

for a participant that has received tenant-based or project-based rental assistance in the Housing Choice Voucher Program.

(2) The downpayment assistance grant must be applied toward the downpayment required in connection with the purchase of the home and/or reasonable and customary closing costs in connection with the purchase of the home.

(3) If the PHA permits the downpayment grant to be applied to closing costs, the PHA must define what fees and charges constitute reasonable and customary closing costs. However, if the purchase of a home is financed with FHA mortgage insurance, such financing is subject to FHA mortgage insurance requirements, including any requirements concerning closing costs (see §982.632(b) of this part regarding the applicability of FHA requirements to voucher homeownership assistance and §203.27 of this title regarding allowable fees, charges and discounts for FHA-insured mortgages).

(b) *Maximum downpayment grant.* A downpayment assistance grant may not exceed twelve times the difference between the payment standard and the total tenant payment.

(c) *Payment of downpayment grant.* The downpayment assistance grant shall be paid at the closing of the family's purchase of the home.

(d) *Administrative fee.* For each downpayment assistance grant made by the PHA, HUD will pay the PHA a one-time administrative fee in accordance with §982.152(a)(1)(iii).

(e) *Return to tenant-based assistance.* A family that has received a downpayment assistance grant may apply for and receive tenant-based rental assistance, in accordance with program requirements and PHA policies. However, the PHA may not commence tenant-based rental assistance for occupancy of the new unit so long as any member of the family owns any title or other interest in the home purchased with homeownership assistance. Further, eighteen months must have passed since the family's receipt of the downpayment assistance grant.

(f) *Implementation of downpayment assistance grants.* A PHA may not offer downpayment assistance under this

paragraph until HUD publishes a notice in the FEDERAL REGISTER.

[67 FR 64494, Oct. 18, 2002]

PART 983—SECTION 8 PROJECT-BASED CERTIFICATE PROGRAM

Subpart A—General Information

Sec.

- 983.1 Purpose and applicability.
- 983.2 Additional definitions.
- 983.3 Information to be submitted to HUD by the HA concerning its plan to attach assistance to units.
- 983.4 HUD review of HA plans to attach assistance to units.
- 983.5 Physical condition standards; physical inspection requirements.
- 983.6 Site and neighborhood standards.
- 983.7 Eligible and ineligible properties and HA-owned units.
- 983.8 Rehabilitation: Minimum expenditure requirement.
- 983.9 Prohibition against new construction or rehabilitation with U.S. Housing Act of 1937 assistance and use of flexible subsidy; pledge of Agreement or HAP contract.
- 983.10 Displacement, relocation, and acquisition.
- 983.11 Other Federal requirements.
- 983.12 Program accounts and records.
- 983.13 Special housing types.

Subpart B—Owner Application Submission to Agreement

- 983.51 HA unit selection policy, advertising, and owner application requirements.
- 983.52 Rehabilitation: Initial inspection and determination of unit eligibility.
- 983.53 Rehabilitation: HUD field office review of applications.
- 983.54 Rehabilitation: Work write-ups.
- 983.55 New construction: HA evaluation and technical processing.
- 983.56 New construction: HUD field office review of applications.
- 983.57 New construction: Working drawings and specifications.

Subpart C—Agreement and New Construction or Rehabilitation Period

- 983.101 Agreement to enter into HAP contract, and contract rents in Agreement.
- 983.102 Owner selection of contractor.
- 983.103 New construction or rehabilitation period.
- 983.104 New construction or rehabilitation completion.

§ 983.1

24 CFR Ch. IX (4–1–04 Edition)

Subpart D—Housing Assistance Payments Contract

- 983.151 Housing assistance payments contract (HAP contract).
- 983.152 Reduction of number of units covered by HAP contract.

Subpart E—Management

- 983.201 Responsibilities of the HA.
- 983.202 Responsibilities of the owner.
- 983.203 Family participation.
- 983.204 Maintenance, operation and inspections.
- 983.205 Overcrowded and underoccupied units.
- 983.206 Assisted tenancy and termination of tenancy.
- 983.207 Informal review or hearing.

Subpart F—Rent and Housing Assistance Payment

- 983.251 Applicability.
- 983.252 Limits on initial rent to owner.
- 983.253 Initial rent: Who approves.
- 983.254 Annual adjustment of rent to owner.
- 983.255 Special adjustment of rent to owner.
- 983.256 Reasonable rent.
- 983.257 Other subsidy: Effect on rent to owner.
- 983.258 Rent to owner: Effect of rent control.
- 983.259 Correction of rent.
- 983.260 Housing assistance payment: Amount and distribution.
- 983.261 Family share: Family responsibility to pay.
- 983.262 Other fees and charges.

AUTHORITY: 42 U.S.C. 1437f and 3535(d).

SOURCE: 60 FR 34717, July 3, 1995, unless otherwise noted.

Subpart A—General Information

§ 983.1 Purpose and applicability.

(a) This part 983 applies to the Section 8 Project-based Certificate (PBC) program.

(b)(1) Except as otherwise expressly modified or excluded by this part 983, provisions of 24 CFR part 982 apply to the PBC program.

(2) The following provisions of 24 CFR part 982 do not apply to the PBC program:

- (i) Provisions on tenant-based assistance, on issuance or use of a voucher or certificate; and on portability;
- (ii) Provisions on voucher tenancy or over-FMR tenancy;

(iii) In subpart D, § 982.158(e) (retention of lease, HAP contract and family application);

(iv) In subpart E, § 982.202(b)(3) (where family will live); § 982.204(d) (family size); § 982.205(a) (waiting lists);

(v) Subpart G, except that the following provisions of subpart G are applicable to the PBC Program: § 982.308 (lease); § 982.311(a), (b), (c) and (d)(1) (when assistance is paid); § 982.312 (absence from unit); and § 982.313 (security deposit);

(vi) Subpart H (where family can live and move);

(vii) In subpart I of this part, § 982.401(j) (lead-based paint requirements); § 982.402(a)(3), § 982.402(c) and (d) (Subsidy standards); and § 982.403 (Terminating HAP contract when unit is too small);

(viii) In subpart J, § 982.451(a), § 982.451(b)(2) (term of HAP contract same as lease); § 982.454 (termination of HAP contract because of insufficient funding); § 982.455 (termination of HAP contract; termination notice);

(ix) Subpart K, except that the following provisions of Subpart K are applicable to the PBC Program: § 982.504 (for determination of the FMR/exception rent limit); § 982.516 (family income and composition; regular and interim examinations), § 982.517 (utility allowance schedule);

(x) In subpart M, all provisions authorizing assistance for shared housing (including § 982.615 through § 982.618); or assistance for a family occupying a manufactured home (including § 982.620 through § 982.624).

(3) This part does not apply to the voucher program, or to an over-FMR tenancy under the certificate program. Every tenancy assisted in the PBC program is a regular tenancy under the certificate program.

[63 FR 23870, Apr. 30, 1998, as amended at 64 FR 50230, Sept. 15, 1999; 65 FR 16819, 16823, Mar. 30, 2000]

§ 983.2 Additional definitions.

The following definitions apply to assistance subject to this part 983, in addition to the definitions in 24 CFR 982.4:

Agreement to enter into housing assistance payments contract (“*Agreement*”). A written agreement between the owner

and the HA that, upon satisfactory completion of the new construction or the rehabilitation in accordance with requirements specified in the Agreement, the HA will enter into a HAP contract with the owner.

15-percent limit. Fifteen percent of the total number of budgeted units for an HA's Section 8 certificate program.

Funding source. The ACC funding authority from which the HAP contract is to be funded. Each funding increment identified in the ACC is a separate, potential funding source.

Percent limit. The applicable maximum number of budgeted units for an HA's certificate program that may be project-based. (The applicable percent limit is either the 15-percent limit or the 30-percent limit.)

Project-based Certificate (PBC) program. A Section 8 program administered by an HA pursuant to 24 CFR part 983.

Repair or replacement of a major building system or component. The complete electrical rewiring of a unit; the installation of new plumbing supply or waste pipes in a unit; the installation of a new heating distribution system, including piping and ductwork, or the installation of a new boiler or furnace; the installation of a new roof; or the replacement or major repair of exterior structural elements which are essential to achieve a stable general condition with no threat of further deterioration.

State certified appraiser. Any individual who satisfies the requirements for certification as a certified general appraiser in a State that has adopted criteria that currently meet or exceed the minimum certification criteria issued by the Appraiser Qualifications Board of the Appraisal Foundation. The State criteria must include a requirement that the individual have achieved a satisfactory grade upon a State-administered examination consistent with and equivalent to the Uniform State Certification Examination issued or endorsed by the Appraiser Qualifications Board of the Appraisal Foundation. Furthermore, if the Appraisal Foundation has issued a finding that the policies, practices, or procedures of the state are inconsistent with the Financial Institutions Reform, Recovery, and Enforcement Act of 1989,

an individual must comply with any additional standards for state certified appraisers imposed by HUD under 24 CFR 267.11(c)(1).

30-Percent limit. Thirty percent of the total number of budgeted units for a HA's Section 8 certificate program.

[60 FR 34717, July 3, 1995, as amended at 63 FR 23870, Apr. 30, 1998]

§ 983.3 Information to be submitted to HUD by the HA concerning its plan to attach assistance to units.

(a) *Requirements.* An HA may attach certificate assistance to units in accordance with this part 983 if:

(1) The number of units to be project-based does not exceed the applicable percent limit.

(2) The number of units to be project-based are not under a tenant-based or project-based HAP contract or otherwise committed (e.g., certificates issued to families searching for housing or units under an Agreement).

