



**U.S. Department of Housing and Urban Development
Office of Public and Indian Housing**

Special Attention of: Section 8 Public Housing Agencies; HUD Office of Public Housing Directors; Section 8 Financial Management Center; Multi-Family Program Centers

Notice PIH-2011-1

Issued: January 12, 2011

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Cross References:

Subject: Rent to Owners in subsidized projects under the Housing Choice Voucher (HCV) program¹

1. Purpose:

The purpose of this Notice is to provide guidance to Public Housing Authorities (PHAs) when determining the rent to owner for an HCV tenancy when the participant family chooses to lease a unit under the HCV program in any of the following types of federally subsidized projects:

- An insured or non-insured Section 236 project
- A Section 202 project²
- A Section 221(d)(3)³ below market interest rate (BMIR) project; or
- A Section 515 project of USDA's Rural Development Program

2. Background:

In a recent audit conducted by the Office of the Inspector General (OIG), significant inaccuracies were found in the calculation of the rent to owner for HCV participants residing in subsidized multifamily properties.

Owners of units subsidized by the above federal housing subsidy programs receive lower mortgage interest rates or other subsidies in order to maintain the affordability of the units at a below market rate. As such, the rent to owner should be set at the subsidized rental rate, rather than the market rent for the area. This guidance is intended to remind PHAs of the manner in which the rent to owner is determined when an HCV participant leases a unit in a subsidized property.

¹ <http://www.hud.gov/offices/pih/programs/hcv/>

² <http://www.hud.gov/offices/hsg/mfh/progdsc/eld202.cfm>

³ <http://www.hud.gov/offices/hsg/mfh/progdsc/rentcoophs221d3n4.cfm>

3. Rent to Owner in Subsidized Projects:

As noted in 24 C.F.R.982.521, when a family leases a unit under the HCV program in an insured or non-insured Section 236 project, Section 202 project, Section 221(d)(3) BMIR project, or a Section 515 project of the Rural Development Program, the rent to owner must equal the rent set by the respective subsidy programs.

In order to confirm the subsidized rental rate for Sections 236, 202, 221(d)(3) BMIR or Section 515 projects, contact your local Multifamily Hub or Program Center.⁴

4. Prohibition Against Other Housing Subsidy:

The federally subsidized projects discussed above may, in some circumstances, contain units that also receive the benefit of a State, local, or federal, housing subsidy (e.g., Section 8 project-based housing assistance payments contract). Such units are ineligible units under the HCV program. In accordance with program regulations at 24 C.F.R. 982.352 (c), a HCV family may not receive the benefit of tenant-based assistance under the HCV program for a unit in which there is any other duplicative federal, State or local housing subsidy.

5. Paperwork Reduction Act:

The information collection requirements contained in this Notice have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3520). In accordance with the PRA, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number. The information contained in this Notice has been approved under the PRA OMB Control Number 2577-0169.

6. Questions:

Inquiries about this Notice should be directed to staff in the Housing Voucher Management and Operations Division,⁵ Office of Public Housing and Voucher Programs, at (202) 708-0477. Persons with hearing or speech impairments may access this number through TTY by calling the toll-free Federal Information Relay Service at (800) 877-8339.

/s/

Sandra B. Henriquez, Assistant Secretary for
Public and Indian Housing

⁴ <http://portal.hud.gov/portal/page/portal/HUD/localoffices>

⁵ <http://www.hud.gov/offices/pih/programs/hcv/mod.cfm>