


An Introduction to HUD Multifamily Programs



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HOUSING JUSTICE



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Today We Will Cover

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- A basic overview of the following programs:
 - Project-based Section 8 housing
 - Section 202 housing for the elderly
 - Section 811 housing for people with disabilities
 - Section 236 multifamily rental housing
 - Section 221(d)(3) Below Market Interest Rate (BMIR) housing

Topics Addressed for Each Program

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- Operation of housing programs and subsidies
- Eligibility
- Rents
- Evictions
- Procedural protections
- Applicable rules
- Determining if your client lives in subsidized housing
- Locating subsidized housing

Project-Based Section 8 Program

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Project-Based Section 8 Program: Overview

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- Owners, usually private for-profit and nonprofit entities, enter into housing assistance payments (HAP) contracts with HUD.
 - Contract administrator can be a third-party that oversees the HAP contract
 - ✦ http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/rfp/sec8rfp (has a link to contract administrator listing)
- Tenant enters into lease with owner and pays affordable rent, typically 30% of adjusted income.

Project-Based Section 8: Overview (cont.)

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- HUD pays the owner a rental subsidy to cover the difference between the total contract rent and the tenant's share.
- The rental subsidy is attached to a specific building, and the tenant cannot move with the subsidy.
- Two other similar programs, *project-based vouchers* & *Section 8 Mod Rehab*, have different rules

What Rules Apply to Project-Based Section 8?

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- Federal statute, HUD regulations, HUD Handbook 4350.3, HUD Notices
 - Check out www.hud.gov/hudclips.
- Owners must use HUD's model lease.
 - Form HUD-90105a, available at www.hud.gov/hudclips (Forms Library)
- Owners develop their own tenant selection plan (TSP) and house rules.
 - TSP must include certain provisions (e.g., eligibility requirements, income limits, waitlist selection procedures, etc.)
 - House rules must be reasonably related to safety of building and tenants.

Project-Based Section 8: Eligibility

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- Generally, applicants must be “very low-income,” (VLI) meaning their income cannot exceed 50% of area median income (AMI).
 - Owners must target some units to “extremely low-income” (ELI) households (30% of AMI or below).
- HUD website lists AMI and income limits for jurisdictions nationwide
 - http://www.huduser.org/portal/datasets/il/il14/index_il2014.html (FY 2014 Income Limits)

Project-Based Section 8: Admissions

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- Owner maintains the waitlist of applicants.
 - Owner is responsible for selecting tenants from waitlist.
- Owner must develop **tenant selection procedures**, and screen for certain criminal activity and immigration status.
- Owner may create certain admissions preferences.
- Owners must notify applicants of reasons for denial and offer applicants an opportunity to meet with the owner if denied.

Project-Based Section 8: Rents

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- Tenant's share of rent is typically 30% of adjusted income.
- Tenant can be required to pay a minimum rent of \$25.
- Owner recertifies tenant's income annually to ensure rent is correct. Tenant can request an interim recertification from the owner if income decreases or family size increases. Owner can require interim recertification in certain cases.

Project-Based Section 8: Evictions

- Owner may not terminate a tenancy except for “good cause,” including:
 - Material noncompliance with lease
 - Material failure to carry out obligations under state landlord-tenant law
 - Certain criminal activity
 - Alcohol abuse
 - Other good cause

Project-Based Section 8: Procedural Protections

- Owner must give notice of the reason for the proposed denial/termination and must notify the tenant that she has an opportunity to discuss the denial/termination with the owner.
- “Other good cause” terminations require prior written notice that the conduct could result in future termination.

Section 202

Section 811

Section 236

Section
221(d)(3)

HOME

Additional Programs

Section 202 & 811 Programs

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- Section 202 (Supportive Housing for the Elderly)
 - Provides nonprofits funding to provide supportive housing for very-low-income elderly persons
- Section 811 (Supportive Housing for Persons with Disabilities)
 - Arose out of the original Section 202 Program
 - Program provides assistance and housing associated with supportive services to disabled households with very and extremely low incomes.

