

Overview of RAD CHAP Amendments and Contract Rent Flexibilities

Purpose: This document provides an overview of the CHAP amendment process, a comprehensive listing of reasons CHAPs might be amended, and the information required in order for the amendment to be processed. HUD's intent in producing this document is to ensure that PHAs are fully aware of the options available to them and to reduce the overall number of instances in which a CHAP may need to be amended.

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Part 1: Introduction & Submission Protocol

This document seeks to educate PHAs on all of the ways in which CHAP rents, utility allowances, and units may be adjusted after CHAP issuance but before financing plan submission. The original RAD CHAP award is issued based on applicable RAD rents and the unit and utility information submitted by the PHA during the RAD application process. HUD provides PHAs the opportunity to amend the RAD CHAP award to account for changes to units, rents, and utility allowances that occur as the PHA finalizes conversion plans in advance of Financing Plan submission. Note that CHAP amendment requests submitted after Financing Plan approval (issuance of the RAD Conversion Commitment) can result in significant delays and potentially the need to resubmit a Financing Plan so it is critical that PHAs thoroughly review this document and their existing CHAP award to ensure it accurately reflects the conversion.

HUD anticipates issuing the CHAP amendment within 30 days of receipt of a complete amendment request. To avoid delays in the PHA's timely submission of the Financing Plan, all CHAP amendments must be submitted electronically via the RAD Resource Desk, www.radresource.net no later than 60 days prior to the submission of the RAD Financing Plan. Transaction Managers will not review a Financing Plan submission if it includes data that is not reflected in the CHAP. HUD strongly encourages PHAs to read this overview in its entirety and, if any amendments are warranted, to submit a single CHAP amendment request incorporating all desired changes. Submitting multiple amendment requests for the same transaction will lead to delays.

To submit a CHAP amendment request, follow the below steps:

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1. Login to www.radresource.net
2. From your homepage, click on the name of the project.
3. Click on Action Items > Request CHAP Amendment.
4. Input the reason for the request and attach all required supporting documentation. See Section 3 of this guide for information on required supporting documentation and note that additional narratives and/or charts can be helpful to upload for more complex requests (such as splitting and/or combining existing CHAPs, especially when units from multiple PIC numbers are involved).
5. Click Submit.

Upon receipt of a CHAP amendment request, the RAD Resource Desk (resourcedesk@radresource.net) will review and work with internal and external parties to address any concerns or questions. You should allow for 30 days for processing. If you have questions about a submitted CHAP amendment request, contact resourcedesk@radresource.net.

Part 2: CHAP Amendment Issuance and PHA Updates/Responsibilities

Once the amendment has been processed, HUD will provide an electronic copy (PDF) of the executed CHAP amendment via email from resourcedesk@radresource.net. A copy of your original RAD CHAP and all subsequent CHAP amendments are also available on the [RAD Resource Desk](#) on the **CHAP and Related Documents** page, accessible from the **Transaction Docs/Data** drop down menu. **View CHAP** contains the original RAD CHAP award and then the amended CHAPs are listed in order of newest to oldest. Click **Review File** to download the latest CHAP amendment.

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CULMER PLACE

RAD PIC: FL005000831A

PHA Name:

Miami Dade Public Housing & Community Dev

Conversion Type:

PBV

Units

151

Converting:

☒ Portfolio
 ☒ Multiphase
 ☐ CAT CHAP

Property Name:

CULMER PLACE

RAD Status:

FP Not Subm

[Application Documents & Initial Comments](#)

[CHAP & Related Documents](#)

[Rent Schedule](#)

[Reserved Units](#)

[Pro Forma](#)

[Sources & Uses](#)

[Approval Document](#)

