

Converting Moderate Rehabilitation and Moderate Rehabilitation SRO Contracts Under RAD Second Component

Comparison by Contract Type: Key Differences Between PBVs and PBRA

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RAD Notice Revision 3 – Published January 12, 2017
<https://portal.hud.gov/hudportal/documents/huddoc?id=17-03hsgn.pdf>

Contract Elements	Project-Based Vouchers (PBVs)	Project-Based Rental Assistance (PBRA)
Mod Rehab Contract Units Eligible for Conversion <i>(RAD Notice Revision 3: page 142)</i>	Units occupied with income eligible tenants	All contracted units
Length of Contract <i>(RAD Notice Revision 3: page 148 and 150)</i>	Up to 20 years <i>(effective date of April 18, 2017, per the Housing Opportunity Through Modernization Act of 2016 (HOTMA) Notice (Federal Register Docket Number FR-5976-N-03), subject to further changes</i>	20 years
Initial Rents and Initial Contract Rent Setting <i>(RAD Notice Revision 3: page 148 and 150)</i>	May <u>not</u> exceed the lower of: <ul style="list-style-type: none"> • 110% of FMR or any exception payment standard minus any utility allowance, or • Reasonable rent, or • Rent requested by owner SRO FMR equals zero bedroom (efficiency) FMR	Must be the <u>lesser</u> of the following: <ul style="list-style-type: none"> • Rent Comp Study (RCS) comparable rents, or • 110% of FMR less utility allowances, or • 120% of FMR less utility allowances (in certain cases) SRO FMR equals zero bedroom (efficiency) FMR SAFMR may be used
Re-Determined Rents and Adjusting Contract Rents <i>(RAD Notice Revision 3: page 149 and 151)</i>	PHA must re-determine rent to owner: <ul style="list-style-type: none"> • Upon owner’s request, or • When FMR decreases by 10% or greater Rent to owner must not exceed the lower of: <ul style="list-style-type: none"> • 110% of FMR minus utility allowances, or • Reasonable rent, or • Rent requested by the owner 	Adjusted by HUD’s OCAF: <ul style="list-style-type: none"> • Anniversary of the HAP Contract, and • Subject to appropriations for each year of initial term of HAP Contract, and • Maximum Rent Maximum Rent is defined as: <ul style="list-style-type: none"> • Higher of 120% of FMR less utility allowances, or • Market rent demonstrated by RCS SRO units use zero bedroom (efficiency) FMR
Physical Inspections <i>(RAD Notice Revision 3: page 142 and 152)</i>	Housing Quality Standards (HQS)	Uniform Physical Condition Standards (UPCS) – Real Estate Assessment Center (REAC)
Homeless Preference for SRO Conversions Only <i>(RAD Notice Revision 3: page 153)</i>	Preference established by PHA and through the Administrative Plan <ul style="list-style-type: none"> • Does not apply to current residents 	Preference established by the owner , per Housing Handbook 4350.3 REV-1 and through Tenant Selection Plan