(b) *Percent limit.* The applicable percent limit is either the 15-percent limit or the 30-percent limit. The 30-percent limit is only applicable if:

(1) There are no project-based new construction units in the HA's certificate program;

(2) The additional 15 percent of project-based units (in excess of the 15-percent limit) is for the rehabilitation of units in projects assisted under a State program that permits owners to prepay State-assisted or subsidized mortgages; and

(3) The additional 15 percent of project-based units is necessary to provide incentives for project owners to preserve the projects for occupancy by low and moderate income families for the term of the HAP contract, and assist low-income tenants to afford any rent increases.

(c) *HA notification to HUD of intent to attach assistance to units.* Before implementing a PBC program, the HA must submit the following information to the HUD field office for review:

(1) The total number of units for which the HA is requesting approval to attach assistance;

(2) The number of budgeted certificate units;

(3) The number of certificate units available to be project-based; i.e., the

§ 983.4

number of budgeted certificate units that are not under a tenant-based or project-based HAP contract or otherwise committed (e.g., certificates issued to families searching for housing or units under an Agreement).

(d) *Amount of assistance.* The HA must ensure that the amount of assistance that is attached to units is within the amounts available under the ACC.

(Approved by the Office of Management and Budget under control number 2577-0169)

[60 FR 34717, July 3, 1995, as amended at 60 FR 45661, Sept. 1, 1995; 63 FR 23870, Apr. 30, 1998]

§ 983.4 HUD review of HA plans to attach assistance to units.

(a) *Notice to HA.* (1) If the requirements of § 983.3 are satisfied, the field office must authorize the HA to proceed in accordance with this part 983.

(2) If the submission is approved, the field office must notify the HA that the HA may implement a PBC program subject to the requirements of this part 983, including the requirements for approval by the HUD field office of the HA unit selection policy and advertisement, and competitive selection of eligible units. The approval letter must specify the maximum number of units for which the HA may execute Agreements.

(3) If any of the requirements of § 983.3 are not satisfied, the field office must not approve the HA submission. The field office must notify the HA of the reasons for disapproval.

(b) [Reserved]

§ 983.5 Physical condition standards; physical inspection requirements.

(a) *General.* Housing used in this program must be maintained and inspected in accordance with the requirements in 24 CFR part 5, subpart G.

(b) *Space and security.* In addition to the standards in 24 CFR part 5, subpart G, the dwelling unit must have a living room, a kitchen area, and a bathroom. The dwelling unit must have at least one bedroom or living/sleeping room for each two persons.

(c) The Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regula-

24 CFR Ch. IX (4-1-04 Edition)

tions at part 35, subparts A, B, H, and R of this title apply to units assisted under this part.

[63 FR 46580, Sept. 1, 1998, as amended at 64 FR 50230, Sept. 15, 1999]

§ 983.6 Site and neighborhood standards.

(a) *Rehabilitation site and neighborhood standards.* In addition to meeting the standards required in § 982.401(l) of this chapter, the proposed sites for rehabilitation units must meet the following site and neighborhood standards:

(1) Be adequate in size, exposure and contour to accommodate the number and type of units proposed; adequate utilities and streets must be available to service the site. (The existence of a private disposal system and private sanitary water supply for the site, approved in accordance with law, may be considered adequate utilities.)

(2) Be suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, E.O. 11063, and HUD regulations issued pursuant thereto.

(3) Promote greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons.

(4) Be accessible to social, recreational, educational, commercial, and health facilities and services, and other municipal facilities and services that are at least equivalent to those typically found in neighborhoods consisting largely of unassisted, standard housing of similar market rents.

(5) Be so located that travel time and cost via public transportation or private automobile from the neighborhood to places of employment providing a range of jobs for lower-income workers is not excessive. (While it is important that housing for the elderly not be totally isolated from employment opportunities, this requirement need not be adhered to rigidly for such projects.)

(b) *New construction site and neighborhood standards.* The proposed sites for

new construction units must be approved by the HUD field office as meeting the following site and neighborhood standards:

(1) The site must be adequate in size, exposure, and contour to accommodate the number and type of units proposed, and adequate utilities (water, sewer, gas, and electricity) and streets must be available to service the site.

(2) The site and neighborhood must be suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of title VI of the Civil Rights Act of 1964, the Fair Housing Act, Executive Order 11063, and implementing HUD regulations.

(3)(i) The site must not be located in an area of minority concentration, except as permitted under paragraph (b)(3)(ii) of this section, and must not be located in a racially mixed area if the project will cause a significant increase in the proportion of minority to non-minority residents in the area.

(ii) A project may be located in an area of minority concentration only if:

(A) Sufficient, comparable opportunities exist for housing for minority families, in the income range to be served by the proposed project, outside areas of minority concentration (see paragraph (b)(3)(iii) of this section for further guidance on this criterion); or

(B) The project is necessary to meet overriding housing needs that cannot be met in that housing market area (see paragraph (b)(3)(iv) of this section for further guidance on this criterion).

(iii)(A) "Sufficient" does not require that in every locality there be an equal number of assisted units within and outside of areas of minority concentration. Rather, application of this standard should produce a reasonable distribution of assisted units each year, that, over a period of several years, will approach an appropriate balance of housing choices within and outside areas of minority concentration. An appropriate balance in any jurisdiction must be determined in light of local conditions affecting the range of housing choices available for low-income minority families and in relation to the racial mix of the locality's population.

(B) Units may be considered "comparable opportunities" if they have the same household type (elderly, disabled, family, large family) and tenure type (owner/renter); require approximately the same tenant contribution towards rent; serve the same income group; are located in the same housing market; and are in standard condition.

(C) Application of this sufficient, comparable opportunities standard involves assessing the overall impact of HUD-assisted housing on the availability of housing choices for low-income minority families in and outside areas of minority concentration, and must take into account the extent to which the following factors are present, along with other factors relevant to housing choice:

(1) A significant number of assisted housing units are available outside areas of minority concentration.

(2) There is significant integration of assisted housing projects constructed or rehabilitated in the past 10 years, relative to the racial mix of the eligible population.

(3) There are racially integrated neighborhoods in the locality.

(4) Programs are operated by the locality to assist minority families that wish to find housing outside areas of minority concentration.

(5) Minority families have benefited from local activities (e.g., acquisition and write-down of sites, tax relief programs for homeowners, acquisitions of units for use as assisted housing units) undertaken to expand choice for minority families outside of areas of minority concentration.

(6) A significant proportion of minority households has been successful in finding units in non-minority areas under the Section 8 certificate and voucher programs.

(7) Comparable housing opportunities have been made available outside areas of minority concentration through other programs.

(iv) Application of the "overriding housing needs" criterion, for example, permits approval of sites that are an integral part of an overall local strategy for the preservation or restoration of the immediate neighborhood and of sites in a neighborhood experiencing significant private investment that is

demonstrably changing the economic character of the area (a “revitalizing area”). An “overriding housing need,” however, may not serve as the basis for determining that a site is acceptable if the only reason the need cannot otherwise be feasibly met is that discrimination on the basis of race, color, religion, sex, national origin, age, familial status or disability renders sites outside areas of minority concentration unavailable or if the use of this standard in recent years has had the effect of circumventing the obligation to provide housing choice.

(4) The site must promote greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons.

(5) The neighborhood must not be one which is seriously detrimental to family life or in which substandard dwellings or other undesirable conditions predominate, unless there is actively in progress a concerted program to remedy the undesirable conditions.

(6) The housing must be accessible to social, recreational, educational, commercial, and health facilities and services, and other municipal facilities and services that are at least equivalent to those typically found in neighborhoods consisting largely of unassisted, standard housing of similar market rents.

(7) Except for new construction housing designed for elderly persons, travel time and cost via public transportation or private automobile, from the neighborhood to places of employment providing a range of jobs for lower-income workers, must not be excessive.

§ 983.7 Eligible and ineligible properties and HA-owned units.

(a) Section 982.352 of this chapter, *Eligible Housing*, does not apply. Newly constructed and existing structures of various types may be appropriate for attaching assistance to the units under this part 983, including single-family housing and multifamily structures.

(b) An HA may not attach or pay PBC assistance to units in the following types of housing:

(1) Housing for which the construction is started before Agreement execution;

(2) Housing for which the rehabilitation is started before Agreement execution;

(3) Shared housing; nursing homes; and facilities providing continual psychiatric, medical, nursing services, board and care or intermediate care;

(4) Units within the grounds of penal, reformatory, medical, mental, and similar public or private institutions;

(5) Housing located in the Coastal Barrier Resources System designated under the Coastal Barrier Resources Act;

(6) Housing located in an area that has been identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless:

(i)(A) The community in which the area is situated is participating in the National Flood Insurance Program (see 44 CFR parts 59 through 79); or

(B) Less than a year has passed since FEMA notification regarding such hazards; and

(ii) The HA will ensure that flood insurance on the structure is obtained in compliance with section 102(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001 *et seq.*);

(7) College or other school dormitories; or

(8) A manufactured home.

(c) An HA may not attach or pay PBC assistance to units in any of the following types of subsidized housing:

(1) Public housing;

(2) A unit subsidized by any other form of Section 8 assistance (tenant-based or project-based);

(3) A unit subsidized with any local or State rent subsidy;

(4) A Section 236 project (insured or noninsured); or a unit subsidized with Section 236 rental assistance payments;

(5) A Rural Development Administration Section 515 project;

(6) A unit subsidized with rental assistance payments under Section 521 of the Housing Act of 1949 (a Rural Development Administration Program);

(7) Housing assisted under former Section 23 of the United States Housing Act of 1937 (before amendment by the Housing and Community Development Act of 1974);

(8) A Section 221(d)(3) project;

(9) A project with a Section 202 loan;

(10) A Section 202 project for non-elderly persons with disabilities (Section 162 assistance);

(11) Section 202 supportive housing for the elderly;

(12) Section 811 supportive housing for persons with disabilities;

(13) A Section 101 rent supplement project;

(14) A unit subsidized with tenant-based assistance under the HOME program; or

(15) Any unit with any other duplicative Federal State, or local housing subsidy, as determined by HUD. For this purpose, "housing subsidy" does not include the housing component of a welfare payment, a social security payment received by the family, or a rent reduction because of a tax credit.

