



RAD LIVE Q&A

Second Component

July 10, 2015

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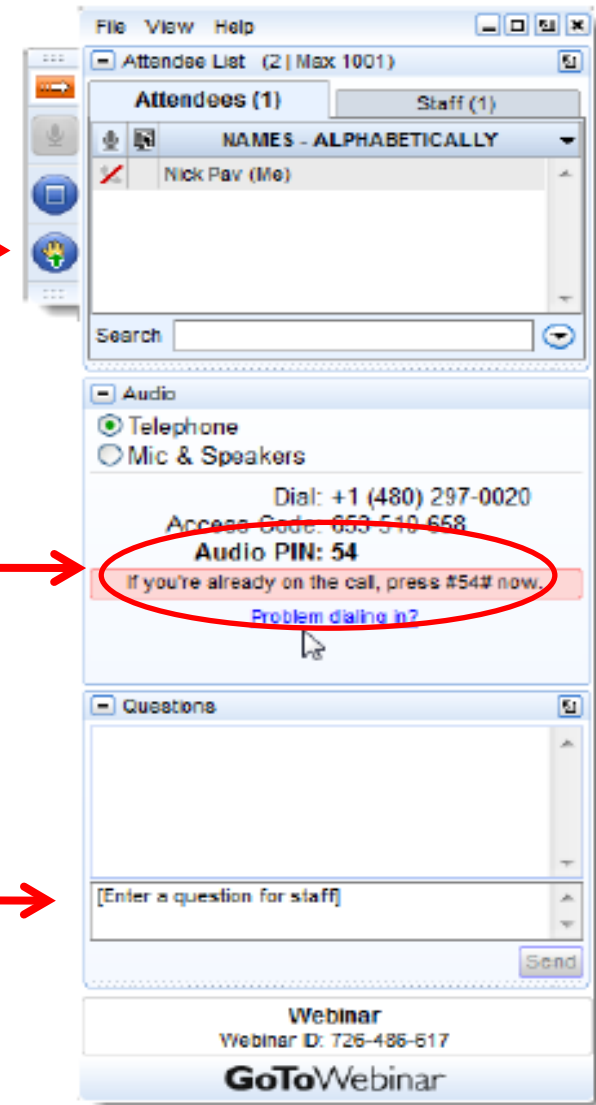
WELCOME

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MOD REHAB CONVERSIONS: INITIAL RENTS



PBV

Lesser of:

- An amount determined by the PHA, not to exceed 110 % of the applicable fair market rent, less Utility Allowance
- The reasonable rent
- The rent requested by the owner

PBRA

Lesser of:

- Current contract rents
- 120% of FMR, less Utility Allowance

When reconfiguring the property (e.g. converting SRO units into efficiencies):

- Use the applicable FMR (e.g. Efficiency FMR) in determining rent

- Contract rents will increase by a share of the foregone subsidy, not to exceed 120% of the applicable FMR



RS/RAP CONVERSIONS: INITIAL RENTS



PBV

Lesser of:

- An amount determined by the PHA, not to exceed 110 percent of the applicable fair market rent, less Utility Allowance
- The reasonable rent
- The rent requested by the owner

PBRA

Lesser of:

- Market Rent (determined by RCS)
- 110% of FMR, less Utility Allowance



RENT ADJUSTMENT: PBV



“Re-Determined Rents.” 24 CFR 983.302.

- The rent to owner may be redetermined at the owner's request for a rent increase at the annual anniversary date of the HAP contract.
- The rent to owner is also redetermined at such time when there is a five percent or greater decrease in the published FMR. Re-determined rents may result in a downward adjustment in certain circumstances, however, PHAs may elect in the HAP contract to establish the initial contract rent as the rent floor as described in 24 CFR 983.30(c)(2).
- Redetermined rent equals lesser of:
 - An amount determined by the PHA, not to exceed 110 % of the applicable fair market rent, less Utility Allowance
 - The reasonable rent
 - The rent requested by the owner



MOD REHAB OR RS/RAP EXAMPLE #1 – PBV RENT RE-DETERMINATION



YR 1 = Lesser of 110% FMR \$620, Rent Reasonableness \$630, Owner Request \$620

YR 2 = Lesser of 110% FMR \$640, Rent Reasonableness \$635, Owner Request \$635

YR 3 = Lesser of 110% FMR \$650, Rent Reasonableness \$665, Owner Request \$650

PBV	Lesser of Rents
Initial Rents	\$605
YR 1 Anniversary	\$620
YR 2 Anniversary	\$635
YR 3 Anniversary	\$650



RENT ADJUSTMENTS: PBRA

- Contract rents will be adjusted by HUD's OCAF, not to exceed the Maximum Rent:
 - The Maximum Rent is the higher of 120% (for Mod Rehab) or 110% (for RS/RAP) of FMR (less utility allowances) or the market rents, as demonstrated by an Rent Comparability Study (RCS)
 - Where an RCS has been used to establish initial rents or to justify an OCAF adjusted rent that exceeds 120% (for Mod Rehab) or 110% (for RS/RAP) of the FMR, the RCS will remain valid for five years, the Maximum Rent will not apply for the next four annual rent adjustments, and rents will be adjusted only by the OCAF.





EXAMPLE #1 – PBRA ADJUSTED RENTS (MOD REHAB CONVERSION)



Initial Rents = Current contract Rent = \$950, 120% FMR = \$1015




Anniversa ry	OCAF Rent	120% FMR	Market Rent	Maximum Rent	Contract Rent
YR 1	\$965	\$1020	N/A	N/A	\$965
YR 2	\$980	\$1050	N/A	N/A	\$980
YR 3	\$1000	\$1100	N/A	N/A	\$1000
YR 4	\$1020	\$1150	N/A	N/A	\$1020
YR 5	\$1040	\$1200	N/A	N/A	\$1040
YR 6	\$1065	\$1250	N/A	N/A	\$1065



EXAMPLE #2 – PBRA ADJUSTED RENTS (MOD REHAB CONVERSION)

- Initial Rents = Current contract Rent = \$950, 120% FMR = \$1015



Anniversa ry	OCAF Rent	120% FMR	Market Rent	Maximum Rent	Contract Rent
YR 1	\$965	\$1020	N/A	N/A	\$965
YR 2	\$980	\$1025	N/A	N/A	\$980
YR 3	\$1000	\$1030	N/A	N/A	\$1000
YR 4	\$1020	\$1035	N/A	N/A	\$1020
YR 5	\$1040	\$1045	N/A	N/A	\$1040
YR 6	\$1065	\$1060	\$1,300	\$1,300	\$1065
YR 7	\$1080	\$1070	N/A	N/A	\$1080

- No RCS needed until Yr 11



EXAMPLE #3 – PBRA ADJUSTED RENTS (MOD REHAB CONVERSION)



Initial Rents = Current contract Rent = \$1000, 120% FMR = \$1015



Anniversa ry	OCAF Rent	120% FMR	Market Rent	Maximum Rent	Contract Rent
YR 1	\$1015	\$1020	N/A	N/A	\$1015
YR 2	\$1025	\$1025	\$1000	\$1025	\$1025
YR 3	\$1030	\$1030	\$1000	\$1030	\$1030
YR 4	\$1035	\$1030	\$1000	\$1030	\$1030
YR 5	\$1045	\$1050	\$1000	\$1045	\$1045
YR 6	\$1060	\$1070	\$1000	\$1060	\$1060
YR 7	\$1070	\$1090	\$1000	\$1070	\$1070



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