### SECTION 8 MODERATE REHABILITATION PROGRAM REVISED REGULATIONS

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#### PROGRAM PURPOSE/OBJECTIVES

<table>
<thead>
<tr>
<th>882.401(a)</th>
<th>882.401(a)</th>
<th>Program purpose is to upgrade substandard housing and provide rental subsidies. Deletes requirement that PHAs indicate in their applications local program objectives (deconcentration of assisted housing, prevention of displacement, neighborhood revitalization). Approved PHA applications and Administrative Plans may be amended by letter to change or delete local program objectives and related certifications.</th>
</tr>
</thead>
<tbody>
<tr>
<td>882.501(b)</td>
<td>882.503</td>
<td>Deletes requirement that PHAs with a local objective of deconcentration of assisted housing certify they will use special site selection criteria. Same as above. The site and neighborhood requirements contained in Section 882.404 remain unchanged.</td>
</tr>
</tbody>
</table>

NA | 882.503     | - Deletes requirement that PHAs with a local objective of deconcentration of assisted housing certify they will use special site selection criteria. Same as above. The site and neighborhood requirements contained in Section 882.404 remain unchanged. |

| (a)(9)(i) | 882.503     | - Deletes requirement that PHAs with a local objective of deconcentration of assisted housing certify they will use special site selection criteria. Same as above. The site and neighborhood requirements contained in Section 882.404 remain unchanged. |
Single Room Occupancy (SRO) Housing

882.401(c) NA (6) - SROs are eligible if the Field Office determines there is a significant market demand for SRO units and the PHA and local government approve of using the Moderate Rehabilitation Program for SROs.

SROs are now an eligible type of housing. Field Office should obtain signed statements from the Chief Executive Officer and the PHA approving use of Moderate Rehabilitation Program for SROs. PHA justification of market demand and Field Office review and determination should be based on:

(1) the number of income-eligible elderly, handicapped or displaced single persons currently unassisted by other housing programs who could be expected to lease a Moderate Rehabilitation SRO unit under a one year lease if offered one (in lieu of waiting for an efficiency or one-bedroom unit);

(2) the prior market record of rehabilitated and unrehabilitated SROs in the area; and

(3) analysis of the location of the
SRO in terms of its attractiveness to potential residents. The demand analysis should be done on the basis of eligible persons, but note the provision in 24 CFR Part 812.3 that Field Offices may authorize occupancy of income eligible single persons who are not elderly, displaced, or disabled not to exceed 15% of the total assisted units in a PHA's jurisdiction (excluding the number of Existing Housing units since this program is addressed separately in 24 CFR Part 812).

882.402 NA - Defines SRO as "a unit for occupancy by a single eligible individual capable of independent living which does not contain food preparation and/or sanitary facilities in accordance with Section 882.109, and is located within a multifamily structure consisting of more than 12 units". This definition distinguishes SROs from congregate housing and Independent Group Residences.
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882.404(c) NA - Adds SRO Housing Quality Standard (HQS) Performance Requirement. The HQS apply to SROs except those sections on bathrooms, kitchens, space and security. Local code standards for SROs are applicable for bathrooms, kitchens, space and security. In the absence of such local SRO code standards, one bathroom must be provided for every six occupants per floor and each dwelling unit must be at least 110 square feet. Each SRO unit shall have only one occupant. Exterior windows which are accessible and exterior doors to the unit must be lockable.

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882.408(a) NA - SRO Fair Market Rents If PHA has HUD-approved
and (b) (FMRs) are 75% of the 0-bedroom exception
0-bedroom FMR. If PHA has HUD-approved exception rents for Moderate
rents, SRO exception rents are automatic and Rehabilitation
rents do not need further HUD approval. SRO contract
0-bedrooms, SRO FMR or exception rent
exception rent is 75% of the 0-bedroom exception rent. and cannot include costs of furniture, linen, maid service, food, etc. (Any such

| 882.403(d) | NA | Requires minimum 1 year SRO lease term. voluntary purchase by the tenants. | SRO base rent filled by eligible individuals on the PHA's waiting list. FMR or exception rent. |
| 882.513    |    | Vacancies will be cannot exceed 83% of SRO filled by eligible individuals on the PHA waiting list. |

