

FAQs on Securing Updated RAD Rents

After implementing the RAD Public Housing cap increase to 455,000 units in July 2018, HUD announced that RAD rent levels will be based on final FY 2018 public housing funding levels for any CHAP award issued on or after January 1, 2019. These 2018 RAD rents are now available [here](#). HUD will utilize these amounts for any new awards issued starting in 2019.

In addition, the Federal Register Notice allowed current awardees to request to amend their existing CHAPs to secure the FY 2018 RAD Rents. The purpose of this message is to respond to frequently asked questions from PHAs with existing awards that have rents based on prior fiscal years and that are considering whether to amend their existing awards to secure FY 2018 RAD Rents.

1) Why are these rents only available now?

A: The FY 2018 RAD Rents are constructed from FY 2018 Operating Fund, Tenant rent, and Capital Fund levels. The final FY 2018 Operating Fund levels for each public housing project were only recently finalized. Accordingly, it has generally been HUD's practice under RAD to set rents based on complete data from the prior fiscal year.

2) Can an existing awardee request the FY 2018 RAD Rents?

A: Yes. Any PHA with an existing CHAP Award may request to amend their award to reflect the FY 2018 RAD Rents. However, properties that have already closed are ineligible to amend their rents. In addition, in rare cases where HUD has approved the early removal of properties and FY 2018 RAD Rents are unavailable, such properties are also ineligible to amend their awards.

3) Are the FY 2018 RAD Rents always greater than the rents in a PHA's current CHAPs?

A: No. Consequently, before submitting a request, a PHA should carefully compare an existing CHAP, which is based on an earlier RAD Rent base year and has been adjusted by OCAFs through 2019, to the FY 2018 RAD Rents, which will also be adjusted by the 2019 OCAF. If any other adjustments have been made to the CHAP rents, including rent-bundling, incorporating tenant-paid utility savings, and other flexibilities described in the "[CHAP Amendment and Contract Rent Flexibilities](#)," those changes should be excluded from the comparison. Once a PHA has concluded that it is beneficial to update their RAD rents, the PHA should also request to reapply any rent flexibilities used in the pre-existing CHAP. Please note that where CHAP rents have been increased based on an existing excess utility charge, which utilizes data from the PHA's Operating Fund form for the applicable RAD rent base year, a new adjustment would be made utilizing the FY 18 Operating Fund data.

Also, please note that since the amount of Rehab Assistance Payments is based on the Operating Fund and Capital Fund that were used in the RAD Rent calculation, a request to use updated RAD rents will also result in an adjustment to the Rehab Assistance Payment for which the converted project will be eligible.

4) Is there a deadline for requesting updated rents?

A: Any such requests must occur prior to closing a RAD transaction.

5) If a PHA has already amended a CHAP to secure the "Modified 2016 RAD Rents" can the PHA request another amendment to the CHAP to secure the FY 2018 RAD Rents?

A: Yes. Where a PHA has previously requested an amendment to their CHAP rents to secure the Modified 2016 RAD Rents before January 1, 2019, the PHA may make a subsequent amendment request for the FY 2018 RAD Rents on or after January 1, 2019 if the PHA concludes that those are

preferable. On or after January 1, 2019, a PHA may not request the Modified 2016 RAD Rents as those rents will no longer be applicable for new or replacement CHAPs.

6) If a PHA requests the FY 2018 RAD Rents, when will the CHAP rents first be adjusted by an OCAF?

A: The FY 2018 RAD Rents will be adjusted by the OCAF starting in 2019 and future years, as applicable.

7) How does a PHA submit a request for updated rents and how long will the update take?

A: Once a PHA has determined that it wishes to use updated rents in its CHAP, it should submit a CHAP amendment request to its assigned Transaction Manager or, where a RAD Conversion Commitment has been issued, its assigned Closing Coordinator, showing the current CHAP rents and the revised rents. Amendments will typically take two weeks to process. Where HUD has performed a subsidy layering review, HUD will reassess whether the new rents would impact the conclusion of the original subsidy layering review.