[INSERT DATE]

[PHA DIRECTOR NAME]

[PHA DIRECTOR POSITION TITLE]

[PHA NAME]

[PHA ADDRESS]

[PHA CITY, STATE, AND ZIP CODE]

Re: [PROJECT NAME], [CITY], [STATE]

PIC No.: [ENTER PIC NO.]

Dear [PHA DIRECTOR],

The Office of Recapitalization (“Recap”), and Public and Indian Housing’s (“PIH”) Special Application Center (“SAC”), understand that your organization is applying for an allocation of 2022 9% Low Income Housing Tax Credits (“LIHTC”) from the Georgia Department of Community Affairs for the rehabilitation of the [# UNITS] public housing unit [PROJECT NAME] (the “Project”). As such, you have requested a letter from Recap and the SAC that confirms that the project will likely have sufficient commitment of rental assistance and that the rent levels provide for deep rental assistance. As noted below, since issuance of the Commitment to Enter into a Housing Assistance Payments (“CHAP”) Contract on [INSERT CHAP DATE], the Project has been and remains eligible to receive rental assistance for the public housing units by operation of the CHAP and PIH Notice 2021-07 (known as the “Rental Assistance Demonstration (RAD)/Section 18 Blend Notice”) upon processing of the administrative requirements of the RAD and Section 18 programs.

H-2019-09 PIH-2019-23 (HA), Rental Assistance Demonstration REV-4 – Final Implementation, dated September 15, 2019 (“RAD Notice”), establishes HUD authority to allow a PHA combine RAD and Section 18 towards the long-term preservation of a project. When permitted, a PHA submits a RAD application for all units in a project. Once HUD confirms that the PHA is eligible to combine RAD with Section 18, HUD will offer the PHA a streamlined process for getting HUD approval for the units eligible for Section 18 concurrently with its RAD conversion.

At the time of the CHAP issuance, the PHA was eligible for the [INSERT BLEND TYPE] pursuant to Section 3.A.2.e of the HUD issued PIH Notice 2021-07 of January 19, 2021, reserved for PHAs with 250 or fewer public housing units which up to 80% of the PHA's units in a RAD converting project may be disposed of through Section 18. All units under this blend are required to be assisted with Section 8 project-based assistance after the conversion/removal of the units from the public housing program. At the RAD conversion the PHA proposes to convert [#] units (INSERT %) as a RAD **Project Based Rental Assistance**  (“[INSERT PBRA or PBV”) contract and dispose of its remaining [#] units (INSERT %) through a Section 18 Project Based Voucher (“PBV”) contract. Although the PHA was eligible for the indicated RAD / Section 18 Blend at CHAP issuance, the current RAD Notice requires a full review of your Financing Plan before a RAD Conversion Commitment (RCC) confirming final project eligibility of the RAD / Section 18 Blend is issued.

When the Project receives its RAD Conversion Commitment (“RCC”) from Recap the SAC will send the PHA its Section 18 approval letter, indicating the maximum number of TPV units the PHA is eligible for. HUD will not automatically issue Tenant Protection Vouchers (TPVs) to the PHA as part of the RAD or Section 18 approval. Instead, the PHA must apply to the Department separately for TPVs in accordance with PIH Notice 2021-10 (the most recent Housing Choice Voucher (HCV) funding notice). The timing will depend on whether the PHA is attaching the PBV assistance concurrently with the RAD closing or is attaching PBV assistance to the units through an AHAP.

The length of the non-RAD PBV HAP contract is determined by the PHA per 24 CFR § 983.205, as amended by the implemented provisions of the Housing Through Modernization Act of 2016 § 106 (see PIH Notice 2017-21 Att. G). A PHA may enter a new PBV HAP Contract with an Owner with an initial term of up to 20 years. Any PBV HAP Contract within the initial term the PHA and the Owner may mutually agree to extend the contract for up to the maximum contract term of 20 years. The PHA will request a [**Enter HAP Term**] year PBV HAP Contract.

Initial contract rents for the RAD PBV contract are set at the lower of the Reasonable Rent or 110 percent of the FMR. Initial contract rents for the RAD PBRA contract are set at the lower of 120 percent of FMR ([HUD FMR Link](https://www.huduser.gov/portal/datasets/fmr.html)) or current funding. These rents are subject to annual increase by the Operating Cost Adjustment Factor (OCAF). The current RAD contract rents are outlined in the attached Exhibit A of the CHAP (which include the 2022 OCAF).

Initial rents for non-RAD PBV contracts are determined by the PHA, in accordance with 24 CFR Part 983 Subpart G. Such rents generally cannot exceed the lowest of: (i) an amount determined by the PHA, not to exceed 110 percent of the applicable fair market rent (or any exception payment standard approved by the Secretary) for the unit bedroom size minus any utility allowance; (ii) the reasonable rent; or (iii) the rent requested by the owner. Note that the Project qualifies for Section 18 disposition except if there are insufficient appropriations to fund the Tenant Protection Vouchers (TPV) account. This concern is neither expected to occur, nor historically has been experienced. Note also that Project must comply with all the applicable requirements of the PBV program in project-basing the Section 18 units.

Please address any questions about this letter to Kara Williams-Kief, Housing Senior Advisor, by email at Kara.S.Williams-Kief@hud.gov.

Sincerely,

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Jane Hornstein John Ardovini

Director, Special Applications Center (SAC) Transaction Division Director

Office of Public and Indian Housing Office of Recapitalization

Attachments: CHAP Exhibit A