## Converting Moderate Rehabilitation and Moderate Rehabilitation SRO Contracts
### Under RAD Second Component
#### Comparison by Contract Type: Key Differences Between PBVs and PBRA

**Issue Date: April 15, 2017**

RAD Notice Revision 3 – Published January 12, 2017


<table>
<thead>
<tr>
<th>Contract Elements</th>
<th>Project-Based Vouchers (PBVs)</th>
<th>Project-Based Rental Assistance (PBRA)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mod Rehab Contract Units Eligible for Conversion</strong> <em>(RAD Notice Revision 3: page 142)</em></td>
<td>Units occupied with income eligible tenants</td>
<td>All contracted units</td>
</tr>
<tr>
<td><strong>Length of Contract</strong> <em>(RAD Notice Revision 3: page 148 and 150)</em></td>
<td>Up to 20 years <em>(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)</em></td>
<td>20 years</td>
</tr>
<tr>
<td><strong>Initial Rents and Initial Contract Rent Setting</strong> <em>(RAD Notice Revision 3: page 148 and 150)</em></td>
<td>May not exceed the lower of:  • 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</td>
<td>Must be the lesser of the following:  • 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</td>
</tr>
<tr>
<td><strong>Re-Determined Rents and Adjusting Contract Rents</strong> <em>(RAD Notice Revision 3: page 149 and 151)</em></td>
<td>PHA must re-determine rent to owner:  • Upon owner’s request, or  • When FMR decreases by 10% or greater  Rent to owner must not exceed the lower of:  • 110% of FMR minus utility allowances, or  • Reasonable rent, or  • Rent requested by the owner</td>
<td>Adjusted by HUD’s OCAF:  • 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:  • Higher of 120% of FMR less utility allowances, or  • Market rent demonstrated by RCS  SRO units use zero bedroom (efficiency) FMR</td>
</tr>
<tr>
<td><strong>Physical Inspections</strong> <em>(RAD Notice Revision 3: page 142 and 152)</em></td>
<td>Housing Quality Standards (HQS)</td>
<td>Uniform Physical Condition Standards (UPCS) – Real Estate Assessment Center (REAC)</td>
</tr>
<tr>
<td><strong>Homeless Preference for SRO Conversions Only</strong> <em>(RAD Notice Revision 3: page 153)</em></td>
<td>Preference established by PHA and through the Administrative Plan  • Does not apply to current residents</td>
<td>Preference established by the <strong>owner</strong>, per Housing Handbook 4350.3 REV-1 and through <strong>Tenant Selection Plan</strong></td>
</tr>
</tbody>
</table>