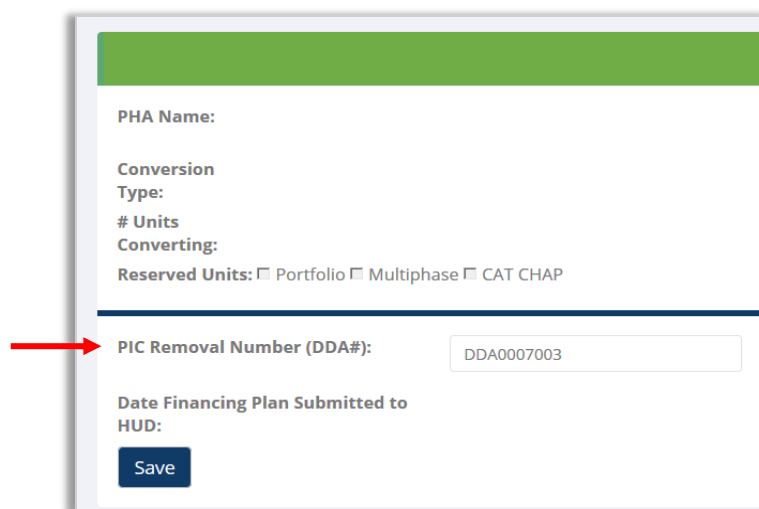
[Executed RCC](#)

[Financing Templates](#)

View CHAP		
Amended CHAP	Review File	02/27/2019
Amended CHAP	Review File	08/07/2018
OCAF Adjustment	Review File	02/05/2018
Amended CHAP	Review File	04/11/2017
OCAF Adjustment	Review File	01/24/2017
OCAF Adjustment	Review File	04/07/2016

Note that any CHAP amendments that impact the project's existing draft PIC removal application (such as splitting or combining CHAPs) will require the PHA to make updates to the removal application in PIC accordingly and log the revised DDA number on the RAD Resource Desk. This step cannot be completed until you are in receipt of your executed amended CHAP. The SAC will return your PIC removal application to "draft" status so that the PHA can make the appropriate changes and resubmit the PIC removal application. Please contact SACTA@hud.gov and the local Public Housing Field Office if you have any questions about this step. Please note that each RAD CHAP must have a corresponding and unique draft PIC removal application. Once you have completed the changes to your draft PIC removal application, you must log the new DDA number on the RAD Resource Desk **PIC Removal Number (DDA#)** field, located on the Financing Plan transaction page, and click **Save**.

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PHA Name:

Conversion Type:

Units

Converting:

Reserved Units: ☐ Portfolio ☐ Multiphase ☐ CAT CHAP

PIC Removal Number (DDA#): DDA0007003

Date Financing Plan Submitted to HUD:

Save

Some CHAP amendments may impact other internal reviews, such as the Upfront Civil Rights reviews, Accessibility Reviews and/or Relocation Reviews. It is the PHA's responsibility to ensure that all Financing Plan submission documents (including the Transaction Log which includes the operating pro forma) are updated on the RAD Resource Desk to reflect any changes made to the conversion via a CHAP amendment.

Part 3: Overview of CHAP Amendments

A. Splitting or Combining CHAPs

CHAPs are issued based on the information provided by the PHA in the RAD application. HUD recognizes that transactions evolve over time and various financing and asset management issues may necessitate combining or splitting CHAPs. In general, the CHAP structure should align with the proposed financing and thus there should be one CHAP per financing plan submission. For CHAPs that cover more than one building, it is important to keep in mind that a single CHAP may result in multiple HAP contracts and Use Agreements depending on the location(s) of the various sites and conversion type. For example, the PBV program has specific rules regarding what compilation of buildings can be combined under a single HAP contract - see the [PBV Quick Reference Guide](#) for further information. For PBRA, multiple buildings are generally allowed to be combined into a single HAP contract provided they are all located in the same market area.