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Relocation

882.406(b) 882.407(a) - Regulatory relocation policies have been substantially simplified. Focus has shifted to adequate services and payments for tenants permanently displaced. (Prior policy allowed displacement only if suitable units in the building or complex would not be available.) To implement new relocation policies, PHA Administrative Plan (relocation strategy) must be amended and approved by the Field Office. Generally, revised policies are applicable to units placed under Agreement after 9/28/82. (If tenant notices in conformance with the original regulation have been issued, owners must fulfill their obligations under
these notices.) PHAs may approve owner proposals which will cause permanent displacement of tenants if the tenants are given appropriate notice and advice, an opportunity to relocate to "suitable" replacement housing, and receive reimbursement for moving expenses.

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882.406(b) NA - Clarifies that For this purpose, "good relocation include requirements expiration of the lease do not apply to term or termination owner unit after the owner participate

intends to
has submitted a proposal to the PHA Rehabilitation Program if the owner provided notice of the impending relocation or displacement prior to occupancy. Also, these requirements do not apply to tenants whose tenancy is terminated for good cause.

NA 882.407 - Deletes requirement (b)(3), (c), and (e) that a written notice of right to continue in occupancy must be given to tenants who are not required to move from the property (building or complex). Families who are not required to move from the property (building or complex) are not entitled to any relocation payments or services. However, PHAs should adopt policies requiring owners to notify tenants of pending rehabilitation and, further, may require owners to assist tenants in moving between units within the property (moving costs cannot be amortized through the contract rents).

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882.406(b) 882.407 - Permanent Displacement: Suitable replacement
(1) (b)(3), Tenants cannot be
(d), (e) permanently displaced
and (f) unless (1) PHA has
HUD-approved
(2) tenants receive
adequate, advance
written notice and
appropriate advisory
services, (3) tenants
are given a
reasonable choice of
opportunities to
relocate to suitable
replacement housing,
and (4) tenants
receive reimbursement
for reasonable moving
expenses. The revised
regulation removes the
requirement for tenant
notice issuance within
30 days after owner
selection, and also
eliminates the
detailed description of
the contents of
the notice.

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include fixed payment of
$300 and a $200 up to
dislocation allowance or actual, reasonable transportation, storage related costs. The PHA should determine that contents and issuance of the tenant notices are adequate. The owner (or the PHA) should issue the notice. The PHA must incorporate the above policies in its relocation strategy.

882.406(b) 882.407(b)(3), (c), (e) and (f) - Temporary Relocation: Suitable temporary relocation housing must be decent, safe and sanitary housing. Moving costs to and from temporary housing and tenant reimbursement for reasonable increases in monthly housing costs are still required. The PHA should determine that the content and issuance date of the tenant notices are adequate. The owner (or the PHA) should issue the notice. The PHA must incorporate the above policies in its relocation strategy. The old policies concerning one move, the maximum temporary relocation period, and location of suitable temporary relocation housing will be deleted from the revised Agreement form.
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The requirement that tenants not move more than once and that the relocation unit be in a location generally no less desirable have been deleted. Also, the detailed description of what the tenant notice must contain and when it must be issued have been eliminated.

882.406(b) 882.407(g) 882.503(a) - Owner still responsible for payment of costs associated with temporary relocation; costs for temporary relocation of eligible tenants can be amortized through the contract rents. Relocation costs associated with permanent displacement or with temporary relocation of ineligible tenants cannot be amortized through the contract rents.

If applicable, assurance of a relocation funding source for permanently displaced tenants will continue to be required in the PHA's application.
rents and must be funded from a source other than HUD-assisted housing programs (e.g., the local government or the owner).

Contract Rents (SRO rents previously discussed)

882.409(b) - Deletes PHA authority PHAs may no longer to approve 10% exception rents for handicapped and 4-bedroom and larger units. (Field Offices still can approve 10% exception rents based on market conditions.)

882.408(c) - The imputed interest rate used to calculate debt service for owner financed rehabilitation costs is the FHA multifamily interest rate (the 1/2% addition to that interest rate has been deleted).