(d) An HA may attach assistance under this part 983 to a highrise elevator project for families with children only if HUD determines there is no practical alternative. HUD may make this determination for an HA's project-based assistance, in whole or in part, and need not review each project on a case-by-case basis.

(e) Assistance may not be attached to a unit that is occupied by an owner; however, cooperatives are considered to be rental housing for purposes of this part 983.

(f)(1) *HA-owned unit* means a unit (other than public housing) that is owned by the HA which administers the assistance under this part 983 pursuant to an ACC between HUD and the HA (including a unit owned by an entity substantially controlled by the HA).

(2) An HA-owned unit may only be assisted under the project-based certificate program if:

(i) The HA-owned unit is not ineligible housing under this section.

(ii) The HUD field office selects the HA-owned unit pursuant to the competitive ranking and rating process specified in the HA's HUD-approved unit selection policy (see §983.51).

(iii) The HUD field office establishes the initial contract rents.

(iv) The HUD field office has conducted all HA reviews required under this part before execution of the Agreement.

(3) Any adjustment of the contract rent for an HA-owned unit must be ap-

proved in advance by the HUD field office.

(4) As owner of an HA-owned unit, the HA is subject to all of the same program requirements that apply to other owners in the program.

(5) HUD headquarters establishes the amount of the administrative fee for an HA-owned unit. The HA will earn a lower ongoing administrative fee for an HA-owned unit than for a unit not owned by the HA, and no fee for the cost to help a family experiencing difficulty in renting appropriate housing.

(6) HA-owned units are subject to the same requirements as units that are not HA-owned, including the ineligibility of units that are currently public or Indian housing and units constructed or rehabilitated with other assistance under the U.S. Housing Act of 1937.

[60 FR 34717, July 3, 1995, as amended at 63 FR 23870, Apr. 30, 1998]

§ 983.8 Rehabilitation: Minimum expenditure requirement.

(a) To qualify as rehabilitation under this part 983, existing structures must require a minimum expenditure of \$1000 per assisted unit, including the unit's prorated share of work to be accomplished on common areas or systems, in order to:

(1) Upgrade the property to decent, safe, and sanitary condition to comply with the housing quality standards or other standards approved by HUD, from a condition below those standards;

(2) Repair or replace major building systems or components in danger of failure within two years from the date of the initial HA inspection;

(3) Convert or merge units to provide housing for large families; or

(4) For up to seven percent of the units to be assisted, make accessibility improvements to the property necessary to meet the requirements of Section 504 of the Rehabilitation Act of 1973 and the Fair Housing Amendments Act of 1988.

(b) In determining the minimum expenditure of \$1000 per assisted unit, the HA must include the prorated cost of common improvements in the costs of the individual units.

§ 983.9 Prohibition against new construction or rehabilitation with U.S. Housing Act of 1937 assistance and use of flexible subsidy; pledge of Agreement or HAP contract.

(a) Assistance may not be attached to any unit which was in the five years before execution of the Agreement, or will be, constructed or rehabilitated with other assistance under the U.S. Housing Act of 1937 (e.g., public housing (development or modernization), rental rehabilitation grants under 24 CFR part 511, housing development grants under 24 CFR part 850, or other Section 8 programs). In addition, a unit to which assistance is to be attached under this part 983 may not be rehabilitated with flexible subsidy assistance under part 219 of this title. HUD may approve attachment of assistance to a unit that was rehabilitated with public housing modernization funds before conveyance to a resident management corporation under section 21 of the U.S. Housing Act of 1937 (42 U.S.C. 1437s) if attachment of project-based assistance would further the purposes of the sale of the public housing project to the corporation.

(b) If an owner is proposing to pledge the Agreement or HAP contract as security for financing, the owner must submit the financing documents to the HA. In determining the approvability of a pledge arrangement, the HA must review the documents submitted by the owner to ensure that the financing documents do not modify the Agreement or HAP contract, and do not contain any requirements inconsistent with the Agreement or HAP contract. Any pledge of the Agreement or HAP contract must be limited to amounts payable under the HAP contract in accordance with the terms of the HAP contract.

§ 983.10 Displacement, relocation, and acquisition.

(a) *Minimizing displacement.* (1) Consistent with the other goals and objectives of this part, an owner must assure that it has taken all reasonable steps to minimize the displacement of persons (households, businesses, nonprofit organizations, and farms) as a result of a rehabilitation project assisted under this part.

(2) Whenever a building or complex is rehabilitated and some, but not all, of the rehabilitated units will be assisted upon completion of the rehabilitation, the relocation requirements described in this section cover the occupants of each rehabilitated unit, whether or not Section 8 assistance will be provided for the unit.

(b) *Temporary relocation.* The following policies cover residential tenants who will not be required to move permanently but who must relocate temporarily for the project. Such tenants must be provided:

(1) Reimbursement for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including the cost of moving to and from the temporary housing and any increase in monthly rent/utility costs;

(2) Appropriate advisory services, including reasonable advance written notice of:

(i) The date and approximate duration of the temporary relocation;

(ii) The location of the suitable, decent, safe and sanitary dwelling to be made available for the temporary period;

(iii) The terms under which the tenant may lease and occupy a suitable, decent, safe, and sanitary dwelling in the project upon completion of the project; and

(iv) The assistance required under paragraph (b)(1) of this section.

(c) *Relocation assistance for displaced persons.* A “displaced person” (defined in paragraph (g) of this section) must be provided relocation assistance at the levels described in, and in accordance with the requirements of, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA) (42 U.S.C. 4201-4655) and implementing regulations at 49 CFR part 24. A “displaced person” must be advised of his/her rights under the Fair Housing Act (42 U.S.C. 3600-3620), and, if the representative comparable replacement dwelling used to establish the amount of the replacement housing payment to be provided to a minority is located in an area of minority concentration, such person must also be given, if possible, referrals to comparable and suitable, decent,

safe, and sanitary replacement dwellings not located in such areas.

(d) *Real property acquisition requirements.* The acquisition of real property for a project is subject to the URA and the requirements of 49 CFR part 24, subpart B.

(e) *Appeals.* A person who disagrees with the HA's determination concerning whether the person qualifies as a "displaced person," or the amount of relocation assistance for which the person is eligible, may file a written appeal of that determination with the HA. A person who is dissatisfied with the HA's determination on the appeal may submit a written request for review of that determination to the HUD field office responsible for administering the URA requirements in the jurisdiction.

(f) *Responsibility of HA.* (1) The HA must provide assurance of compliance as required by 49 CFR part 24 that it will comply with the URA, the regulations at 49 CFR part 24, and the requirements of this section, and must ensure such compliance notwithstanding any third party's contractual obligation to the HA to comply with these provisions.

(2) The cost of required relocation assistance may be paid for with funds provided by the owner, or with local public funds, or with funds available from other sources. The cost of HA advisory services for temporary relocation of tenants may be paid from preliminary fees or ongoing administrative fees.

(3) The HA must maintain records in sufficient detail to demonstrate compliance with the provisions of this section. The HA must maintain data on the race, ethnicity, gender, and disability of displaced persons.

(g) *Definition of displaced person.* (1) For purposes of this section, the term *displaced person* means a person (household, business, nonprofit organization, or farm) that moves from real property, or moves personal property from real property, permanently, as a direct result of acquisition, rehabilitation, or demolition for a project assisted under this part. The term "displaced person" includes, but may not be limited to:

(i) A person who moves permanently from the real property after receiving a

notice from the owner requiring such move, if the move occurs on or after the date of the submission of the owner application to the HA;

(ii) A person who moves permanently before the submission of the owner application to the HA, if the HA or HUD determines that the displacement resulted directly from acquisition, rehabilitation, or demolition for the assisted project; or

(iii) A tenant-occupant of a dwelling unit who moves from the building or complex, permanently, after execution of the Agreement between the owner and the HA, if the move occurs before the tenant is provided written notice offering the opportunity to lease and occupy a suitable, decent, safe, and sanitary dwelling in the same building or complex under reasonable terms and conditions, upon completion of the project. Such reasonable terms and conditions include a monthly rent and estimated average monthly utility costs that do not exceed the greater of:

(A) The tenant's monthly rent before execution of the Agreement and estimated average monthly utility costs; or

(B) The total tenant payment, as determined under 24 CFR 5.613, if the tenant is low-income, or 30 percent of gross household income, if the tenant is not low-income; or

(iv) A tenant-occupant of a dwelling who is required to relocate temporarily, but does not return to the building or complex, if either:

(A) The tenant is not offered payment for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including the cost of moving to and from the temporarily occupied unit and any increased housing costs; or

(B) Other conditions of the temporary relocation are not reasonable; or

(v) A tenant-occupant of a dwelling who moves from the building or complex permanently after he or she has been required to move to another dwelling unit in the same building or complex in order to carry out the rehabilitation or construction, if either:

(A) The tenant is not offered reimbursement for all reasonable out-of-

§ 983.11

24 CFR Ch. IX (4-1-04 Edition)

pocket expenses incurred in connection with the move; or

(B) Other conditions of the move are not reasonable; or

(2) Notwithstanding the provisions of paragraph (g)(1) of this section, a person does not qualify as a “displaced person” (and is not eligible for relocation assistance under the URA or this section), if:

(i) The person has been evicted for serious or repeated violation of the terms and conditions of the lease or occupancy agreement, violation of applicable Federal, State or local law, or other good cause, and the HA determines that the eviction was not undertaken for the purpose of evading the obligation to provide relocation assistance;

(ii) The person moved into the property after the submission of the owner application to the HA and, before signing a lease and commencing occupancy, was provided written notice of the owner application, its possible impact on the person (e.g., the person may be displaced, temporarily relocated, or suffer a rent increase) and the fact that the person would not qualify as a “displaced person” (or for any assistance provided under this section) if the owner application is approved;

(iii) The person is ineligible under 49 CFR 24.2(g)(2); or

(iv) HUD determines that the person was not displaced as a direct result of acquisition, rehabilitation, or demolition for the project.

