagement. Beyond the required resident meeting and comment period, HUD recommends that PHAs and owners develop an alternative communication plan that is sustainable for at least 8 weeks or more and that achieves the goals of providing residents relevant information about the RAD conversion, particularly more complex transactions with significant construction and/or relocation. PHAs may develop a process that includes various forms of alternative communication methods so that all residents can receive information and participate in the process regardless of their individual circumstances. Below are some suggested methods by which to share information with residents:**

**Set up teleconference calls in the place of in-person meetings, ensuring that residents have enough prior notice and receive clear directions (particularly those with limited technological access/abilities).**

**Provide flyers/notices to residents at each unit with updates about how information can be obtained regarding the RAD process.**

**Post notices in common areas of the property.**

**Provide letter updates in resident mailboxes.**

**Provide text and/or email updates to residents.**

**Share a sign-up sheet with residents to meet 1-on-1 with office staff or by phone.**

**Create online materials (video or other) available to all residents.**

**Create and distribute a survey for residents to gather information about their questions, experience, and preferences.**

**Ensure that all residents have contact information (phone and email) for PHA staff should they have questions.**

**(Added on 4/2/20)**

**Q6: If a PHA/owner anticipates needing more time after a RAD closing to sign tenant leases, will HUD provide any flexibility around the timing of the effective date of the HAP contract as outlined in the Section 1.13.A of the [RAD Notice](#)?**

**A: In order to provide PHAs and owners additional time to execute individual leases with tenants in light of social distancing measures, HUD will permit the HAP effective date to be the first day of the third full month after closing upon request (rather than the first day of either of the first two months following closing). For example, a closing that occurs on May 15<sup>th</sup> could elect a HAP effective date of June 1<sup>st</sup>, July 1<sup>st</sup>, or August 1<sup>st</sup>. This option will be available for any closing that occurs through March 31, 2021.**

**(Updated 10/14/20)**

## **Environmental Review**

**Q1: How will Multifamily FHA deals and RAD conversions subject to an Environmental Review under Part 50, manage consultation under Section 106 for jurisdictions where these offices have temporarily closed?**

**A: Certain State Historic Preservation Offices (SHPOs), Tribal Historic Preservation Offices (THPOs) and federally recognized tribes have indicated that they are unable to participate in the standard 30-day consultation period during an office closure. The National Conference of State Historic Preservation Offices maintains a database <https://www.achp.gov/coronavirus> with the operating status of each SHPO office and whether or not it can accept electronic submissions. There is no equivalent database for THPOs or for federally recognized tribes; therefore, federal agencies must reach out directly to assess their status.**

**According to the ACHP, the Section 106 deadlines for a SHPO and/or THPO response will be considered paused while an office is closed or work conditions are such that the SHPOs and/or THPOs are unable to carry out their Section 106 duties due to the COVID-19 outbreak. This pause would also apply to consultation with federally recognized tribes for projects that involve ground disturbance.**

**HUD will not issue a Firm Commitment (for FHA-insured loans), the RAD Conversion Commitment (RCC) (for public housing conversions), RAD Conversion Agreement (for Project Rental Assistance Contract (PRAC) conversions)), or RAD Approval Letter (for Section 8 Moderate Rehabilitation/Single Room Occupancy (Mod Rehab/SRO) conversions until it has met its obligations under Section 106.**

**HUD can generally accommodate a consultation process that requires more than 30 days. However, HUD will be monitoring this situation closely to minimize or avoid any adverse effect that office closures may have on applications. Please alert HUD if a project has an urgent time frame.**

**(Added on 5/21/20)**

*Recapitalization and Rental Assistance Demonstration*

**Q5: For RAD conversions subject to an Environmental Review under 24 CFR Part 50 that require a Phase I Environmental Site Assessment (ESA), will HUD accept a report without a physical site inspection?**

**A: If the environmental provider can access the site, but not the interior of buildings or units, HUD will accept an ESA with an exterior inspection only, if the ESA is in accordance with the ASTM E-1527-13 standard and the ESA preparer has another adequate means of viewing the interior. Acceptable alternative means include:**

- **Conducting phone interviews with facility staff in order to complete their typical inspection questionnaires. In this example, the physical inspection would be replaced by interior and exterior photos taken by management staff. A list of photo requirements can be found [here](#). After the engineering firms receive and review the photos sent by the facility, a phone interview should be scheduled with facility staff to answer any questions that the engineer has about items in the photos and to complete their typical inspection questionnaires.**
- **Publicly available sources, including satellite photos, and drone video can be utilized as an additional resource to verify site specifics.**