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## SECTION 8: MODERATE REHABILITATION PROGRAM REvised REGulations

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<tr>
<td>882.408(c)</td>
<td>882.409(c)</td>
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**- The average rent approach has been simplified to allow the current rent charged to be used as the Base Rent, instead of the rent collected over the last 18 months. Field Offices may approve rehabilitation loan terms shorter than 15 years if the rehabilitation costs exceed $15,000.**

**Will not be effective until issuance of revised rent calculation handbook instructions and rent formats. Will apply to units not under Agreement as of that date.**

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**- Allows contract rents included in the revised Agreement to be increased when actual rehabilitation costs increase due to unforeseen factors beyond the owner's control. Also, the allowable reasons for gross rents to exceed the FMRs after rehabilitation has begun have been expanded and PHAs may approve gross rents up to 10% above the FMRs under specified conditions. Field Office approval is still necessary for gross rents.**

**Will not be effective until issuance of revised rent calculation handbook**

**Increased when actual rehabilitation costs increase due to unforeseen factors beyond the owner's control. Also, the allowable reasons for gross rents to exceed the FMRs after rehabilitation has begun have been expanded and PHAs may approve gross rents up to 10% above the FMRs under specified conditions. Field Office approval is still necessary for gross rents.**

**Owners of units under Agreement will have option to execute revised Agreement and HAP Contract forms.**
between 10% and 20% above the FMRs.

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<tr>
<td>882.410(a) (1)</td>
<td>NA</td>
<td>- Revises annual adjustment policy to recognize changes in debt service for purchase or rehabilitation loans which are subject to a variable rate or are otherwise renegotiable. Annual adjustments are generally limited to the base rent multiplied by the published annual adjustment factor (AAF) applicable to the base rent. In cases of variable rate or renegotiable financing, annual adjustments may not exceed the amount computed by multiplying the contract rent by the AAF.</td>
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### Rehabilitation Monitoring Subcontracts

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<td>882.503(a)</td>
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<td>882.503(a)</td>
<td>882.401(b)</td>
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- Deletes requirement that a PHA without rehabilitation expertise cannot hire staff unless it is unable to subcontract with a public or private entity.
- Approved PHA applications and Administrative Plans may be amended by letter to effect a change. The approved financial forms may also need revision. PHA must still demonstrate ability to provide rehabilitation technical assistance.

### Rehabilitation and Leasing Schedules

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<tr>
<td>882.502</td>
<td>882.505(c)</td>
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</table>

- Requirement simplified to state that all HUD units in any project must be under HAP Contract within 24 months of ACC execution unless the schedule is extended by HUD.

Owner Proposals (Deletion of additional site selection factors for PHAs with a deconcentration goal previously discussed)

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<td>882.503(b)</td>
<td>882.506(b)</td>
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- Revises content of an Administrative proposal; deletes owner certification that no tenant has been forced Plan and owner amended format.
to move in the last year.

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<tr>
<td>NA 882.507(a)</td>
<td>- Deletes requirement</td>
<td>Same as above. that a PHA must inspect all properties not rejected in the initial screening and provide owners with a written list of deficiencies.</td>
</tr>
<tr>
<td>NA 882.507(g)</td>
<td>- Deletes requirement</td>
<td>Same as above. that the PHA provide owners with a list of contractors.</td>
</tr>
<tr>
<td>882.504(i) 882.507(i)</td>
<td>- Deletes requirement</td>
<td>PHAs must determine that PHAs assist owners in preparing financing terms of financing reasonable and do not exceed the financing rate. Requires PHAs to approve the financing terms in the locality.</td>
</tr>
<tr>
<td>NA 882.508(a)</td>
<td>- Deletes owner certification that when revised Agreement form is issued, owners of unassisted units under Agreement will have the option to execute a revised form.</td>
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882.507(d)   882.510(d)  - Deletes the 10-day      Old policy will be
deadline for the PHA      deleted from the revised
review the owner's      Agreement form.
evidence of completion    Administrative Plan
and inspect the         revision may be
unit(s).               necessary. PHA should
still perform these
functions promptly.

NA        882.511(c)   - Deletes requirement     Administrative Plan
that owner must         revision may be
indicate in writing,     necessary. When
whether the owner       Agreement form is
concurs or disagrees    owners of units
with the PHA about      Agreement will have
the owner's rights to    option to execute a
claim initial vacancy   revised form which
payments.               deletes old policy.