(3) The HA may request, at any time, HUD’s determination of whether a displacement is or would be covered by this section.

(h) *Definition of initiation of negotiations.* For purposes of determining the formula for computing a replacement housing payment to be provided to a residential tenant displaced as a direct result of privately undertaken rehabilitation or demolition of the real property, the term “initiation of negotiations” means the execution of the Agreement between the owner and the HA.

[60 FR 34717, July 3, 1995, as amended at 63 FR 23871, Apr. 30, 1998]

§ 983.11 Other Federal requirements.

(a) *Equal Opportunity and related requirements.* Participation in this pro-

gram requires compliance with the Equal Opportunity requirements specified in § 982.53 of this chapter including Section 504 of the Rehabilitation Act of 1973 (24 CFR part 8) and the Fair Housing Amendments Act of 1988 (24 CFR part 100).

(b) *Environmental requirements.* Activities under this part 983 are subject to HUD environmental regulations at 24 CFR part 58. An HA may not attach assistance to a unit unless, before the HA enters into an Agreement to provide project-based assistance for the unit:

(1) The unit of general local government within which the project is located that exercises land use responsibility or, as determined by HUD, the county or State has completed the environmental review required by 24 CFR part 58 and provided to the HA for submission to HUD the completed request for release of funds and certification; and

(2) HUD has approved the request for release of funds.

(c) *Other Federal requirements.* The following requirements must be met, if applicable:

(1) Clean Air Act and Federal Water Pollution Control Act;

(2) Flood Disaster Protection Act of 1973;

(3) Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and the regulations in 24 CFR part 135;

(4) Executive Order 11246, Equal Employment Opportunity (for all construction contracts of over \$10,000);

(5) Executive Order 11625, Prescribing Additional Arrangements for Developing and Coordinating a National Program for Minority Business Enterprises;

(6) Executive Orders 12432, Minority Business Enterprise Development, and 12138, Creating a National Women’s Business Enterprise Policy; and

(7) Payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act, to all laborers and mechanics employed in the construction or rehabilitation of the project under an Agreement covering nine or more assisted units, and compliance with the Contract Work

Hours and Safety Standards Act, Department of Labor regulations in 29 CFR part 5, and other Federal laws and regulations pertaining to labor standards applicable to such an Agreement.

(8) The provisions of part 24 of this title relating to the employment, engagement of services, awarding contracts, or funding of any contractors or subcontractors during any period of debarment, suspension, or placement in ineligibility status.

§ 983.12 Program accounts and records.

(a) During the term of each assisted lease, and for at least three years thereafter, the HA must keep:

- (1) A copy of the executed lease; and
- (2) The application from the family.

(b) During the HAP contract term, and for at least three years thereafter, the HA must keep a copy of:

- (1) The HAP contract; and
- (2) Records to document the basis for determination of the initial rent to owner, and for the HA determination that rent to owner is a reasonable rent (initially and during the term of the HAP contract).

[63 FR 23871, Apr. 30, 1998]

§ 983.13 Special housing types.

(a) *Applicability.* For applicability of rules on special housing types at 24 CFR part 982, subpart M, see § 983.1(b)(2)(x). In the PBC program, the HA may not provide assistance for shared housing or for manufactured homes.

(b) *Group homes.* A group home may include one or more group home units. There must be a single PBC HAP contract for units in the group home. A separate lease is executed for each elderly person or person with disabilities who resides in a group home.

[63 FR 23871, Apr. 30, 1998]

Subpart B—Owner Application Submission to Agreement

§ 983.51 HA unit selection policy, advertising, and owner application requirements.

(a) *General.* The HA must adopt a written policy establishing competitive procedures for owner submission of ap-

plications and for HA selection of units to which assistance is to be attached and must submit the policy to the HUD field office for review and approval. The HA must select units in accordance with its approved selection policy. The HA's written selection policy must comply with the requirements of paragraph (b) of this section.

(b) *Advertising requirements.* The HA must advertise in a newspaper of general circulation that the HA will accept applications for assistance under this part 983 for specific projects. The advertisement must be approved by the HUD field office and may not be published until after the later of HUD authorization to implement a project-based program or ACC execution. The advertisement must: be published once a week for three consecutive weeks; specify an application deadline of at least 30 days after the date the advertisement is last published; specify the number of units the HA estimates it will be able to assist under the funding the HA is making available for this purpose; and state that only applications submitted in response to the advertisement will be considered.

(c) *Selection policy requirements.* The HA's written selection policy must identify, and specify the weight to be given to, the factors the HA will use to rank and select applications. These factors must include consideration of: site; design; previous experience of the owner and other participants in development, marketing, and management; and feasibility of the project as a whole (including likelihood of financing and marketability). The HA may add other factors, such as responsiveness to local objectives specified by the HA.

(d) *Owner application.* The owner's application submitted to the HA must contain the following:

- (1) A description of the housing to be constructed or rehabilitated, including the number of units by size (square footage), bedroom count, bathroom count, sketches of the proposed new construction or rehabilitation, unit plans, listing of amenities and services, and estimated date of completion. For rehabilitation, the description must describe the property as is, and must also describe the proposed rehabilitation;

§ 983.52

24 CFR Ch. IX (4-1-04 Edition)

(2) Evidence of site control, and for new construction identification and description of the proposed site, site plan and neighborhood;

(3) Evidence that the proposed new construction or rehabilitation is permitted by current zoning ordinances or regulations or evidence to indicate that the needed rezoning is likely and will not delay the project;

(4) The proposed contract rent per unit, including an indication of which utilities, services, and equipment are included in the rent and which are not included. For those utilities that are not included in the rent, an estimate of the average monthly cost for each unit type for the first year of occupancy;

(5) A statement identifying:

(i) The number of persons (families, individuals, businesses and nonprofit organizations) occupying the property on the date of the submission of the application;

(ii) The number of persons to be displaced, temporarily relocated or moved permanently within the building or complex;

(iii) The estimated cost of relocation payments and services, and the sources of funding; and

(iv) The organization(s) that will carry out the relocation activities;

(v) The identity of the owner and other project principals and the names of officers and principal members, shareholders, investors, and other parties having a substantial interest; certification showing that the above-mentioned parties are not on the U.S. General Services Administration list of parties excluded from Federal procurement and nonprocurement programs; a disclosure of any possible conflict of interest by any of these parties that would be a violation of the Agreement or the HAP contract; and information on the qualifications and experience of the principal participants. Information concerning any participant who is not known at the time of the owner's submission must be provided to the HA as soon as the participant is known;

(vi) The owner's plan for managing and maintaining the units;

(vii) Evidence of financing or lender interest and the proposed terms of financing;

(viii) The proposed term of the HAP contract; and

(ix) Such other information as the HA believes necessary.

(e) *Resident management corporation competitive selection exception.* An HA may select units to which assistance is to be attached, without advertising under paragraph (b) of this section and without applying the selection factors otherwise required by paragraph (c) of this section, if attachment of project-based assistance would further the purposes of the sale of a public housing project to a resident management corporation under section 21 of the U.S. Housing Act of 1937 (42 U.S.C. 1437s).

(Approved by the Office of Management and Budget under control number 2577-0169)

[60 FR 34717, July 3, 1995, as amended at 60 FR 45661, Sept. 1, 1995; 63 FR 23871, Apr. 30, 1998]

§ 983.52 Rehabilitation: Initial inspection and determination of unit eligibility.

(a) Before selecting a unit or executing an Agreement, the HA must determine that the application is responsive to and in compliance with the HA's written selection criteria and procedures, and is otherwise in conformity with HUD program regulations and requirements. The HA must inspect the property to determine that rehabilitation has not begun and that the property meets the \$1000 per assisted unit rehabilitation requirement under § 983.8 of this chapter. If the property meets this rehabilitation requirement, the HA must determine the specific work items that are needed to bring each unit to be assisted up to the housing quality standards specified in § 983.5 (or other standards as approved in the HA's application), to complete any other repairs needed to meet the \$1000 per assisted unit rehabilitation requirement and, in the case of projects of five or more units, any work items necessary to meet the accessibility requirements of Section 504 of the Rehabilitation Act of 1973.

(b) Before selecting a unit or executing an Agreement, the HA must also consider whether the property is eligible housing under § 983.7; meets the other Federal requirements in § 983.11

and the site and neighborhood standards cross-referenced in §983.6; and will be rehabilitated with other than assistance under the U.S. Housing Act of 1937 in accordance with §983.9. The HA must also determine the number of current tenants that are low-income families. An HA may not select a unit, or enter into an Agreement with respect to a unit, if the unit is occupied by persons who are not eligible for participation in the program.

