



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-8000

September 25, 2023

Ericka Benedicto  
Executive Director  
Housing Authority of the City of Little Rock d/b/a Metropolitan Housing Alliance  
100 South Arch Street  
Little Rock, AR 72201

Subject: RAD CHAP Award Revocations  
Project Names: Homes at Granite Mountain (PIC#: AR004000020)  
Madison Heights Phase I (PIC#: AR004000018)  
Madison Heights II (PIC#: AR004000019)

Dear Ms. Benedicto:

This letter is to inform you that the U.S. Department of Housing and Urban Development's (HUD) Office of Recapitalization (Recap) is proposing to revoke the Commitments to Enter into a Housing Assistance Payment (CHAP) contract awarded to the Housing Authority of the City of Little Rock (LRHA) for the following projects:

- Homes at Granite Mountain
- Madison Heights Phase I
- Madison Heights II

The revocations of these CHAPs are contingent upon LRHA meeting the deadlines set forth within this letter.

On February 26, 2015, LRHA was awarded CHAPs under the Rental Assistance Demonstration (RAD) program to convert: 40 units of assistance at Homes at Granite Mountain from Public Housing to Section 8 project-based rental assistance; 59 units of assistance at Madison Heights Phase I from Public Housing to Section 8 project-based rental assistance; and 38 units of assistance at Madison Heights II from Public Housing to Section 8 project-based rental assistance. The Financing Plan (FP) for each project was originally due on March 11, 2016. LRHA has received numerous extensions of the FP due date, and to date, LRHA has not submitted Financing Plans for the projects.

In accordance with the RAD Notice, Revision 4 (Notice H-2019-09 PIH-2019-23 (HA), "Notice"), Section 1.3 specifies the eligibility criteria for Public Housing Authorities (PHAs) to reposition their portfolios via the RAD Program:

To be eligible for the Demonstration, a PHA must:

- 1) Have public housing units under an ACC;
- 2) Be classified as a Standard or High Performer under the Public Housing Assessment System (PHAS). **If classified as “troubled” (Troubled) the PHA may still be eligible if the PHA is making substantial progress under its Recovery Agreement, Action Plan, Corrective Action Plan (CAP) or Memorandum of Agreement (MOA) or proposes a revision to such agreement or plan that incorporates conversion under RAD and that is acceptable to HUD.** HUD must have determined that the factors resulting in the PHA’s Troubled status will not affect its capacity to carry out a successful conversion under this Demonstration.
- 3) Be classified as a Standard or High Performer under the Section Eight Management Assessment Program (SEMAP) if the PHA will be administering the PBV contract under RAD. If classified as Troubled, the PHA must be making substantial progress under the CAP and HUD must have determined that the factors resulting in the PHA’s Troubled status will not affect its capacity to carry out a successful conversion under this Demonstration;
- 4) **Be in substantial compliance with HUD reporting and programmatic requirements** and/or satisfactorily in compliance with any CAP or MOA related to any 1) program finding or 2) failure to carry out, to the satisfaction of the Department, management decisions relating to an audit by the Office of Inspector General.

Further, the Notice reads “*A RAD Application may be rejected, or a CHAP or RCC revoked, if HUD determines an applicant or PHA to be ineligible.*”

Recap has been notified that LHRA has been designated as “Troubled” by HUD. Management and Operations Reviews were conducted in March 2023 and June 2023, covering the period of January 1, 2018 through June 30, 2023, revealed serious delinquencies of LRHA, including the non-filing of audited financial statements for several years, undocumented and questionable material expenditures, and improper completion of tenant files, just to name a few. LHRA has been issued failing Public Housing Assessment System (PHAS) Unaudited financial and management scores of ‘0’, as well as an overall score of ‘40’ (of 100) for the fiscal year ending December 31, 2022. As a result, LHRA has been put on notice as of August 16, 2023, by the Office of Public Housing to provide a recovery plan to HUD and has been informed that a binding Recovery Agreement between HUD and LRHA is being prepared, which will include statutory recovery benchmarks for LHRA to meet over the next two years.

RAD CHAP awards are conditioned upon PHAs maintaining their eligibility to convert under the Program. Based on the apparent noncompliance of programmatic requirements, as well as the issuance of the “Troubled” designation, Recap is proposing CHAP revocation of the subject projects of LRHA, consistent with RAD Notice requirements. Please respond within 30 business days from receipt of this letter for concurrence with the revocations or to appeal the decision. HUD will review your submission and, in its sole discretion, determine whether to accept the recovery plan or to revoke the CHAPs. If no response is received within 30 business days, HUD will revoke the CHAPs. Upon LRHA’s compliance with all program requirements, LRHA may

re-apply at a future date to receive new RAD CHAPs if space is available under the statutorily prescribed cap on program participation. If the cap is fully subscribed at the time of application, the application would be placed on the RAD waiting list.

Should you have any questions, please contact Ladrenna Figueroa, Branch Chief, Affordable Housing Transaction Division, at [ladrenna.a.figueroa@hud.gov](mailto:ladrenna.a.figueroa@hud.gov).

Sincerely,

for

Thomas R. Davis,  
Director  
Office of Recapitalization

cc: John Ardovini, Director - Affordable Housing Transaction Division  
Ladrenna Figueroa, Branch Chief - Office of Recapitalization  
TaJuana Carrol, Transaction Manager - Office of Recapitalization  
Anthony Landecker, Director – Little Rock PIH Field Office