



Rental Assistance Demonstration

Overview of Rent Setting for Second Component Conversions (Mod Rehab/Rent Supp/RAP)



MOD REHAB CONVERSIONS: INITIAL RENTS



PBV PBRA Lesser of: 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

- 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**





40 SRO Units; Current Contract Rent = \$620, \$0 Utility Allowance; SRO FMR = \$550

Convert Without Reconfiguration	PBV	PBRA
Lesser of Test	110% of FMR = \$605	120% of FMR = \$660
	Rent reasonableness = \$650	Current rent = \$620
Initial Rents	\$605	\$620



MOD REHAB EXAMPLE #2



40 SRO Units; Current Contract Rent = \$620, \$0 Utility Allowance; SRO FMR = \$600

Convert Without Reconfiguration	PBV	PBRA
Lesser of Test	110% of FMR = \$660	120% of FMR = \$720
	Rent reasonableness = \$650	Current rent = \$620
Initial Rents	\$650	\$620





40 SRO Units Reconfigured to 20 Efficiency Units
Current Contract Rent = \$620, \$0 Utility Allowance;
(Average HAP subsidy = \$400)
Efficiency FMR = \$650

Convert Without
ReconfigurationPBVPBRALesser of Test110% of FMR = \$715120% of FMR = \$780Rent reasonableness = \$700Current rent + "Foregone"
Subsidy
= \$620 + 400 = \$1,020Initial Rents\$700\$780



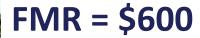
RS/RAP Conversions: Initial Rents



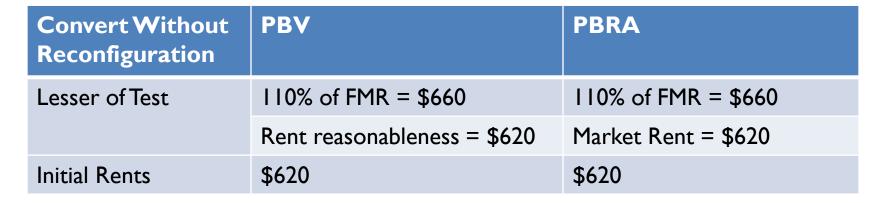
PBV	PBRA
 Lesser of: An amount determined by the PHA, not to exceed 110 percent of the applicable fair market rent, less Utility Allowance The reasonable rent The rent requested by the owner 	Lesser of:Market Rent (determined by RCS)I 10% of FMR, less Utility Allowance

RS/RAP EXAMPLE #1









RS/RAP EXAMPLE #2



FMR = \$500