(c) Before executing an Agreement, the HA must contract with a State certified general appraiser and establish the rents in accordance with §983.202, or seek and obtain the HUD-determined initial contract rents for any HA owned or controlled units or projects financed with a HUD insured or coinsured multifamily mortgage; obtain subsidy layering contract rent reviews from HUD or a Housing Credit Agency; obtain environmental clearance in accordance with §983.11; submit a certification to the HUD field office stating that the unit or units were selected in accordance with the HA's approved unit selection policy; and receive approval from the HUD field office to execute an Agreement pursuant to the reviews required in §983.53.

(d) When the HA administering the ACC or an entity substantially controlled by the HA administering the ACC has submitted an application, the HUD field office will select the owner applications. The HA must submit to the HUD field office all owner applications in response to the advertisement.

(e) The HUD field office may terminate the Agreement or HAP contract upon at least 30 days written notice to the owner by the HUD field office if the HUD field office determines at any time that the units were not selected in accordance with the HA's approved written selection policy or that the units did not initially meet the HUD eligibility requirements.

(Approved by the Office of Management and Budget under control number 2577-0169)

[60 FR 34717, July 3, 1995, as amended at 60 FR 45661, Sept. 1, 1995; 63 FR 23871, Apr. 30, 1998]

§ 983.53 Rehabilitation: HUD field office review of applications.

(a) The HUD field office must establish initial contract rents for any HA owned units or projects financed with a HUD insured or coinsured multifamily mortgage. HUD (or a Housing Credit Agency) must also conduct subsidy layering contract rent reviews.

(b) When the HA administering the ACC or an entity substantially controlled by the HA administering the ACC has submitted an application, the HA must submit to the HUD field office all owner applications in response to the advertisement. The HUD field office must review the owner applications and make the final selections based on the criteria in the HA selection policy approved by the HUD field office.

§ 983.54 Rehabilitation: Work write-ups.

The owner must prepare work write-ups and, where determined necessary by the HA, specifications and plans. The HA has flexibility to determine the appropriate documentation to be submitted by the owner based on the nature of the identified rehabilitation. The work write-ups must address the specific work items identified by the HA under §983.52.

(Approved by the Office of Management and Budget under control number 2577-0169)

[60 FR 34717, July 3, 1995, as amended at 60 FR 45661, Sept. 1, 1995]

§ 983.55 New construction: HA evaluation and technical processing.

(a) Before selecting a unit or executing an Agreement, the HA must determine that the application is responsive to and in compliance with the HA's written selection criteria and procedures, and is otherwise in conformity with HUD program regulations and requirements. For example, the owner must submit with the application evidence of site control and the certification required by §983.51(d)(5)(v). The HA must determine that construction (foundation work) has not begun. The HA must determine that the proposed initial gross rents are within the fair market rent limitation under §983.202. The HA must also consider whether the

§ 983.56

property is eligible housing within the meaning of § 983.7; meets the other Federal requirements in § 983.11 and the site and neighborhood standards in § 983.6; will be constructed with other than assistance under the U.S. Housing Act of 1937 in accordance with § 983.9; and, in the case of projects of four or more units, whether any work items necessary to meet the accessibility requirements of Section 504 of the Rehabilitation Act of 1973 and the Fair Housing Amendments Act of 1988 will be completed.

(b) Before executing an Agreement, the HA must contract with a State certified general appraiser and establish the rents in accordance with § 983.202 or seek and obtain the HUD-determined initial contract rents for any HA owned or controlled units or projects financed with a HUD insured or coinsured multifamily mortgage; seek and obtain subsidy layering contract rent reviews from HUD or a Housing Credit Agency; seek and obtain environmental clearance in accordance with § 983.11; and receive approval from the HUD field office to execute an Agreement pursuant to the reviews required in § 983.56.

(c) If the HA administering the ACC or an entity substantially controlled by the HA administering the ACC has submitted an application, the HA must submit to the HUD field office all owner applications in response to the advertisement. The HUD field office will select the owner applications to be funded from the applications received in response to the HA advertisement.

(d) If there are no HA-owned or controlled applicants, the HA must submit to the HUD field office for the site and neighborhood review only those applications determined by the HA to be eligible for further processing pursuant to paragraph (a) of this section, and must submit a certification to the HUD field office stating that the unit or units were selected in accordance with the HA's approved unit selection policy. The HA's submission must not exceed the number of uncommitted units for which the HA is authorized to project-base assistance in connection with new construction. If the number of units contained in applications the HA has determined to be eligible for further

24 CFR Ch. IX (4-1-04 Edition)

processing exceeds the number for which the HA is authorized to project-base assistance, the HA may submit only the top-ranked applications.

(e) The HUD field office may terminate the Agreement or HAP contract upon at least 30 days written notice to the owner by HUD if the HUD field office determines that the units were not selected in accordance with the HA's approved written selection policy or that the units did not initially meet the HUD eligibility requirements.

(Approved by the Office of Management and Budget under control number 2577-0169)

[60 FR 34717, July 3, 1995, as amended at 60 FR 45661, Sept. 1, 1995; 63 FR 23871, Apr. 30, 1998]

§ 983.56 New construction: HUD field office review of applications.

(a) The HUD field office must review the owner applications submitted by an HA to determine compliance with requirements concerning the site and neighborhood standards in § 983.6.

(b) The HUD field office must establish initial contract rents for any HA owned units or projects financed with a HUD insured or coinsured multifamily mortgage. HUD (or a Housing Credit Agency) must also conduct subsidy layering contract rent reviews.

(c) When the HA administering the ACC or an entity substantially controlled by the HA administering the ACC has submitted an application, the HA must submit to the HUD field office all owner applications in response to the advertisement. The HUD field office must review the owner applications and make the final selections based on the criteria in the HA selection policy approved by the HUD field office.

§ 983.57 New construction: Working drawings and specifications.

Before an Agreement is executed for new construction units, the owner must submit the design architect's certification that the proposed new construction reflected in the working drawings and specifications complies with housing quality standards, local

codes and ordinances, and zoning requirements.

(Approved by the Office of Management and Budget under control number 2577-0169)

[60 FR 34717, July 3, 1995, as amended at 60 FR 45661, Sept. 1, 1995]

Subpart C—Agreement and New Construction or Rehabilitation Period

§ 983.101 Agreement to enter into HAP contract, and contract rents in Agreement.

(a) *Agreement.* The HA must enter into an Agreement with the owner in the form prescribed by HUD for assistance provided under this part 983. The Agreement must be executed before the start of any new construction or rehabilitation. Under the Agreement, the owner agrees to construct the units in accordance with the HA-approved working drawings and specifications or to rehabilitate the units in accordance with the HA-approved work write-ups.

(b) *Contract rents in Agreement.* The Agreement must list the initial contract rents that will apply to the units after they are constructed or rehabilitated. The amounts of the contract rents that are listed in the Agreement or, if applicable, as lowered under § 983.103(c), must be the initial contract rents upon execution of the HAP contract. These initial contract rents may only be increased if:

(1) The project is financed with a HUD insured or coinsured multifamily mortgage;

(2) The initial contract rents listed in the Agreement were based on the amount determined by HUD to be necessary to amortize the insured or coinsured mortgage; and

(3) The HUD field office approves a cost increase prior to closing. In such a case, the HUD field office may redetermine the initial contract rents in accordance with § 983.202 except that the field office may use the comparable rents originally used in processing the insured or coinsured mortgage in lieu of the amount determined in accordance with § 983.202.

[60 FR 34717, July 3, 1995, as amended at 63 FR 23871, Apr. 30, 1998]

§ 983.102 Owner selection of contractor.

The owner is responsible for selecting a competent contractor to undertake the new construction or rehabilitation work under the Agreement. The owner may not award contracts to, otherwise engage the services of, or fund any contractor or subcontractor, to perform such work, that fails to provide a certification that neither it nor its principals is presently debarred, suspended, or placed in ineligibility status under 24 CFR part 24, or is on the list of ineligible contractors or subcontractors established and maintained by the Comptroller General under 29 CFR part 5. The HA must promote opportunities for minority contractors to participate in the program.

§ 983.103 New construction or rehabilitation period.

(a) *Timely performance of work.* After the Agreement has been executed, the owner must promptly proceed with the construction or rehabilitation work as provided in the Agreement. In the event the work is not so commenced, diligently continued, or completed, the HA may terminate the Agreement or take other appropriate action.

(b) *Inspections.* The HA must inspect during construction or rehabilitation to ensure that work is proceeding on schedule and is being accomplished in accordance with the terms of the Agreement. The inspection must be carried out to ensure that the work meets the types of materials specified in the work write-ups or working drawings and specifications, and meets typical levels of workmanship in the area.

(c) *Changes.* The owner must obtain prior HA approval for any changes from the work specified in the Agreement that would alter the design or the quality of the required new construction or rehabilitation. The HA may disapprove any changes requested by the owner. HA approval of changes may be conditioned on establishing lower initial contract rents in the amount determined by the HA (or the HUD field office for HA owned units or projects financed with a HUD insured or coinsured multifamily mortgage). If the owner makes any changes without prior HA approval, the HA may lower

the initial contract rents in the amount determined by the HA (or the HUD field office for HA owned units or projects financed with a HUD insured or coinsured multifamily mortgage), and may require the owner to remedy any deficiencies, prior to, and as a condition for, acceptance of the units. Initial contract rents, however, must not be increased because of any change from the work specified in the Agreement as originally executed. When a HUD insured or a HUD coinsured multifamily mortgage is used to finance new construction or rehabilitation of the units to which assistance is to be attached under this part 983, the HUD field office may lower the initial contract rents to reflect any reduction in the amount necessary to amortize the insured or coinsured mortgage.