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Amendment	Description	Submission Requirements
Combining existing CHAPs into a single CHAP	If projects covered by several different CHAPs are being combined under one financing structure, the CHAPs should be combined into a single RAD transaction (meaning the projects will have one financing plan submission).	<ul style="list-style-type: none"> ✓ Provide the names/project numbers of the existing CHAPs that you are combining (these should be the names/PIC Development Tracking numbers found on your existing CHAP Exhibit A's). ✓ If you wish to refer to the project by a new name, include the desired project name in your request ✓ You should use this opportunity to review/update the utility allowances. ✓ Note: If combining units from multiple PIC development numbers (referred to as a “many to one” transaction), the contract rents will be weighted.
Splitting an existing CHAP into multiple CHAPs	If a CHAP contains several cleanly severable projects, PHAs are permitted to split a single CHAP into two or more standalone CHAPs that will be processed individually (meaning each project will have its own financing plan submission).	<ul style="list-style-type: none"> ✓ Provide the proposed names and unit configurations (bedroom types) for each resulting CHAP. ✓ Use this as an opportunity to ensure the utility allowances are accurate for each resulting CHAP. ✓ If you are splitting an existing CHAP that contained units from multiple PIC development numbers (“many to one”) into CHAPs that reflect units only from each PIC development number, the contract rents will no longer reflect the weighted average. (You are permitted to rent bundle among the CHAPs should you wish – see Rent Bundling for additional information.) In this case, you will need to provide the unit configuration by AMP for each resulting CHAP. It is important to note which AMPs the units are coming from for each resulting CHAP.
Retroactive Portfolio Award	If a PHA received one or more CHAPs without submitting a portfolio award request and now wishes to reserve additional units for future conversion, the PHA may retroactively request a portfolio award ¹ provided that the PHA maintains active CHAPs for the lesser of 4 projects or 25% of total units requested.	<ul style="list-style-type: none"> ✓ Complete the portfolio worksheet. ✓ If applicable, provide a statement regarding which active RAD CHAP awards are being withdrawn & being incorporated into the portfolio award <p>Note: In order to retain its Portfolio Award, except with HUD approval, a PHA must close, on average starting one year after the issuance of the first CHAP, either two projects per year or 25% of the units identified in the portfolio per year. If at any time HUD determines that a PHA has failed to make sufficient progress towards the submitted conversion of the proposed portfolio, HUD may revoke RAD conversion</p>

¹ If a waitlist has formed, the portfolio award request would be added to the waitlist based on the date/time received and will be awarded as authority becomes available.

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	Further, a PHA that has active CHAPs but wishes to stagger the conversions (typically due to capacity issues) or that is splitting a single CHAP into multiple CHAPs that will be completed over multiple phases may request a retroactive portfolio award in which some of the active CHAPs are withdrawn and those units are reserved via a portfolio award letter. The PHA must maintain a minimum of 4 active CHAPs or have at least 25% of the units from the total portfolio award under an active CHAP.	authority provided under the Portfolio Award for all projects where a CHAP has yet to be issued.
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B. Contract Rents

PHAs are permitted to supplement existing RAD contract rents in the ways described below. All PBV and PBRA RAD rent caps outlined in the RAD Notice apply and cannot be exceeded.

Amendment	Description	Submission Requirements
Changing the RAD Rent Base Year	Every two years, HUD will reset the RAD Rent Base Year based on the funding levels of the immediately preceding fiscal year. If changing to the current base year would lead to an increase in the project's rents, PHAs can voluntarily withdraw a project and subsequently request new RAD authority for the same project to include the current RAD Rent Base Year. HUD will approve issuance of a replacement CHAP via a CHAP amendment.	<ul style="list-style-type: none"> ✓ Check the applicable RAD Rents spreadsheet available at hud.gov/rad to confirm that changing to the current base year would lead to a rent increase. ✓ In your CHAP amendment request, explain that you wish to change to the current RAD Rent Base Year. ✓ For PBV conversions, provide the latest reasonable rents for each bedroom type ✓ You should use this opportunity to review/update the utility allowances

