

Revisions to Notices H 95-55 and 95-68 - Procedures for implementing Section 214 of the Housing and Community Development Act of 1980, as amended -

Directive Number: 96-88

U.S. Department of Housing and Urban Development
Office of Housing

Special Attention of:

Notice H 96-88 (HUD)

Directors of Housing
Directors of Multifamily
Housing Division;

Issued: October 10, 1996
Expires: October 31, 1997

Asset Management Branch Chiefs;
Owners and Management Agents
Contract Administrators

Cross References: Handbook 4350.3
Notices H 95-55
and 95-68

Subject: Revisions to Notices H 95-55 and 95-68 - Procedures for implementing Section 214 of the Housing and Community Development Act of 1980, as amended - Restrictions on assistance to Noncitizens.

Purpose: This Notice provides guidance on prorating rents for mixed families in preservation projects with an approved plan of action under LIHPRHA (Title VI) and ELIHPA (Title II) that are subject to Section 214.

Applicability:

Section 214 of the Housing and Community Development Act of 1980 applies only to certain programs. A complete listing of these programs is included in Section 4 of Notice H 95-55. The only preservation projects that are covered under Section 214 are those with an existing Section 236 mortgage or those projects with Section 8 assistance. All other preservation projects are exempt from the requirements of Section 214.

Prorating Rents:

In certain cases (see Section 6 of Notice H 95-55), rents will be prorated for mixed families. Proration always involves the use of a fraction, developed by using a denominator, which is the number of people in the household and a numerator, which is either the number of eligible or ineligible people in the household, depending on the type of assistance.

For preservation projects, the numerator should be the number of ineligible people in the household. Therefore, if a household consists of five people, and only three have eligible immigration status, the fraction used to prorate their rent would be 2/5.

Preservation Project Rent (PPR) is equal to market rent. Even though PPR is capped at 90% in an effort to maintain the income mix in a project, for the sake of calculating prorated rent, project owners/managers will use the PPR (100%) in the proration as follows:

1. Subtract the Total Tenant Payment (TTP) shown on line 51 of Form HUD 50059 from the PPR (100%). The resulting amount is considered the amount of subsidy the family currently receives (or in the case of an applicant family, the amount they would have received prior to implementation of the Noncitizen rule).

Example: PPR - \$600 minus
TTP - \$400 equals \$200 subsidy amount

2. Multiply the subsidy amount by the fraction, in this case "2/5" and the resulting amount is the amount by which the TTP must be increased.

Example: \$200 subsidy x 2/5 equals \$80

3. The amount of increase should be added to the current TTP to get the prorated rent or new TTP.

Example: \$400 (current TTP) plus \$80 (increase) equals
\$480 - prorated rent or new TTP

Questions:

1. Project Owners/Managers

Project Owners/Managers who have questions regarding the the noncitizen rule should contact the Asset Manager in the local HUD Office with jurisdiction over their project. Questions regarding Preservation should be directed to the Preservation staff at 202-708-2300.

2. HUD Field Staff

HUD Field Staff who have questions regarding the noncitizen rule should contact their Headquarters Desk Officer at 202-708-0547. Questions regarding Preservation should be directed to the Preservation staff at 202-708-2300.

HUD Field Staff who have questions regarding this notice should, until December 30, 1996, contact the Program Management Division in the Office of Asset Management and Disposition at (202) 708-3944. Starting on December 31, 1996, these questions should be addressed to the Headquarters Operations Desk Officer.

Nicolas P. Retsinas
Assistant Secretary for Housing -
Federal Housing Commissioner

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