(d) *Notification of vacancies.* At least 60 days before the scheduled completion of the new construction or rehabilitation, the owner must notify the HA of any units expected to be vacant on the anticipated effective date of the HAP contract. The HA must refer to the owner appropriate-sized families from the HA waiting list. When the HAP contract is executed, the owner must notify the HA which units are vacant. (See also § 983.253).

(Approved by the Office of Management and Budget under control number 2577-0169)

[60 FR 34717, July 3, 1995, as amended at 60 FR 45661, Sept. 1, 1995; 63 FR 23871, Apr. 30, 1998]

§ 983.104 New construction or rehabilitation completion.

(a) *Notification of completion.* The owner must notify the HA when the work is completed and submit to the HA the evidence of completion described in paragraph (b) of this section.

(b) *Evidence of completion.* To demonstrate completion of the work the owner must furnish the HA with:

(1) A certificate of occupancy or other official approvals as required by the locality.

(2) A certification by the owner that:

(i) The work has been completed in accordance with the requirements of the Agreement;

(ii) There are no defects or deficiencies in the work except for items of delayed completion which are minor or

which are incomplete because of weather conditions and, in any case, do not preclude or affect occupancy;

(iii) The unit(s) has been constructed or rehabilitated in accordance with the applicable zoning, building, housing and other codes, ordinances or regulations, as modified by any waivers obtained from the appropriate officials;

(iv) Units are in compliance with the lead-based paint requirements in part 35, subparts A, B, H, and R of this title; and

(v) The owner has complied with any applicable labor standards requirements in the Agreement.

(3) For projects where a HUD field office construction inspection is not required during construction, a certification from the inspecting architect stating that the units have been constructed in accordance with the certified working drawings and specifications, housing quality standards, local codes and ordinances, and zoning requirements.

(c) *Review and inspections.* The HA must review the evidence of completion for compliance with paragraph (b) of this section. The HA also must inspect the unit(s) to be assisted to determine that the unit(s) has been completed in accordance with the Agreement, including meeting the housing quality standards or other standards approved by the HUD field office for the program. If the inspection discloses defects or deficiencies, the inspector must report these in detail.

(d) *Acceptance.* (1) If the HA determines from the review and inspection that the unit(s) has been completed in accordance with the Agreement, the HA must accept the unit(s).

(2) If there are any items of delayed completion that are minor items or that are incomplete because of weather conditions, and in any case that do not preclude or affect occupancy, and all other requirements of the Agreement have been met, the HA may accept the unit(s). The HA must require the owner to deposit in escrow with the HA funds in an amount the HA determines to be sufficient to ensure completion of the delayed items. The HA and owner must also execute a written agreement, specifying the schedule for completion of these items. If the items are not

completed within the agreed time period, the HA may terminate the HAP contract or exercise other rights under the HAP contract.

(3) If other deficiencies exist, the HA must determine whether and to what extent the deficiencies are correctable and whether a time extension is warranted, and HUD must determine whether the contract rents should be reduced.

(4) Otherwise, the unit(s) may not be accepted, and the owner must be notified with a statement of the reasons for nonacceptance.

(Approved by the Office of Management and Budget under control number 2577-0169)

[60 FR 34717, July 3, 1995, as amended at 60 FR 45661, Sept. 1, 1995; 64 FR 50230, Sept. 15, 1999]

Subpart D—Housing Assistance Payments Contract

§ 983.151 Housing assistance payments contract (HAP contract).

(a) *Required form.* The HA must enter into a HAP contract with the owner in the form prescribed by HUD for assistance provided under this part 983.

(b) *Term of HAP contract.* (1) The initial HAP contract term may not be less than one year nor more than five years, and may not extend beyond the ACC expiration date for the funding source from which the HAP contract is to be funded.

(2) The contract authority for the funding source must exceed the estimated annual housing assistance payments for all tenant-based and project-based HAP contracts funded from the funding source.

(3) Within these limitations, the HA has the sole discretion to determine the HAP contract term.

(c) *Renewal of HAP contracts.* With HUD field office approval and at the sole option of the HA, HAs may renew expiring HAP contracts for such period or periods as the HUD field office determines appropriate to achieve long-term affordability of the assisted housing, provided that the term does not extend beyond the ACC expiration date for the funding source. HAs must identify the funding source for renewals; different funding sources may be used for the

initial term and renewal terms of the HAP contract. In addition to assessing whether the HAP contract should be renewed to achieve long term affordability, HUD will review an HA's renewal request to determine that the requirements listed in § 983.3(a) will be satisfied, and to determine if a rent reduction is warranted pursuant to 24 CFR part 12. The owner and owner's successors in interest must accept all HAP contract renewals agreed to by the HA and approved by HUD.

(d) *Time of execution.* The HA must execute the HAP contract if the HA accepts the unit(s) under § 983.104. The effective date of the HAP contract may not be earlier than the date of HA inspection and acceptance of the unit(s).

(e) *Units under lease.* After commencement of the HAP contract term, the HA must make the monthly housing assistance payments in accordance with the HAP contract for each unit occupied under lease by a family.

(Approved by the Office of Management and Budget under control number 2577-0169)

[60 FR 34717, July 3, 1995, as amended at 60 FR 45661, Sept. 1, 1995; 63 FR 23871, Apr. 30, 1998]

§ 983.152 Reduction of number of units covered by HAP contract.

(a) *Limitation on leasing to ineligible families.* Owners must lease all assisted units under HAP contract to eligible families. Leasing of vacant, assisted units to ineligible tenants is a violation of the HAP contract and grounds for all available legal remedies, including suspension or debarment from HUD programs and reduction of the number of units under the HAP contract, as set forth in paragraph (b) of this section. Once the HA has determined that a violation exists, the HA must notify the HUD field office of its determination and the suggested remedies. At the direction of the HUD field office, the HA must take the appropriate action.

(b) *Reduction for failure to lease to eligible families.* If, at any time beginning 180 calendar days after the effective date of the HAP contract, the owner fails for a period of 180 continuous calendar days to have the assisted units leased to families receiving housing assistance or to families who were eligible when they initially leased the unit

but are no longer receiving housing assistance, the HA may, on at least 30 calendar days notice, reduce the number of units covered by the HAP contract. The HA may reduce the number of units to the number of units actually leased or available for leasing by eligible families plus 10 percent (rounded up). If the owner has only one unit under HAP contract and if one year has elapsed since the date of the last housing assistance payment, the HAP contract may be terminated with the consent of the owner.

(c) *Restoration.* The HA will agree to an amendment of the HAP contract to provide for subsequent restoration of any reduction made pursuant to paragraph (b) of this section if:

- (1) The HA determines that the restoration is justified by demand,
- (2) The owner otherwise has a record of compliance with obligations under the HAP contract; and
- (3) Contract authority is available.

Subpart E—Management

§ 983.201 Responsibilities of the HA.

The HA must:

- (a) Inspect the project before, during and upon completion of new construction or rehabilitation; and
- (b) Ensure that the amount of assistance that is attached to units is within the amounts available under the ACC.

[63 FR 23871, Apr. 30, 1998]

§ 983.202 Responsibilities of the owner.

Section 982.452 of this chapter, *Owner responsibilities*, applies. The owner is also responsible for performing all of the owner responsibilities under the Agreement and the HAP contract, providing the HA with a copy of any termination of tenancy notification, and offering vacant, accessible units to a Family with one or more members with a disability requiring accessibility features of the vacant unit and occupying an assisted unit not having such features.

(Approved by the Office of Management and Budget under control number 2577-0169)

[60 FR 34717, July 3, 1995, as amended at 60 FR 45661, Sept. 1, 1995; 63 FR 23871, Apr. 30, 1998]

§ 983.203 Family participation.

Subpart E of part 982 of this chapter, *Selection for Tenant-based Program*, does not apply, except as it is expressly made applicable by this section.

(a) *HA selection for participation.* (1) The following provisions apply to this part: §§ 982.201, 982.202 except paragraph (b)(3), 982.203, 982.204 except paragraph (a) and (d), 982.205 except paragraph (a), 982.206, 982.207.

(2) For purposes of this part, a family becomes a participant when the family and owner execute a lease for a unit with project-based assistance.

(3) An HA may use the tenant-based waiting list, a merged waiting list, or a separate PBC waiting list for admission to the PBC program. If the HA opts to have a separate PBC waiting list, the HA may use a single waiting list for all PBC projects, or may use a separate PBC waiting list for an area not smaller than a county or municipality.

(4) Except for special admissions and admissions pursuant to paragraph (c)(3) of this section, participants must be selected from the HA waiting list. The HA must select participants from the waiting list in accordance with admission policies in the HA administrative plan.

(5) HAs authorized to use the 30-percent limit to prevent prepayments under State mortgage programs must not count families selected to occupy units in these State-assisted or subsidized projects against the local preference limit.

(6) The selection of eligible in-place families does not count against the local preference limit.

(b) *HA determination of eligibility of in-place families.* Before an HA selects a specific unit to which assistance is to be attached, the HA must determine whether the unit is occupied, and if occupied, whether the unit's occupants are eligible for assistance. If the unit is occupied by an eligible family (including a single person) and the HA selects the unit, the family must be afforded the opportunity to lease that unit or another appropriately sized, project-based assisted unit in the project without requiring the family to be placed on the waiting list. An HA may not select a unit, or enter into an Agreement

with respect to a unit, if the unit is occupied by persons who are not eligible for participation in the program.

(c) *Filling vacant units.* (1) When the owner notifies the HA of vacancies in the units to which assistance is attached, the HA will refer to the owner one or more families of the appropriate size on its waiting list. A family that refuses the offer of a unit assisted under this part 983 keeps its place on the waiting list.