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<p>Supplementing RAD contract rents with RHF/DDTF funds</p>	<p>PHAs with future DDTF awards are permitted to forgo future grants and instead use those funds to supplement RAD contract rents. At HUD's sole discretion, PHAs may also utilize awarded but not yet obligated RHF/DDTF funds to supplement contract rents.</p> <p>Due to the nature of these requests, PHAs should allow for several weeks for processing before a CHAP amendment will be issued.</p> <p>The PUPM rent boost calculation is as follows: total RHF/DDTF amount divided by 20 (years) divided by the number of RAD units in the CHAP divided by 12 (months). The rents are subject to applicable RAD rent caps.</p>	<p><u>For future DDTF Funds:</u></p> <ul style="list-style-type: none"> ✓ In your amendment request, indicate that you want to supplement your RAD contract rents with future DDTF Funds. For PBV conversions, this request should also contain the latest reasonable rents for each bedroom type. The RAD Resource Desk will obtain an updated RHF/DDTF forecast from HUD's Capital Fund office (OCI) to confirm the amount of funds available. ✓ Upon receipt of the updated forecast from the RAD Resource Desk, complete and execute the RHF-DDTF Rent Boost & Cancellation Certification for future funds, which can be found on the RAD Resource Desk > Document Library > CHAPs. Email the PHA-executed certification form to resourcedesk@radresource.net. ✓ The amended CHAP will be issued once OCI countersigns the certification. ✓ For PBV conversions, provide the latest reasonable rents for each bedroom type <p><u>For existing (awarded but unobligated) RHF/DDTF funds:</u></p> <ul style="list-style-type: none"> ✓ In your amendment request, indicate that you want to supplement your RAD contract rents with existing RHF/DDTF Funds. Provide the amount of funds you wish to use for rent augmentation. For PBV conversions, this email should also contain the latest reasonable rents for each bedroom type. The RAD Resource Desk will then work with HUD's Capital Fund office to confirm the amount available. ✓ Upon notification from resourcedesk@radresource.net of the amount available, complete and execute the RHF-DDTF Rent Boost & Cancellation Certification for existing funds, which can be found in the Document Library of the RAD Resource Desk. Email the PHA-executed certification form to resourcedesk@radresource.net ✓ OCI will recapture the funds and countersign the certification form prior to HUD issuing the amended CHAP. ✓ Within 30 days of execution of the recapture in LOCCS, the PHA must update it's CFP 5 Year Action Plan and Annual Statement(s)/Budget(s) accordingly.
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Supplementing RAD contract rents with MTW funds	MTW PHAs are permitted to supplement their RAD contract rents with MTW funds. The revised rents will be subject to a Subsidy Layering Review when the Financing Plan is submitted.	<ul style="list-style-type: none"> ✓ Include the desired MTW amount to add to the existing contract rents. Note that the rents are subject to applicable RAD rent caps, which for PBV may be modified through the MTW Plan. ✓ For PBV conversions, provide the latest reasonable rents for each bedroom type ✓ Use this as an opportunity to ensure the utility allowances are accurate.
Supplementing RAD contract rents with an excess utility surcharge	Unlike in Public Housing, following conversion to PBV or PBRA, Owners are not permitted to charge tenants for excess utilities. If a converting project currently has surcharges for excess consumption of PHA-supplied utilities, the PHA may adjust the contract rents by the collected surcharges.	<ul style="list-style-type: none"> ✓ Attach the following forms for the Fiscal Year in which the RAD contract rents were calculated (aka the base year rent on Exhibit A of your CHAP award): <ul style="list-style-type: none"> ○ HUD Form HUD-52722 (Calculation of Utility Expense Level) showing Row 19 (“Surcharges for excess consumption of PHA-supplied utilities”) of HUD Form 52722 divided by the number of units converting. ○ HUD Form HUD-52723 (Operating Fund Calculation of Operating Fund Subsidy) showing Total Unit Months (Section 2, Column A, Line 15) ✓ The rents will be increased by the per unit per month amount that results when dividing the utility surcharges by the Total Unit Months. ✓ For PBV conversions, provide the latest reasonable rents for each bedroom type ✓ Use this as an opportunity to ensure the utility allowances are accurate.
Rent bundling among two or more properties	<p>PHAs are permitted to bundle rents among two or more properties as long as all applicable rent caps are not exceeded. This can be done between active CHAPs in their public housing portfolio or between PHAs which have formed a partnership as described in section 1.5.L of the RAD Notice.</p> <p>PBV RAD conversions can also rent bundle between the converting project and a non-RAD PBV property. In this case, the PHA must use its own voucher funding to supplement the higher RAD rent that is being offset by the lower PBV rent for the non-RAD PBV project or projects; no additional voucher funding will be provided through RAD. Note that PHA</p>	<ul style="list-style-type: none"> ✓ Complete and submit the Rent Bundling Worksheet ✓ When considering rent bundling, it is important to keep in mind that projects that are donating subsidy (converting at lower rents) must close with a HAP contract effective date prior to or simultaneous with the HAP contract effective date of the project(s) that are receiving subsidy (converting at higher rents). ✓ Use this as an opportunity to ensure the utility allowances for all involved projects are accurate. ✓ For PBV conversions, provide the latest reasonable rents for each bedroom type

