

Section 18 & Rent Bundling



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Section 18 guidance (March 2018)

- 75/25 split: If 75% of a project is going through RAD (and doing substantial rehab or new construction without using 9% LIHTCs), the remaining 25% can go through Section 18
- PHAs with ≤ 50 units, those units qualify for Section 18
- Scattered sites (non-contiguous buildings with ≤ 4 units) qualify for Section 18
- Projects where redevelopment out of public housing allows for greater efficiency & effectiveness (but watch out – only 25% of the units qualify for TPVs)

See [NP's blog \(post 6/12/18\)](http://housingblog.nixonpeabody.com), <http://housingblog.nixonpeabody.com>
and [PIH 2018-04](#)

75% RAD / 25% §18

- “Substantial Rehab:” Hard construction costs \geq 60% of HUD’s “Hard Construction Costs”
(see TDC / HCC chart or RAD Resource Desk tool)
- Section 18 processed at Financing Plan stage:
 - Normal FP submissions & approvals
 - §18 submissions: ID units, PHA Annual Plan, local government support letter, board resolution, resident consult
- RAD Relocation requirements govern

Rent Bundling (July 2018)

- RAD rent bundling has been a feature from the beginning
- New guidance expands to include non-RAD units:
 - Allows you to average rents among RAD and non-RAD PBV projects
 - Self-defined portfolio
 - A simpler, more elegant, more stable way combining RAD & non-RAD PBVs and boost RAD rents

See [NP's Blog Post July 3, 2018 \(part 2\)](#)
and [PIH Notice 2018-11](#) (aka Housing Notice 2018-05)