(2) The owner must rent all vacant units to eligible families referred by the HA from its waiting list. The HA must determine eligibility for participation in accordance with HUD requirements.

(3) If the HA does not refer a sufficient number of interested applicants on the HA waiting list to the owner within 30 days of the owner's notification to the HA of a vacancy, the owner may advertise for or solicit applications from eligible very low-income families, or, if authorized by the HA in accordance with HUD requirements, low-income families. The owner must refer these families to the HA to determine eligibility.

(4)(i) The owner is responsible for screening and selection of tenants. The owner must adopt written tenant selection procedures that are consistent with the purpose of improving housing opportunities for very low-income families, and reasonably related to program eligibility and an applicant's ability to perform the lease obligations.

(ii)(A) An owner must promptly notify in writing any rejected applicant of the grounds for any rejection.

(B) If the owner rejects an applicant family who believes that the rejection was the result of unlawful discrimination, the family may request the assistance of the HA in resolving the issue. The family may also file a discrimination complaint with the HUD field office or exercise other rights provided by law.

(d) *Briefing of families.* When a family is selected to occupy a project-based unit, the PHA must provide the family with information concerning the tenant rent and any applicable utility allowance and a copy of the lead hazard information pamphlet, as required by

part 35, subpart A of this title. The family must also, either in group or individual sessions, be provided with a full explanation of the following:

(1) Family and owner responsibilities under the lease and HAP contract;

(2) Information on Federal, State, and local equal opportunity laws;

(3) The fact that the subsidy is tied to the unit, that the family must occupy a unit constructed or rehabilitated under the program, and that a family that moves from the unit does not have any right to continued assistance;

(4) The likelihood of the family receiving a certificate after the HAP contract expires;

(5) The family's options under the program, if the family is required to move because of a change in family size or composition;

(6) Information on the HA's procedures for conducting informal hearings for participants, including a description of the circumstances in which the HA is required to provide the opportunity for an informal hearing (under §983.207), and of the procedures for requesting a hearing.

(e) *Continued assistance for a family when the HAP contract is terminated.* If the HAP contract for the unit expires or if the HA terminates the HAP contract for the unit:

(1) The HA must issue the assisted family in occupancy of a unit a certificate of family participation for assistance under the HA's certificate program unless the HA has determined that it does not have sufficient funding for continued assistance for the family, or unless the HA denies issuance of a certificate in accordance with §982.552 of this chapter.

(2) If the unit is not occupied by an assisted family, then the available funds under the ACC that were previously committed for support of the project-based assistance for the unit must be used for the HA's certificate program.

(f) *Amount of rent payable by family to owner.* The amount of rent payable by the Family to the owner must be the Tenant Rent.

(g) *Lease requirements.* (1) The lease between the family and the owner must be in accordance with §983.206 and any

§ 983.204

other applicable HUD regulations and requirements. The lease must include all provisions required by HUD and must not include any of the provisions prohibited by HUD.

(2) When offering an accessible unit to an applicant not having disabilities requiring the accessibility features of the unit, the owner may require the applicant to agree (and may incorporate this agreement in the Lease) to move to a non-accessible unit when available.

(Approved by the Office of Management and Budget under control number 2577-0169)

[60 FR 34717, July 3, 1995, as amended at 60 FR 45661, Sept. 1, 1995; 61 FR 9048, Mar. 6, 1996; 61 FR 27163, May 30, 1996; 63 FR 23871, Apr. 30, 1998; 64 FR 50230, Sept. 15, 1999]

§ 983.204 Maintenance, operation and inspections.

(a) Section 982.404 of this chapter, *Maintenance: Owner and family responsibility; HA remedies*, pertaining to owner responsibilities and HA remedies, does not apply. Section 982.405 of this chapter, *HA periodic unit inspection*, and § 982.406 of this chapter, *Enforcement of HQS*, do not apply.

(b) *Maintenance and operation*. The owner must provide all the services, maintenance and utilities as agreed under the HAP contract, subject to abatement of housing assistance payments or other applicable remedies if the owner fails to meet these obligations.

(c) *Periodic inspection*. In addition to the inspections required prior to execution of the HAP contract, the HA must inspect or cause to be inspected each dwelling unit under HAP contract at least annually and at such other times as may be necessary to assure that the owner is meeting the obligations to maintain the unit in decent, safe and sanitary condition and to provide the agreed upon utilities and other services. The HA must take into account complaints and any other information coming to its attention in scheduling inspections.

(d) *Units not decent, safe and sanitary*. If the HA notifies the owner that the unit(s) under HAP contract are not being maintained in decent, safe and sanitary condition and the owner fails to take corrective action within the

24 CFR Ch. IX (4-1-04 Edition)

time prescribed in the notice, the HA may exercise any of its rights or remedies under the HAP contract, including abatement of housing assistance payments (even if the family continues in occupancy), termination of the HAP contract on the affected unit(s) and termination of assistance to the family in accordance with § 982.552 of this chapter.

(e) *Enforcement of HQS*. 24 CFR part 982 and this part 983 do not create any right of the family, or any party other than HUD or the HA, to require enforcement of the HQS requirement by HUD or the HA, or to assert any claim against HUD or the HA, for damages, injunction or other relief, for alleged failure to enforce the HQS.

[60 FR 34717, July 3, 1995, as amended at 63 FR 23871, Apr. 30, 1998]

§ 983.205 Overcrowded and underoccupied units.

(a) 24 CFR 982.403, *Terminating HAP contract: When unit is too big or too small*, does not apply.

(b) If the HA determines that a contract unit is not decent, safe, and sanitary because of an increase in family size that causes the unit to be overcrowded or that a contract unit is larger than appropriate for the size of the family in occupancy under the HA's subsidy standards, housing assistance payments with respect to the unit may not be terminated for this reason. The owner, however, must offer the family a suitable alternative unit if one is available and the family shall be required to move. If the owner does not have available a suitable unit within the family's ability to pay the rent, the HA (if it has sufficient funding) must offer Section 8 assistance to the family or otherwise assist the family in locating other standard housing in the HA's jurisdiction within the family's ability to pay, and require the family to move to such a unit as soon as possible. The family must not be forced to move, nor shall housing assistance payments under the HAP contract be terminated for the reasons specified in this paragraph, unless the family rejects, without good reason, the offer of a unit that the HA judges to be acceptable.

[60 FR 34717, July 3, 1995. Redesignated and amended at 63 FR 23871, Apr. 30, 1998]

§ 983.206 Assisted tenancy and termination of tenancy.

(a) Section 982.309 of this chapter, *Term of assisted tenancy*, and § 982.310 of this chapter, *Owner termination of tenancy*, do not apply.

(b) *Term of lease*. The term of a lease, including a new lease or a lease amendment, executed by the owner and the family must be for at least one year, or the remaining term of the HAP contract if the remaining term of the HAP contract is less than one year.

(c) *Move from unit*. The family must notify the HA and the owner before the family moves out of the unit.

(d) *Termination of tenancy*. (1) Subpart A of part 247 of this title, *Eviction from Certain Subsidized and HUD-Owned Projects*, applies, except § 247.4(d) of this title.

(2) The lease may contain a provision permitting the family to terminate the lease on not more than 60 days advance written notice to the owner. In the case of a lease term for more than one year, the lease must contain a provision permitting the family to terminate the lease on such notice after the first year of the term.

(3) The owner may offer the family a new lease for execution by the family for a term beginning at any time after the first year of the term of the lease. The owner must give the family written notice of the offer at least 60 days before the proposed commencement date of the new lease term. The offer may specify a reasonable time for acceptance by the family. Failure by the family to accept the offer of a new lease in accordance with this paragraph shall be "other good cause" for termination of tenancy (under § 247.3(a)(3) of this title).

(Approved by the Office of Management and Budget under control number 2577-0169)

[60 FR 34717, July 3, 1995, as amended at 60 FR 45661, Sept. 1, 1995. Redesignated at 63 FR 23871, Apr. 30, 1998]

§ 983.207 Informal review or hearing.

24 CFR 982.554 (Informal review for applicants) and 24 CFR 982.555 (Informal hearing for participants) are applicable.

[63 FR 23871, Apr. 30, 1998]

Subpart F—Rent and Housing Assistance Payment

SOURCE: 63 FR 23871, Apr. 30, 1998, unless otherwise noted.

§ 983.251 Applicability.

(a) This subpart describes how to determine the amount of the rent to owner and the housing assistance payment in the PBC program.

(b) In subpart K of 24 CFR part 982 (rent and housing assistance payment for tenant-based program), the following are the only sections that apply to the PBC program under this Part: § 982.504 (for determination of the FMR/exception rent limit); § 982.516 (regular and interim examinations of family income and composition); and § 982.517 (utility allowance schedule).

§ 983.252 Limits on initial rent to owner.

(a) *Reasonable rent*. The initial rent to owner for a unit may not exceed the reasonable rent as determined by the HA in accordance with § 983.256.

(b) *FMR/exception rent limit*. The initial gross rent for a unit (rent to owner plus utility allowance) may not exceed the FMR/exception rent limit on the date the Agreement is executed. The FMR/exception rent limit is determined by the HA in accordance with 24 CFR 982.504.

§ 983.253 Initial rent: Who approves.

(a) *For units that are not HUD-insured or HA-owned*. The HA approves the initial rent to owners for PBC units that are not financed with a HUD-insured multifamily mortgage, and are not owned by the HA.

(b) *For units that are insured or HA-owned*. For HA-owned PBC units or PBC units financed with a HUD insured multifamily mortgage, the initial rents must be approved by HUD.