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	partnership rent bundles cannot include non-RAD PBV projects.	
A reduction of units so that certain units can be used for special purposes uses.	Where certain ACC units at the property will be used for resident services, resident organization offices, and related activities, such as self-sufficiency and anti-crime initiatives, the project can retain the subsidy attributable to those units and the contract rents for the dwelling units will increase by a share of the foregone subsidy (i.e., the Operating Fund and Capital Fund portion of the weighted Contract Rent)	<ul style="list-style-type: none"> ✓ Provide confirmation that the proposed unit(s) for reduction are currently under ACC and will be used for special purposes following conversion ✓ Provide the revised number of units converting by bedroom type ✓ For PBV conversions, provide the latest reasonable rents for each bedroom type ✓ Provide a description of the units as well as the following calculation: $\begin{array}{l} \text{PUM Operating + PUM Capital Fund portion of published RAD rent for the} \\ \text{PIC Development \#} \\ \times \\ \text{Special Use units} \\ \div \\ \text{Units in Proposed CHAP} \\ = \\ \text{PUM CHAP rent Increase} \end{array}$
A reduction in units because units are being reconfigured through rehab to improve marketability (e.g. combining efficiencies).	<p>Where a PHA wants to eliminate efficiencies (or otherwise reconfigure units) because the units are hard to market, and does so by combining units, the RAD rents for the project can be adjusted so that the project can retain the subsidy attributable to those units and the contract rents for the dwelling units will increase by a share of the foregone subsidy (i.e., the Operating Fund and Capital Fund portion of the weighted Contract Rent).</p> <p>Note that all unit reductions and/or reconfigurations are subject to an FHEO Upfront Civil Rights Review.</p>	<ul style="list-style-type: none"> ✓ Provide written evidence regarding marketability ✓ Provide the revised number of units converting by bedroom type ✓ For PBV conversions, provide the reasonable rents for each bedroom type ✓ Provide description of the units below as well as the following calculation: $\begin{array}{l} \text{PUM Operating + PUM Capital Fund portion of published RAD rent for the} \\ \text{PIC Development \#} \\ \times \\ \text{Units that will be eliminated through reconfiguration} \\ \div \\ \text{Units in Proposed CHAP} \\ = \\ \text{PUM CHAP rent Increase} \end{array}$
Tenant Paid Utility Savings	When conversion will result in the reduction of energy costs of one or more	<ul style="list-style-type: none"> ✓ Attach utility allowance projections performed by a third party professional engineer, based on the project's plans and specifications that, at a minimum,

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	<p>utility components (e.g. gas, water, sewer, electric) used to establish the site-based Utility Allowance, HUD will permit the RAD contract rent to be increased by a portion of the utility savings. See Attachment 1C of the RAD Notice for additional detail.</p>	<p>take into account specific factors including, but not limited to, unit size, building orientation, design and materials, mechanical systems, appliances, and characteristics of the building location. Show the differential between the current utility allowances and the projected utility allowances.</p> <ul style="list-style-type: none"> ✓ For PBV conversions, provide the latest reasonable rents for each bedroom type ✓ The resulting amended CHAP will contain two rent schedules – a pre-rehab schedule and a post-rehab schedule.
<p>Spreading subsidy among CHAP units as the result of a rent cap constraint on a specific bedroom type</p>	<p>A PHA may increase the rent of one bedroom-type and decrease the rent of another bedroom type in a cost neutral way when a RAD contract rent for a specific bedroom size would be capped by an applicable rent cap. The PHA may retain the remaining subsidy attributed to that unit by spreading it among the remaining CHAP units as long as no rent caps are exceeded.</p> <p>Example: If the 1BR RAD Contract Rent is \$500 but the reasonable rent is \$450 resulting in a RAD contract rent of \$450, the PHA may spread the difference (\$50) among its remaining CHAP unit contract rents as long as no rent caps are exceeded.</p>	<ul style="list-style-type: none"> ✓ Provide the desired rent spread among the remaining CHAP units, including evidence that the total subsidy amount has not been exceeded ✓ Provide the applicable rent caps for each bedroom type ✓ Note: If this issue is encountered during Recap’s annual CHAP OCAF adjustment process, Recap will proactively spread the excess subsidy evenly among the remaining CHAP units as long as no rent caps are exceeded.
<p>Rent boost for new construction or substantial rehab projects in designated Opportunity Zones</p>	<p>For any PBRA RAD conversion that proposes to undertake new construction or substantial rehabilitation in a designated Opportunity Zone, HUD may provide up to a \$100 per unit per month (PUM) increase to the RAD rents, subject to the availability of funds and such conditions as HUD may impose.</p>	<ul style="list-style-type: none"> ✓ Attach documentation confirming that the hard construction costs, including general requirements, overhead and profit, and payment and performance bonds, are in excess of 60% the Housing Construction Costs as published by HUD for the given market area. More information can be found in the FAQs. ✓ Attach documentation showing that the rent increase is necessary for the viability of the transaction. ✓ Attach a map showing that the project site is located in a designated Opportunity Zone.

