**DEFINITIONS**

*The Act.* The United States Housing Act of 1937.

*Administering PHA***.** A PHA that administers rental assistance under the Act, which may include the HCV, Mod Rehab, or PBV programs.

*Affordable Housing Purposes.* Activity that supports the pre-development, development or rehabilitation of other RAD conversions, public housing, section 8 of the Act, Low-Income Housing Tax Credits (LIHTC), or other federal or local housing programs serving households with incomes at or below 80% of area median income, or that provide services or amenities that will be used primarily by low-income households as defined by the Act.

*Anniversary of the HAP Contract.* The annual recurrence of the date of the first day of the term of the HAP Contract.

*Annual Contributions Contract (ACC).* The written grant agreement between HUD and a PHA under which HUD agrees to provide funding for a program (e.g., public housing or Housing Choice Vouchers (HCV)) under the Act, and the PHA agrees to comply with HUD requirements for the program.

***Capital Needs Assessment*** *(CNA)*. A detailed physical inspection of a property to determine critical repair needs, short- and long-term rehabilitation needs, market comparable improvements, energy efficiency, unmet physical accessibility requirements, and environmental concerns, including lead-based paint. Criticial repairs are work that, in HUD’s determination, address imminent health and safety threats to residents and must be completed before residents can occupy or continue to occupy the affected units.

*Choice-Mobility*. For residents of Covered Projects, the option to obtain a HCV from a PHA after a defined period of residency. (See Section 1.7.C.5 of this Notice for PBRA conversions, and Section 1.6.D.9 for PBV conversions, for further details on the Choice-Mobility component.)

*Closing.* The event during which the applicable transaction documents are entered into. “Conversion” does not occur prior to Closing. (See Section 1.13 for further details on closing.)

*Combined Agency*. A PHA that either directly, or through an affiliate, administers both a HCV program and public housing.

***Commitment to enter into a Housing Assistance Payments Contract*** *(CHAP)*. Conditional commitment provided to the PHA for units that have been selected under the First Component of the Demonstration that describes the terms under which HUD would enter into a HAP Contract Definitions

PIH-2012-32 (HA), REV-3 Rental Assistance Demonstration – Final Implementation 10 with the Project Owner once the project complies with all requirements in the CHAP, this Notice, and other statutory and regulatory requirements applicable to the project.

*Contract Administrator.* HUD or a PHA under ACC with HUD that either executes a HAP Contract with a Project Owner or, in PBRA, to which HUD may assign the HAP Contract and which upon assignment is responsible for administering the HAP Contract.

*Contract Rent.* The total amount of rent specified in the HAP Contract as payable to the Project Owner for a unit occupied by an eligible family. In PBV, the contract rent is referred to as “Rent to Owner.”

***Converting Project****.* The pre-conversion property whose assistance is converting from one form of rental assistance to another under the Demonstration.

***Covered Project.***The post-conversion property with assistance converted from one form of rental assistance to another under the Demonstration.

*Current Funding.* Applicable to public housing conversions, the combination of Federal subsidy and tenant rents for which a project is eligible under the public housing program in the fiscal year of conversion. (See Sections 1.6.B.5 and 1.7.A.5, and Attachment 1C for further details on current funding.)

***Date of Full Availability (DOFA****).* Per 24 CFR § 905.108, the last day of the month in which substantially all (95 percent or more) of the units in a public housing project are available for occupancy.

*Declaration of Restrictive Covenants (DORC)*. The restrictive covenants covering a public housing mixed-finance project that obligate the Project Owner to operate project in accordance with the Act, HUD regulations, the ACC, the Mixed Finance ACC Amendment, and the HOPE VI Grant Agreement (if applicable).

*Declaration of Trust (DOT).* The restrictive covenant on projects assisted through a public housing ACC that obligates PHAs to operate public housing projects in accordance with the ACC, the Act, and HUD regulations and requirements.

*Distributions.* Any withdrawal or taking of surplus cash by the Project Owner (see definition for “Surplus Cash”, below). Surplus cash, once determined pursuant to applicable HUD requirements, is not subject to further federal restrictions.

*Enhanced Vouchers (EVs).* Tenant protection vouchers provided pursuant to an eligibility event under section 8(t) of the Act. EVs differ from regular vouchers in three significant ways: (1) the payment standard used to calculate the voucher housing assistance payment for EVs may exceed a PHA’s ordinary payment standard; (2) an EV provides residents with a right to remain in the project as long as the units are used for rental housing and are otherwise eligible for voucher assistance; and (3) the household must pay for rent no less than the rent the household was paying on the date of the eligibility event (minimum rent). If the household elects to move, the voucher is administered as a regular voucher. HUD provides EVs and funding to a voucher agency that has jurisdiction over the area in which the property that the eligibility event occurred is located.

