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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**24 CFR Parts 880, 888, 903, 905, 964, 970, and 983**

[Docket No. FR-6361-N-01]

Rental Assistance Demonstration: Supplemental Guidance on Revised RAD Notice

AGENCY: Office of the Assistant Secretary for Housing—Federal Housing Commissioner and Office of the Assistant Secretary for Public and Indian Housing, HUD.

ACTION: Announcement of changes to the Rental Assistance Demonstration.

SUMMARY: The Rental Assistance Demonstration (RAD) provides the opportunity to test the conversion of assistance of public housing properties and other HUD-assisted properties to long-term, project-based Section 8 rental assistance. This document announces the posting of a supplement to the most current notice (Revised RAD Notice Revision 4, H-2019-09/PIH-2019-23 (HA)). As provided by the RAD Statute, this document addresses the requirement that RAD may proceed after publication of notice of its terms in the **Federal Register**. This document summarizes the key changes made to the H-2019-09/PIH-2019-23 (HA) through the RAD Supplemental Notice 4B, H-2023-08/PIH-2023-19 (HA). This document also meets the RAD statutory requirement to publish waivers and alternative requirements at least 10 days before effect, while this does not prevent the demonstration, as modified, from proceeding immediately.

DATES: The RAD Supplemental Notice 4B, H-2023-08/PIH-2023-19 (HA) other than those items listed as new statutory or regulatory waivers or alternative requirements specified in this document, is effective August 21, 2023.

The new statutory and regulatory waivers and alternative requirements are effective August 31, 2023.

ADDRESSES: Interested persons are invited to submit questions or comments electronically to *rad@hud.gov*.

FOR FURTHER INFORMATION CONTACT: William A. Lavy, Director of Program

Administration, Office of Recapitalization, Office of Multifamily Programs, Department of Housing and Urban Development, 451 Seventh Street SW, Room 6230, Washington, DC 20410; telephone 202-402-2465. (This is not a toll-free number.) HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>. To assure a timely response, please direct written requests for further information electronically to the email address *rad@hud.gov*.

SUPPLEMENTARY INFORMATION:**I. Background**

Originally authorized by the Consolidated and Further Continuing Appropriations Act, 2012 (Pub. L. 122-55, approved November 18, 2011) (2012 Appropriations Act) and later amended, RAD allows for the conversion of assistance of public housing properties, Rent Supplement (Rent Supp), Rental Assistance (RAP), Moderate Rehabilitation (Mod Rehab), Mod Rehab Single Room Occupancy (SRO), Section 202 Project Rental Assistance Contract (202 PRAC), and Section 811 Project Rental Assistance Contract (811 PRAC) programs (collectively, “covered programs”) to long-term, renewable assistance under Section 8.¹ The most recent version of the RAD notice is H-2019-09/PIH-2019-23 (HA), located at <https://www.hud.gov/sites/dfiles/OCHCO/documents/2019-09hsgn.pdf>.

II. Key Changes Made to RAD

The following highlights key changes to RAD that are included in the RAD Supplemental Notice (the Notice):

1. RAD for PRAC Initial Contract Rent Setting. The Consolidated Appropriations Acts, 2022 and 2023, each provided \$6 million to support preservation transactions of housing for the elderly originally developed with a

¹ The RAD statutory requirements were amended by the Consolidated Appropriations Act, 2014 (Pub. L. 113-76, approved January 17, 2014), the Consolidated and Further Continuing Appropriations Act, 2015 (Pub. L. 113-235, approved December 16, 2014), the Consolidated Appropriations Act, 2016 (Pub. L. 114-113, approved December 18, 2015), the Consolidated Appropriations Act, 2017 (Pub. L. 115-31, approved May 5, 2017), the Consolidated Appropriations Act, 2018 (Pub. L. 115-141, approved March 23, 2018), and the Consolidated Appropriations Act, 2022 (Pub. L. 117-103, approved March 15, 2022). The statutory provisions of the 2012 Appropriations Act pertaining to RAD, as amended, are referred to collectively as the “RAD Statute” in this document.

Section 202 Capital Advance and assisted with a Project Rental Assistance Contract (PRAC). HUD is implementing this provision of the Consolidated Appropriations Acts, 2022 and 2023 in Section I of the Notice by allowing additional rent-setting flexibilities to promote and incentivize projects where the conversion supports long-term preservation by enhancing climate resiliency, energy and water efficiency, and the design of housing appropriate for the elderly to age-in-place. It further implements waiver authority provided in the Consolidated Appropriations Acts, 2022 and 2023 to ensure the continuation of resident services previously provided at Section 202 PRAC properties that are converting through RAD and to avoid reductions in rental revenue at such properties.

2. Resident Engagement. Section II of the Notice amends the Resident Engagement requirements for PHAs to ensure that the residents are better informed and engaged in the RAD conversion process and that HUD can adequately monitor resident engagement. The Notice enhances the descriptions of resident engagement that must be submitted with the RAD application and modifies the resident meeting requirements to provide for more frequent and meaningful updates to residents.

3. Energy Efficiency and Climate Resilience. Section III of the Notice amends the RAD Notice, Rev-4 to raise the minimum energy efficiency standards applicable to new construction activities by reference to updated energy codes incorporating higher, cost-effective standards and requires PHAs to participate in climate resilience planning.

4. Harmonizing Radon Policies in RAD Conversions. Section IV of the Notice amends the RAD Notice, Rev-4 to ensure that all projects converting assistance under RAD are evaluated for radon. RAD Notice, Rev-4 introduced requirements for radon testing for properties converting under RAD but exempted certain scenarios from the requirement. It also inadvertently omitted Mod Rehab conversions from the requirement. HUD’s subsequent amendments to Chapter 9 of the MAP Guide further narrowed the exempted scenarios. Through the Notice, HUD is eliminating the remaining exemptions, subjecting all Converting Projects to radon testing requirements.

5. Treatment of Zero-HAP families. Section V of the Notice amends the treatment of families whose total tenant payment (TTP) exceeds the Gross Rent on the RAD HAP Contract including families present at the time of