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		<ul style="list-style-type: none"> ✓ Ensure that the property will still comply with the applicable rent caps (including 120% of FMR).
Adopt rent cap of Small Area Fair Market Rents (SAFMR) instead of metropolitan area Fair Market Rents (FMR) (PBV and RAD/Section 18 Blends only)	<p>While the default rent cap for RAD PBV rents is the lower of 110% of the metropolitan area FMR, minus any utility allowance, or reasonable rents, PHA's can request SAFMRs to calculate the rent cap instead if one of the three situations described in the adjacent column apply.</p> <p>This change would lead to a rent increase if the published RAD Rents plus applicable OCAFs, minus any utility allowance, are greater than 110% of metropolitan area FMR but less than 110% of SAFMR.</p>	<ul style="list-style-type: none"> ✓ Confirm in the request which of the following situations apply and attach any supporting documentation: (1) PHA is in a designated SAFMR area or has already adopted SAFMRs in their whole jurisdiction. (2) PHA is planning to opt-in to fully utilize SAFMRs throughout its entire jurisdiction, in which case they need approval from their PIH Field Office. (3) PHA has already established or has decided to establish an exception payment standard using the SAFMR in certain ZIP codes, which they have implemented or will implement by sending an email to SAFMRs@hud.gov. Exception payment standards must be applied to all vouchers (tenant-based and PBV) in the exception area (i.e. ZIP code) and must otherwise follow instructions in PIH 2018-01. ✓ Provide the latest reasonable rents for each bedroom type. ✓ Use this as an opportunity to ensure the utility allowances are accurate.

C. Utility Allowances

The RAD CHAP award is populated with the current Public Housing utility allowances provided by the PHA in the RAD application. Frequently, those utility allowances have changed as time has passed or were input as weighted averages for each bedroom type since the RAD application doesn't allow for multiple utility allowances for the same bedroom type (the CHAP, however, does allow for this). Prior to financing plan submission, it is critical to review the utility allowances in the CHAP to ensure that they are amended to reflect the current amounts and configurations. It is important to understand that the RAD contract rents were calculated based on the project's existing owner and tenant utility responsibilities and that any proposed change to utility responsibilities (such as changing from owner-paid utilities to tenant-paid utilities) will impact the RAD contract rents.

Amendment	Description	Submission Requirements
Modifying the Utility Allowance in the CHAP to reflect the actual utility allowance that currently applies (pre-	Whenever residents will continuously live at the property following the conversion, the CHAP, RCC, and HAP contract must reflect the utility allowance <u>currently in effect</u> at the property prior to conversion.	<ul style="list-style-type: none"> ✓ A certification from the PHA or evidence of the actual utility allowances applicable to the site. ✓ For PBV conversions electing to establish a site-specific utility allowance, a copy of the utility allowances for each bedroom type that have been calculated in accordance with Notice H 2015-04.