*Fair Market Rent (FMR).* The cost in a particular housing market area of privately owned, decent, safe and sanitary rental housing. HUD establishes and publishes in the Federal Register FMRs for dwelling units of varying sizes for each metropolitan area. FMRs are gross rent estimates, i.e., they include the cost of tenant-paid utilities. See 24 CFR part 888 subpart A.

*Family Self-Sufficiency (FSS).* FSS is a program designed to promote self-sufficiency of assisted families through the coordination of services. Residents enter into a five-year contract of participation which outlines goals related to seeking, obtaining, and maintaining employment. During the period of participation, residents may earn an escrow credit, based on increased earned income. FSS Coordinator funding may be available to PHAs to pay for the costs of a program coordinator who links residents with training opportunities, job placement organizations, and local employers.

*Financing Plan*. Documentation submitted to HUD for review to demonstrate that the Covered Project can be sustained physically and financially for the term of the HAP Contract at the rent levels permitted under the Demonstration. The Plan must show how the project’s immediate and long-term capital needs will be addressed.

*Good-Cause Exemption.* An allowance made by HUD exempting a PBRA Covered Project from the Choice-Mobility component. (See Sections 1.7.C.5 and 2.6.J for further details on good-cause exemptions.)

*Green Building*. An approach to building, rehabilitation, repairs, maintenance, and property operations that is more sustainable than traditional approaches to such activities and results in a project that is more energy efficient, costs less to operate, has better indoor air quality, and reduces its overall impact on the environment. (See Section 1.4.A.2 for further details on green building.)

*Housing Assistance Payment (HAP).* The payment made by the Contract Administrator to the Project Owner of an assisted unit as provided in the HAP Contract. Where the unit is leased to an Definitions eligible household, the payment is the difference between the contract rent for a particular assisted unit and the tenant rent payable by the family.

*Housing Quality Standards (HQS).* Standards set forth in 24 CFR § 982.401 that must be met by all units in the HCV program before assistance can be paid on behalf of a household. The HQS in 24 CFR § 982.401 apply to PBV, in accordance with 24 CFR § 983.101. Generally, Voucher Agencies must conduct HQS inspections of PBV projects not less than biennially during the term of the HAP Contract.

***HAP Contract.***The contract entered into by the Project Owner and the contract administrator that sets forth the rights and duties of the parties with respect to the Covered Project and the payments under the contract.

***Mixed-Finance Project****.* A public housing project developed with a combination of private financing and public housing development funds in accordance with 24 CFR part 905 subpart F.

*Operating Cost Adjustment Factor (OCAF)*. An operating cost adjustment factor established by HUD that is applied to current contract rent, less the portion of the rent paid for debt service.

*Ownership or Control.* The RAD Statute provides requirements for the ownership or control of Covered Projects under the First Component. See Section 1.4.A.11 for a description of how to satisfy those requirements for PBV and PBRA conversions.

*Prepayment.* The satisfaction (i.e., payment in full) of the underlying mortgage prior to its maturity date. Prepayment is one of the eligibility triggering events for RAD conversion under Section III of this Notice.

*Project.* For purposes of determining a RAD transaction, a “project” is a structure or group of structures that in HUD’s determination are appropriately managed as a single asset. In determining whether a combination of structures constitute a project, HUD will take into account types of buildings, occupancy, location, market influences, management organization, financing structure or other factors as appropriate. For a RAD PBV conversion, the definition of “project” in 24 CFR § 983.3 continues to apply for all references to the term in 24 CFR § 983.5

5 For instance, 24 CFR § 983.202 provides, in part, “With the exception of single family scattered site projects, a HAP contract shall cover a single project. If multiple projects exist, each project shall be covered by a separate HAP contract.” The definition of “project” in 24 CFR § 983.3 is used to determined how many PBV HAP Contracts must be entered into.

***Project-Based Voucher (PBV)*.** A component of a PHA’s HCV program, where the PHA attaches voucher assistance to specific housing units through a PBV HAP Contract with an owner. Unlike a tenant-based voucher, the PBV assistance remains attached to the unit when the family moves, and assists the next eligible family to move into the PBV unit. The PBV program is administered by HUD’s Office of Public and Indian Housing.

***Project-Based Rental Assistance (PBRA).***Rental assistance under Section 8(C) of the Act provided by HUD to owners according to the terms of a HAP Contract for the provision of housing to eligible tenants. The PBRA program is administered by HUD’s Office of Housing.