**If traveling to the site is not feasible (e.g. due to governmental restrictions on travel or shelter in place/quarantine orders), HUD will accept the ESA without a physical site visit for projects already in HUD's portfolio, (i.e., not applicable to transfers of assistance) as long as the site is considered low risk based on current and historical uses. Sites with past, current or adjacent uses that include but are not limited to underground storage tanks, contaminated soil or groundwater, dumps, solid or hazardous waste landfills, brownfields or superfund sites are considered high-risk and will continue to require a physical site visit by the ESA preparer.**

**ESA reports without a physical site visit must:**

- **Explain the reason why a site visit did not take place.**
- **Meet the ASTM E1527-13 standard (or most recent version).**
- **Include adequate means of viewing the interior and exterior (e.g. an onsite rep could live stream a walk-through of the facility and grounds, or send photos and video of the site and grounds).**

**For projects that are new to HUD's portfolio through a transfer of assistance or that do not meet the low risk criteria, the ESA preparer must conduct a physical site visit. However, HUD will accept a draft ESA report with the Financing Plan or Conversion Plan that includes all information except the physical site visit as long as the preparer views the interior and exterior by other means. The final ESA with the site visit must be submitted before HUD will issue the RAD Conversion Commitment (RCC) (for public housing conversions), RAD Conversion Agreement (for Project Rental Assistance Contract (PRAC) conversions), or RAD Approval Letter**

(for Section 8 Moderate Rehabilitation/Single Room Occupancy (Mod Rehab/SRO) conversions).

(Added on 5/21/20)

**Q6: For RAD conversions subject to an Environmental Review under Part 50, how should the PHA or owner conduct lead based paint (LBP), asbestos (ACM), and radon testing and reporting for the ESA if an environmental professional is unable to access dwelling units?**

**A: The PHA or owner must take the following steps to conduct LBP, ACM and radon testing if unable to access dwelling units:**

- For any property built before 1978, an Operations & Maintenance (O&M) Plan will automatically be put into place for LBP and ACMs. The O&M Plan can be terminated if subsequent inspections with access to dwelling units determine it is not necessary.
- For properties requiring a lead based paint survey, asbestos survey, or radon testing, completion of the surveys/testing can be deferred until such time as the property can be inspected, but must occur before HUD will issue the RCC (for public housing conversions), RAD Conversion Agreement (for PRAC conversions), or RAD Approval Letter (for Mod Rehab/SRO conversions).
- Recap will continue to hold Concept Calls for RAD public housing conversions and Kickoff Calls (After Conversion Plan Submission) for RAD multifamily conversions (PRAC/Mod Rehab/SRO) without testing being completed. If dwelling unit inspections have not occurred by the time of the Financing Plan, HUD will still accept and begin review of the Financing Plan, even with an incomplete ESA, as long as the Sources and Uses includes an “Environmental Contingency Fund” to cover potential abatement and/or mitigation measures:
  - **Lead Based Paint and Asbestos Contingency Fund:**
    - The Environmental Contingency Fund must include amounts to cover potential abatement and/or mitigation measures based on costs of such measures on comparable projects. The PHA must describe the approach it used to develop the Environmental Contingency Fund amount, including a description of how the comparable projects are an appropriate predictor of the potential abatement or mitigation costs for the converting project.
  - **Radon Contingency Fund:**
    - For a single-family residence, the PHA may use an estimate for testing of between \$100-\$275 per unit and between \$1,500-\$3,000 per unit for mitigations, or other amounts based on a professional recommendation and as approved by HUD.
    - For a multifamily building, the PHA may use an estimate for testing of between \$50-\$80 per unit and between \$2,500-\$4,000 per unit for mitigation, or other amounts based on a professional recommendation and as approved by HUD.

- Testing must be completed before HUD can issue the RCC (for public housing conversions), RAD Conversion Agreement (for PRAC conversions), or RAD Approval Letter (for Mod Rehab/SRO conversions) by at which point HUD and the PHA or owner can determine if the contingency will still be needed.

(Added on 5/21/20)

**Q7: What guidance or relief has HUD made available for Responsible Entities (RE) completing an Environmental Review under Part 58?**

A: HUD is temporarily allowing for flexibilities in the signature and certification process for the 7015.15 Request Release of Funds (RROF) and 7015.16 Authority to Use Grant Funds (AUGF) forms. Instructions for REs and HUD Field Offices can be found [here](#).

Additionally, HUD is expanding the options for public review of the Environmental Review Record (ERR). Instructions and guidance can be found [here](#).

(Added on 5/21/20)