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conversion) to the property	After closing, the utility allowances will be adjusted according to existing PBV and PBRA guidance. For PBV conversions seeking to establish a site-specific utility allowance for the Covered project, the Utility Allowance must be calculated consistent with Notice H 2015-04 unless PIH promulgates guidance specific to the PBV program.	
Changing Responsibility of Utility Payments (owner paid utilities to tenant paid utilities or vice-versa)	<p>If the project is changing utility responsibility as part of the RAD conversion, the RAD contract rents will also be adjusted accordingly. For example, if the project is changing from owner-paid utilities to a tenant-paid utility allowance of \$50, then the contract rents will be reduced by \$50.</p> <p>If the change will not occur until after the RAD scope of work is complete AND tenants will be living at the site before the change occurs, then the CHAP Amendment and HAP Contract will have two rent schedules: one for pre-rehab rents and one for post-rehab rents. If all tenants will be relocated during the RAD rehab/construction period, the project will have one rent schedule that reflects the post-rehab contract rents and utility allowances.</p>	<ul style="list-style-type: none"> ✓ For projects changing from tenant-paid to owner-paid utilities, a certification from the PHA or evidence of the actual utility allowances currently applicable to the site. ✓ For projects changing from owner-paid to tenant-paid utilities, provide the applicable voucher utility allowance schedule. If site-specific allowances are proposed for a PBV project, submit project utility allowances as determined according to existing guidance (Housing Notice 2015-04). ✓ An explanation of the plans for and timing of resident relocation during the rehab period.
Modifying the Utility Allowance	When the responsibility for certain utilities changes <i>pre-conversion</i> from	<ul style="list-style-type: none"> ✓ A certification from the PHA or evidence of the actual utility allowances applicable to the site before and after the change in responsibility for utilities.

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<p>in the CHAP to reflect a change in responsibility for utilities that has occurred pre-conversion while the property is still under the public housing program (rare)</p>	<p>owner-paid to tenant-paid or from tenant-paid to owner-paid, the utility allowance should be adjusted to reflect the new configuration and the contract rent should be adjusted inversely. For example, if since the time of the CHAP, but prior to conversion, the PHA has shifted responsibility for paying utilities to the residents and as a result the UA increased by \$20, the contract rent will be adjusted downward by \$20.</p>	
<p>Changing the utility allowance to reflect the utility allowance that will apply following conversion.</p>	<p>When residents will not be living in the converted Section 8 property until the construction/rehabilitation is complete (as will typically occur with new construction or transfer of assistance), the UA in the CHAP, RCC, and HAP contract can reflect the future utility allowance.</p>	<p>✓ Provide the project utility allowances as determined according to existing guidance (Housing Notice 2015-04).</p>
<p>Adding in distinct utility allowances for the same unit size.</p>	<p>The CHAP, RCC, and HAP contract should reflect any unique differences in utility allowances that may exist for the same unit size. For example, if some one-bedroom units have a \$40 UA and some have an \$80 UA, those units should be listed separately in the rent schedule. This is also true for CHAPs that cover multiple buildings in which some buildings may have a tenant utility allowance and others may be owner-paid; the CHAP allows for different utility allowances for the same bedroom type.</p>	<p>✓ A certification from the PHA or evidence of the actual utility allowances applicable to the site</p>

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D. Adding, Reducing or Reconfiguring Units

Amendment	Description	Submission Requirements
Adding units to a RAD CHAP Award	<p>If the PHA neglected to include an eligible RAD unit or units in its original RAD application, the PHA may be permitted to add the unit(s) to the existing RAD CHAP award.</p> <p>Note that requests to add a significant number of new units to an existing CHAP award may require a new RAD application.</p>	<ul style="list-style-type: none"> ✓ The PHA must provide evidence of the unit(s) eligibility, typically via a screenshot of the unit in PIC along with concurrence by the PIH Field Office. ✓ Provide the bedroom type and corresponding utility allowance information for the additional unit(s). ✓ Use this as an opportunity to review and confirm the utility allowances
Reducing Units in a CHAP	When a PHA is planning to have fewer dwelling units under the HAP contract through a de minimis reduction or because the PHA has opted to do a partial conversion in which the remaining units will remain as Public Housing.	<ul style="list-style-type: none"> ✓ The PHA must demonstrate that the resulting units are within RAD's de minimis exception standards or, if opting to reconfigure into a partial conversion, that the proposed RAD units are cleanly severable ✓ Provide the revised unit/bedroom configuration of the converting units. ✓ Use this as an opportunity to review and confirm the utility allowances
Reconfiguring Bedroom Types as Part of RAD Conversion	RAD permits changes to unit bedroom distributions (subject to FHEO review), typically due to a transfer of assistance, demolition/new construction and/or substantial rehab.	<ul style="list-style-type: none"> ✓ Provide the revised unit configuration by bedroom type, including applicable utility allowances. ✓ For PBV conversions, provide the latest reasonable rents for each bedroom type ✓ The contract rents will be set based on the contract rents associated with the bedroom sizes after the change in bedroom distribution. For example, if the property had 40 2-BR units with a RAD contract rent of \$500 and 60 3-BR units with a RAD contract rent of \$600 and the PHA plans to change the unit distribution to 100 3-BR units, the units will all be funded at \$600. Similarly, if the new project included all 2-BR units, the rents for the 2-BR units would be \$500. ✓ Use this as an opportunity to review and confirm the utility allowances
Correcting Bedroom Types to	If the unit classification in PIC has changed since the CHAP has been	<ul style="list-style-type: none"> ✓ Provide a screenshot of PIC showing the latest bedroom configuration.