§ 983.254 Annual adjustment of rent to owner.

(a) *Owner request for adjustment and compliance with contract*. At each annual anniversary date of the HAP contract, the HA must adjust the rent to owner in accordance with the following requirements:

§ 983.255

24 CFR Ch. IX (4-1-04 Edition)

(1) The owner must request a rent increase (including a comparability study to determine the amount of such increase) by written notice to the HA at least 120 days before the HAP contract anniversary. The request must be submitted in the form and manner required by the HA.

(2) The HA may not increase the rent at the annual anniversary unless:

(i) The owner requested the increase by the 120 day deadline; and

(ii) During the year before the contract anniversary, the owner complied with all requirements of the HAP contract, including compliance with the HQS for all contract units.

(b) *Amount of annual adjustment.* (1) The adjusted rent to owner equals the lesser of:

(i) The pre-adjustment rent to owner multiplied by the applicable Section 8 annual adjustment factor published by HUD in the FEDERAL REGISTER;

(ii) The reasonable rent as determined by the HA in accordance with § 983.256; or

(iii) The rent requested by owner.

(2) For a HAP contract under an Agreement executed on or after June 1, 1998, the applicable factor is the published annual adjustment factor in effect 60 days before the HAP contract anniversary. For a HAP contract under an Agreement executed before June 1, 1998, the applicable factor is the published annual adjustment factor in effect on the contract anniversary date.

(3) In making the annual adjustment, the pre-adjustment rent to owner does not include any previously approved special adjustments.

(4) The rent to owner may be adjusted up or down in accordance with this section.

(c) *Rent adjustments for HA-owned units.* For HA-owned PBC units, the HA must request HUD approval of the annual adjustment. The HA may not increase the rent at the annual anniversary until and unless HUD has reviewed the HA comparability study, and has approved the adjustment.

(d) *Initial rent.* Except as necessary to correct errors in establishing the initial rent in accordance with HUD re-

quirements, the adjusted rent to owner must not be less than the initial rent.

(Information collection requirements in this section have been approved by the Office of Management and Budget under control number 2577-0169.)

§ 983.255 Special adjustment of rent to owner.

(a) *HUD discretion.* (1) At HUD's sole discretion, HUD may approve a special adjustment of the rent to owner. An HA may only make a special adjustment of the rent to owner if the adjustment has been approved by HUD.

(2) The owner does not have any right to receive a special adjustment.

(b) *Purpose of special adjustment.* A special adjustment may only be approved to reflect increases in the actual and necessary costs of owning and maintaining the contract units because of substantial and general increases in:

(1) Real property taxes;

(2) Special governmental assessments;

(3) Utility rates; or

(4) Costs of utilities not covered by regulated rates.

(c) *Limits on special adjustment.* (1) A special adjustment may only be approved if and to the extent the owner demonstrates that cost increases are not adequately compensated by application of the published annual adjustment factor at the contract anniversary (see § 983.254). The owner must demonstrate that the rent to owner is not sufficient for proper operation of the housing.

(2) The adjusted rent may not exceed the reasonable rent as determined by a comparability study in accordance with § 983.256.

(d) *Financial information.* The owner must submit financial information, as requested by the HA, that supports the grant or continuance of a special adjustment. For HAP contracts of more than twenty units, such financial information must be audited.

(e) *Term of special adjustment.* (1) The HA may withdraw or limit the term of any special adjustment.

(2) If a special adjustment is approved to cover temporary or one-time costs, the special adjustment is only a

temporary or one-time increase of the rent to owner.

(Information collection requirements in this section have been approved by the Office of Management and Budget under control number 2577-0169.)

§ 983.256 Reasonable rent.

(a) *Requirement.* (1) The HA may not enter an agreement to enter into housing assistance payments contract until the HA determines that the initial rent to owner under the HAP contract is a reasonable rent.

(2) During the term of a HAP contract, the rent to owner may not exceed the reasonable rent as determined by the HA.

(3) At least annually during the HAP contract term, the HA must redetermine that the current rent to owner does not exceed a reasonable rent.

(b) *Comparability.* The HA must determine whether the rent to owner is a reasonable rent in comparison to rent for other comparable unassisted units. To make this determination, the HA must consider:

(1) The location, quality, size, unit type, and age of the contract unit; and

(2) Any amenities, housing services, maintenance and utilities to be provided by the owner in accordance with the lease.

(c) *Appraisal—(1) Determining initial rent.* (i) To determine that the initial rent to owner is reasonable, the HA must use a qualified State-certified appraiser who has no direct or indirect interest in the property or otherwise.

(ii) For each unit type, the appraiser must submit a completed comparability analysis on Form HUD-92273 (Estimates of Market Rent by Comparison—the form is available at the Department of Housing and Urban Development, HUD Custom Service Center, 451 7th Street, SW, Room B-100, Washington, DC 20410) for HA review and approval. The appraisal must use at least three comparable units in the private unassisted market.

(iii) The HA must certify to HUD that the initial rent to owner for a unit does not exceed the reasonable rent.

(2) *Annual Adjustment: Comparability study.* (i) In determining the annual adjustment of rent to owner (in accordance with § 983.254), the adjusted rent

to owner must not exceed a reasonable rent as determined by an HA “comparability study.”

(ii) The comparability study is an analysis of rents charged for comparable units. The HA comparability study must determine the reasonable rent for the contract units as compared with rents for comparable unassisted units. The adjusted rent for a contract unit may not exceed the reasonable rent as shown by the comparability study.

(iii) The comparability study must include a completed comparability analysis for each unit type on Form HUD-92273 (Estimates of Market Rent by Comparison). The comparability study may be prepared by HA staff or by another qualified appraiser. The appraiser may not have any direct or indirect interest in the property or otherwise.

(iv) The comparability study must show how the reasonable rent was determined, including major differences between the contract units and comparable unassisted units.

(v) If the owner requests a rent increase by the 120 day deadline (in accordance with § 983.254(a)), the HA must submit a comparability study to the owner at least 60 days before the HAP contract anniversary. If the HA does not submit the comparability study to the owner by this deadline, an increase of rent by application of the annual adjustment factor (in accordance with § 983.254(b)) is not subject to the reasonable rent limit.

(d) *Owner certification of rents charged for other units.* By accepting each monthly housing assistance payment from the HA, the owner certifies that the rent to owner is not more than rent charged by the owner for comparable unassisted units in the premises. The owner must give the HA information requested by the HA on rents charged by the owner for other units in the premises or elsewhere.

(Information collection requirements in this section have been approved by the Office of Management and Budget under control number 2577-0169.)

§ 983.257

§ 983.257 Other subsidy: Effect on rent to owner.

(a) *HOME*. For units assisted under the HOME program, rents are subject to requirements of the HOME program (24 CFR 92.252).

(b) *Combining subsidy*. The HA may only approve or assist a project in accordance with HUD regulations and guidelines designed to ensure that participants do not receive excessive compensation by combining HUD program assistance with assistance from other Federal, State or local agencies, or with low income housing tax credits. (See 42 U.S.C. 3545(d) and section 3545 note.)

(c) *Other subsidy: HA discretion to reduce rent*. The HA may reduce the initial rent to owner because of other governmental subsidies, including tax credit or tax exemption, grants or other subsidized financing.

(d) *Prohibition of other subsidy*. For provisions prohibiting PBC assistance to units in certain types of subsidized housing, see § 983.7(c).

§ 983.258 Rent to owner: Effect of rent control.

In addition to the rent reasonableness limit, and other rent limits under this rule, the amount of rent to owner also may be subject to rent control limits under State or local law.

§ 983.259 Correction of rent.

At any time during the life of the HAP contract, the HA may revise the rent to owner to correct any errors in establishing or adjusting rent to owner in accordance with HUD requirements. The HA may recover any excess payment from the owner.

§ 983.260 Housing assistance payment: Amount and distribution.

(a) *Amount*. The monthly housing assistance payment equals the gross rent, minus the higher of:

- (1) The total tenant payment; or
- (2) The minimum rent as required by law.

(b) *Distribution*. The monthly housing assistance payment is distributed as follows:

- (1) The HA pays the owner the lesser of the housing assistance payment or the rent to owner.

24 CFR Ch. IX (4-1-04 Edition)

(2) If the housing assistance payment exceeds the rent to owner, the HA may pay the balance of the housing assistance payment either to the family or directly to the utility supplier to pay the utility bill.

§ 983.261 Family share: Family responsibility to pay.

(a) The family share is calculated by subtracting the amount of the housing assistance payment from the gross rent.

(b) The HA may not use housing assistance payments or other program funds (including any administrative fee reserve) to pay any part of the family share. Payment of the family share is the responsibility of the family.

§ 983.262 Other fees and charges.

(a) The cost of meals or supportive services may not be included in the rent to owner, and the value of meals or supportive services may not be included in the calculation of reasonable rent.

(b) The lease may not require the tenant or family members to pay charges for meals or supportive services. Non-payment of such charges is not grounds for termination of tenancy.

(c) The owner may not charge the tenant extra amounts for items customarily included in rent in the locality or provided at no additional cost to the unsubsidized tenants in the premises.

PART 984—SECTION 8 AND PUBLIC HOUSING FAMILY SELF-SUFFICIENCY PROGRAM

Subpart A—General

- Sec.
- 984.101 Purpose, scope, and applicability.
- 984.102 Program objectives.
- 984.103 Definitions.
- 984.104 Basic requirements of the FSS program.
- 984.105 Minimum program size.

Subpart B—Program Development and Approval Procedures

- 984.201 Action Plan.
- 984.202 Program Coordinating Committee (PCC).
- 984.203 FSS family selection procedures.