Termination of Tenancy

882.511(b)   882.514(b)  - Expands grounds for Owners with units under
terminating tenancy:    Agreement or HAP

(1) Serious or         will have option of
repeated lease         executing revised

HAP                        violations (prior
Expiration                 policy was serious
does                     Contracts.
violations or
violations which
disrupt
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### livability, adversely not constitute

"other affect health or good cause" and cannot safety of any person, be the sole basis for interfere with tenant use of property or tenancy termination. with management, or which adversely affect project finances); (2) violation of Federal, State, or local law (prior policy referred to State landlord and tenant acts); or (3) other good cause.

<table>
<thead>
<tr>
<th>NA</th>
<th>882.514(b)</th>
<th>- Deletes requirement that tenant conduct may be deemed other good cause only if the tenant was given prior notice that such conduct would be good cause for termination.</th>
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<thead>
<tr>
<th>882.514(c)</th>
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<th>- All evictions must be carried out through the judicial process (i.e., if the tenant won't vacate the unit, the owner must initiate court action). Owners are no longer prohibited</th>
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from using grounds in judicial eviction actions which are different than those stated in the termination notice.

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<tr>
<td>NA</td>
<td>882.514(c)</td>
<td>Deletes any PHA involvement in evictions or procedures. PHA no longer required to review the</td>
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<td>However, deletes requirement for the owner to furnish a copy of the termination notice to the PHA, and for the PHA to determine that the termination is in accordance with required procedures. (No administrative oversight is required since evictions are subject to the judicial process.)</td>
</tr>
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882.511(c) 882.514(c) - Owners must give at least 5 working days notice for terminations based on nonpayment of rent. However, a notice issued pursuant to State or local law (or in accordance with common practice in the locality) which contains requirements of 882.511(c)(2) may be substituted for or run concurrently with the five-day notice. The date of a termination of tenancy based on violation of the lease terms or Federal, State or local law must be in accordance with State and local law (prior policy was in accord with the lease and State law). Requires 30 days notice for terminations based on good cause (deletes provision that termination for other good cause may only be at the end of the lease term).

882.511(c) NA (2) - Termination of tenancy notices must be either delivered or sent first class (return receipt requested).

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### Family Participation

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<tbody>
<tr>
<td>882.513</td>
<td>882.516</td>
<td>- Deletes the requirement that the Moderate Rehabilitation waiting list must be made up of applicants for the necessary. PHA may now PHA's Section 8 use waiting lists for existing housing programs. Deletes requirement that the Public Notice state that applicants for other housing programs must reapply for the Moderate Rehabilitation Program. May establish new tenant selection policies in their Administrative Plans.</td>
<td>9/91</td>
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882.514(c) NA - Permits owner to select eligible tenants not on the owners. The EOHP and the PHA's waiting list if the PHA is unable to notify interested applicants to refer interested the owner within 30 days of the vacancy notification. The owner will refer these families to the PHA to determine eligibility.

882.515 882.518 - Requires annual reexaminations for all families, including the elderly. (Previously, elderly families could be placed on a 2-year schedule.) PHAs must amend their Administrative Plans to assure that all families receiving assistance will be subject to reexamination within the 12 month period beginning 90 days after the receipt of this issuance, and annually thereafter. (For example, if the PHA receives this issuance on April 15, 1983, all elderly reexaminations must occur between July 15, 1983 and July 15, 1984). A copy of the amendment to the Administrative Plan shall be sent to the HUD Office after it is adopted by the PHA. HUD approval of this change
is not required.

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| NA                   | 882.517 (d) - Deletes list of voluntary PHA actions for continued participation of families who wish to move. Deletes mandatory list of replacement housing resources for families forced to move. (Section 882.509 still requires that PHAs assist families in locating suitable replacement housing). PHAs may continue policies outlined in 5/4/79 regulations, including the provision that a family who wishes to move may receive a Section 8 Existing Certificate unless it vacated its unit in violation of the lease and caused the PHA to pay vacancy payments or reimburse the owner for unpaid rent or tenant damages. If a PHA wants to change its policies, it may need to amend the Administrative Plan.

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<tr>
<td>882.514(b)</td>
<td>882.517(b)</td>
<td>- Deletes provision that tenant selection preferences for neighborhood residents may only be established for residents of targeted neighborhoods who are being directly displaced by HUD programs.</td>
<td>9/91 Page 12</td>
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