*Project Owner.* For purposes of Section I, II, and III of this Notice, the term Project Owner refers to the owner of the Covered Project, including but not limited to any owner pursuant to a HAP Contract. For purposes of HAP Contracts, an Owner is a private person, partnership, or entity (including a cooperative), a non-profit entity, a PHA or other public entity, having the legal right to lease or sublease the dwelling units subject to the HAP Contract.

*Public Housing Agency (PHA).* A Public Housing Agency that administers programs under the Act, which could include public housing and HCVs. In addition to this general definition, the term PHA, as used in this Notice, refers to the owner of a First Component Converting Project (even if the project is a mixed finance project and the PHA does not own ACC units).

*Public Housing Assessment System (PHAS).* The current system used to measure the performance of PHAs administering the public housing program, per 24 CFR part 902, or any successor system.

*Public Housing Project.* Per 24 CFR § 905.108 the term ‘‘public housing’’ means low-income housing, and all necessary appurtenances thereto, assisted under the Act, other than assistance under 42 U.S.C. § 1437f of the Act (section 8). The term ‘‘public housing’’ includes dwelling units in a mixed finance project that are assisted by a PHA with public housing Capital Fund assistance or Operating Fund assistance. When used in reference to public housing, the term ‘‘project’’ means housing developed, acquired, or assisted by a PHA under the Act, and the improvement of any such housing. Each public housing project has a project identification number in the Public and Indian Housing Information Center (PIC), though a PHA may propose to convert individual sites within the public housing project.

***RAD Conversion Commitment (RCC*).** For the First Component, the contract executed by HUD, the PHA and, as applicable, the post-conversion Project Owner. The RCC follows HUD approval of the Financing Plan and describes the terms and conditions of the conversion. (See Section 1.12 and Attachment 1A for further details on the RCC.)

*RAD Fair Housing, Civil Rights and Relocation Checklist* or *Checklist.* The Accessibility and Relocation Checklist or its successor, the RAD Fair Housing, Civil Rights and Relocation Checklist (when available) used in First Component transactions.

*RAD Use Agreement*. Applicable to the First Component, the document specifying the affordability and use restrictions on the Covered Project, which will be coterminous with the HAP Contract and must be recorded in a superior position to any new or existing financing or other encumbrances on the Covered Project. (See Sections 1.6.B.4 and 1.7.A.4 for further details on the RAD Use Agreement.)

*Resident Opportunity and Self-Sufficiency Service Coordinators (ROSS-SC)*. Funding under this program is made available for Service Coordinators. Service Coordinators assess the needs of residents of public housing and coordinate community resources to meet those needs. These services should enable participating families to make progress toward achieving economic independence and housing self-sufficiency, or, in the case of elderly or disabled residents, improve living conditions and enable residents to age-in-place.

*Section Eight Management Assessment Program (SEMAP)*. The current system used to measure the performance of PHAs administering the Section 8 HCV program, per 24 CFR part 985, or any successor system.

*Surplus Cash*. For both PBV and PBRA, following completion of the Work, the amount determined to be available at the end of an annual fiscal year period after payment, or after funds have been set aside for payment, of (i) operating expenses, (ii) mortgage payments, and (iii) all amounts required to be deposited in the replacement reserve or other restricted accounts essential to the Covered Project’s operations.

*Tenant Protection Vouchers (TPVs).* Vouchers issued to eligible tenants of certain properties when an event at the property would otherwise expose tenants to a loss of rental assistance, resulting in an increase in their housing costs. Such events include when a Rent Supp or RAP contract terminates due to expiration, prepayment of the underlying mortgage, or an enforcement action. HUD provides TPVs and funding to a voucher agency that has jurisdiction over the area in which the property is located. TPVs may be regular HCVs, which are administered in accordance with all HCV program requirements, or EVs, as described above.

*Tenant Rent*. The amount payable monthly by the household as rent to the unit owner as defined in 24 CFR Part 5.

*TTP*. The total tenant payment as calculated pursuant to 24 CFR Part 5

*Uniform Physical Condition Standards.* Protocols used for HUD Real Estate Assessment Center (REAC) physical inspections in accordance with 24 CFR part 5, subpart G.

*Utility Allowance.* As defined in 24 CFR Part 5, the amount that a PHA or Project Owner determines is reasonable for tenant-paid utility costs. In the case where the utility allowance exceeds the Total Tenant Payment (as defined at 24 CFR § 5.613), the tenant is reimbursed in the amount of such excess.

*Voucher Agency.* A PHA that administers a HCV program.

*Work or Scope of Work.* The scope of work required by HUD to be performed within a defined period following the conversion and specified in the RCC or other RAD conversion documents.