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Match Pre-RAD Change to PIC	issued, the CHAP should be amended to match the classification in PIC. This most commonly occurs when a unit has been misclassified in PIC and is corrected. If the PHA further wishes to change the unit configuration as part of the RAD conversion, see the above section.	
Reclassifying Units	If a PHA can demonstrate that the current units are not competitive because of size or other factors, the PHA may be permitted to re-classify the units as a smaller bedroom size. For example, a PHA has 10 5-BR units but they are extremely small by market standards and the PHA has difficulty leasing them to families otherwise eligible for a 5-BR unit. With supporting documentation, HUD may permit the PHA to treat these units as 4-BR units.	<ul style="list-style-type: none"> ✓ Provide supporting documentation of the need to re-classify the bedroom size. ✓ Provide the desired bedroom classification and corresponding utility allowances, if applicable ✓ HUD will retain the contract rents of the larger unit size and apply them to the new bedroom classification. ✓ Use this as an opportunity to review and confirm the utility allowances
Pursuing a RAD/Section 18 Blend	PHAs can choose to convert a portion of the public housing units within a project under RAD and designate the remaining public housing units for section 18 disposition with Section 8 project-based voucher (PBV) assistance on these units. For RAD/Section 18 Construction Blends, the eligible percentage of Section 18 units (20%, 40%, 60% or 80%) depends on the level of construction costs in the transaction as compared	<ul style="list-style-type: none"> ✓ Request to pursue a RAD/Section 18 blend as part of filling out the Concept Call Checklist, and discuss with your Transaction Manager as part of the Concept Call. The Financing Plan should include all documents listed in the RAD/Section 18 Blend Process Guide. A CHAP Amendment will be processed once you've been invited to submit your Financing Plan. ✓ Include the unit mix of both the units planned for RAD and those planned for Section 18 disposition. ✓ If proposing to rent bundle among the RAD PBV units and non-RAD PBV units, complete and submit the rent bundling worksheet. ✓ Use this as an opportunity to review and confirm the utility allowances.

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	<p>with the Housing Construction Costs (30%, 60%, 90%, or 90% in a high-cost area/200% of national average HCC) as published by HUD for a given market area. See Section 3.A.2.e of PIH 2021-07 for more information, as well as Section VIII of the RAD Supplemental Notice 4B. For RAD/Section 18 Small PHA Blends, which allow you to convert 80% of the project's units through Section 18 disposition, you must have 250 or fewer units in the public housing portfolio unless the Field Office determines that the proposed contract administrator has sufficient capacity to administer the PBV contract.</p>	
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E. Operating Cost Adjustment Factor (OCAF Adjustments)

All active CHAP awards will have their contract rents increased by the OCAF at the start of each new calendar year subject to all applicable rent caps. Transactions in closing at the end of a calendar year that will have a HAP effective date in the new calendar year (a HAP effective date of January or later) are eligible to receive the OCAF adjustment prior to closing. The OCAFs are published annually in the Federal Register, typically at the start of the new fiscal year. PHAs do not need to request an amended RAD CHAP award in order to receive an OCAF adjustment- it is automatically applied at the start of the new calendar year to all active CHAPs and uploaded to the RAD Resource Desk as an amended CHAP exhibit A. It takes HUD approximately 2-3 months to complete the OCAF updates at the beginning of each new calendar year. Should your transaction require an expedited OCAF update (for example, your transaction is in closing and has not received the OCAF), please email resourcedesk@radresource.net with a copy to your RAD Transaction Manager and/or RAD Closing Coordinator (if known) requesting that the OCAF be added to your existing CHAP award.