Sections 202 & 811: What Rules Apply?

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- Statutes
- Regulations
- HUD Model Lease
- HUD Handbooks
 - HUD Handbook 4350.3
- Tenant Selection Plans (TSPs)
- HUD Notices

Pay special attention to the lease, regulations, and HUD Handbook 4350.3.

Sections 202 & 811: Eligibility and Admissions

- *Eligibility:*
 - Section 202
 - ✦ Household has one or more individuals aged 62 or older at initial occupancy
 - ✦ Income of less than 50% AMI
 - Section 811
 - ✦ Very low and extremely low income disabled individuals or households
 - “Disability” can include one/combination of physical disability, developmental disability, or chronic mental illness
 - ✦ Income of less than 50 % AMI
- *Admissions:*
 - Owner manages waitlist and selects applicants
 - Tenant Selection Plans

Sections 202 & 811: Rents

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- Tenant's rent payment largely depends on type of subsidy for the unit.
 - Some units have “budget-based” HUD-restricted rents: tenants pay for all debt service and operating costs of property without income-based rental assistance (e.g., project-based Section 8)
 - Other units have rental assistance, meaning that the tenant usually pays 30% adjusted income, and subsidy covers the rest
- Some properties are partially assisted, with a mix
- Newer units are exclusively rental assistance units; however, some older Section 202 units remain under a budget-based rent structure.
- Rental assistance can take many forms, not limited to project-based Section 8

Sections 202 & 811: Evictions and Protections

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- *Evictions*: Good cause required.
- *Procedural protections*: Owner must provide notice of reason for termination and opportunity to discuss with owner.

Section 236 & Section 221(d)(3) BMIR

- Section 236
 - HUD subsidizes interest payments and restricts rents and occupancy for private rental or cooperative housing for low-income individuals.
 - ✦ Section 236 units still exist, but numbers steadily decreasing over time
 - ✦ Fewer than 100,000 units (2010 figures)
- Section 221(d)(3) BMIR (Below Market Interest Rate)
 - Program from the 1960s that provided subsidized financing to private rental housing developers
 - ✦ No new units under this program since 1968
 - ✦ However, a few thousand units continue to have active loans insured through this program, but numbers are steadily decreasing over time

Sections 236 & 221(d)(3): Rules

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- *Applicable Rules:*
 - Statutes
 - Regulations
 - HUD Model Lease
 - HUD Handbooks
 - ✦ HUD Handbook 4350.3
 - Tenant Selection Plans (TSPs)
 - HUD Notices

Sections 236 & 221(d)(3)

- *Eligibility:*
 - Below 80% AMI (Section 236)
 - Below 95% AMI (Section 221(d)(3) BMIR)
- *Rents:* Usually flat budget-based rents (not based on tenant's income), unless rental assistance also provided (usually project-based Section 8).
- *Evictions:* Same as Project-Based Section 8.
- *Procedural Protections:* Same as Project-Based Section 8.

Final Considerations

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Locating Subsidized Housing

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- Consult the National Housing Preservation Database:

<http://www.preservationdatabase.org/>

- Includes

- ✦ Project-Based Section 8; Sections 202 & 811; Section 236; and Section 221(d)(3) BMIR
- ✦ Other housing, such as Low Income Housing Tax Credit units, Rural Development units, and public housing

Factors to Consider When Determining A Client's Housing Program

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- Whether:
 - Your client rents from a private owner
 - Your client has a housing choice voucher from the PHA
 - Your client uses the HUD model lease (Form HUD-90105a)
 - The local PHA is involved
 - Your client's housing appears on the Preservation Database (previous slide)
- Investigate these factors, and then consider asking the manager, community members, other advocates

Advocacy Tips

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- Identify Contract Administrator
- Use resources like the Housing Preservation Database to determine the type of affordable housing your client resides in or should seek
- Familiarize yourself with the HUD Handbook 4350.3, which covers most multifamily programs

Contact Information

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