

**Subparts F–G [Reserved]**

**Subpart H—Section 8 Moderate Rehabilitation Single Room Occupancy Program for Homeless Individuals**

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

SOURCE: 43 FR 61246, Dec. 29, 1978, unless otherwise noted.

**Subpart A—Applicability, Scope and Basic Policies**

**§ 882.101 Applicability.**

(a) The provisions of this part apply to the Section 8 Moderate Rehabilitation program.

(b) This part states the policies and procedures to be used by a PHA in administering a Section 8 Moderate Rehabilitation program. The purpose of this program is to upgrade substandard rental housing and to provide rental subsidies for low-income families.

(c) Subpart H of this part only applies to the Section 8 Moderate Rehabilitation Single Room Occupancy Program for Homeless Individuals.

[63 FR 23853, Apr. 30, 1998]

**§ 882.102 Definitions.**

(a) *Terms found elsewhere.* The following terms are defined in part 5, subpart A of this title: *1937 Act*, *covered person*, *drug*, *drug-related criminal activity*, *federally assisted housing*, *guest*, *household*, *HUD*, *MSA*, *other person under the tenant's control*, *public housing agency (PHA)*, *Section 8*, and *violent criminal activity*.

(b) In addition, the following definitions apply to this part:

*ACC reserve account* (or “project account”). The account established and

maintained in accordance with § 882.403(b).

*Agreement to enter into Housing Assistance Payments Contract (“Agreement”).* A written agreement between the Owner and the PHA that, upon satisfactory completion of the rehabilitation in accordance with requirements specified in the Agreement, the PHA will enter into a Housing Assistance Payments Contract with the Owner.

*Annual Contributions Contract (“ACC”).* The written agreement between HUD and a PHA to provide annual contributions to the PHA to cover housing assistance payments and other expenses pursuant to the 1937 Act.

*Assisted lease* (or “lease”). A written agreement between an Owner and a Family for the leasing of a unit by the Owner to the Family with housing assistance payments under a Housing Assistance Payments Contract between the Owner and the PHA.

*Congregate housing.* Housing for elderly persons or persons with disabilities that meets the HQS for congregate housing.

*Contract.* See definition of Housing Assistance Payments Contract.

*Contract rent.* The total amount of rent specified in the Housing Assistance Payments Contract as payable to the Owner by the Family and by the PHA to the Owner on the Family's behalf.

*Covered housing provider.* For the Section 8 Moderate Rehabilitation Programs, as provided in subparts A, D, and E of this part, “covered housing provider,” as such term is used in HUD's regulations in 24 CFR part 5, subpart L (Protection for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking), refers to the PHA or owner, as applicable given the responsibilities of the covered housing provider as set forth in 24 CFR part 5, subpart L. For example, the PHA is the covered housing provider responsible for providing the notice of occupancy rights under VAWA and certification form described at 24 CFR 5.2005(a), though the PHA may provide this notice and form to owners, and charge owners with distributing the notice and form to tenants. In addition, the owner is the covered housing provider that may choose to bifurcate

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a lease as described at 24 CFR 5.2009(a), while both the PHA and owner are both responsible for ensuring that an emergency transfer plan is in place in accordance with 24 CFR 5.2005(e), and the owner is responsible for implementing the emergency transfer plan when an emergency occurs.

*Decent, safe, and sanitary.* Housing is decent, safe, and sanitary if it meets the physical condition standards in 24 CFR part 5, subpart G.

*Gross rent.* The total monthly cost of housing an eligible Family, which is the sum of the Contract Rent and any utility allowance.

*Group home.* A dwelling unit that is licensed by a State as a group home for the exclusive residential use of two to twelve persons who are elderly or persons with disabilities (including any live-in aide).

*Housing Assistance Payment.* The payment made by the PHA to the Owner of a unit under lease by an eligible Family, as provided under the Contract. The payment is the difference between the Contract Rent and the tenant rent. An additional payment (the “utility reimbursement”) is made by the PHA when the utility allowance is greater than the total tenant payment.

*Housing Assistance Payments Contract (“Contract”).* A written contract between a PHA and an Owner for the purpose of providing housing assistance payments to the Owner on behalf of an eligible Family.

*Moderate rehabilitation.* Rehabilitation involving a minimum expenditure of \$1000 for a unit, including its prorated share of work to be accomplished on common areas or systems, to:

(1) Upgrade to decent, safe and sanitary condition to comply with the Housing Quality Standards or other standards approved by HUD, from a condition below these standards (improvements being of a modest nature and other than routine maintenance); or

(2) Repair or replace major building systems or components in danger of failure.

*Owner.* Any person or entity, including a cooperative, having the legal right to lease or sublease existing housing.

*Single room occupancy housing (SRO).* A unit that contains no sanitary facilities or food preparation facilities, or contains either, but not both, types of facilities.

*Statement of Family responsibility.* An agreement in the form prescribed by HUD, between the PHA and a Family to be assisted under the Program, stating the obligations and responsibilities of the Family.

[63 FR 23853, Apr. 30, 1998, as amended at 63 FR 46578, Sept. 1, 1998; 66 FR 28797, May 24, 2001; 81 FR 80812, Nov. 16, 2016]

**§§ 882.103–882.122 [Reserved]**

**§ 882.123 Conversion of Section 23 Units to Section 8 and Section 23 monitoring.**

(a)–(d) [Reserved]

(e) *Section 23 policies for units planned for conversion on or before September 30, 1981.* (1) PHAs shall not enter into new leases with owners for additional units nor shall they renew or extend leases with owners except consistent with the conversion schedules.

(2) Subject to the rights of families under existing leases, PHAs may continue to lease units to families under Section 23 only on a month-to-month basis.

(3) PHAs shall conduct annual inspections of all units to determine whether the units are decent, safe and sanitary.

(4) PHAs shall certify with their requisitions to HUD for payments under the ACC that the units are decent, safe and sanitary, or the PHA shall furnish HUD with a report of the nature of the deficiencies of the units which are not so certified. If an owner’s units are not decent, safe and sanitary.

(i) Where the owner is responsible under the terms of the lease for correcting the deficiencies, the PHA shall send the owner written notification requiring the owner to take specified corrective action within a specified time. The notification shall also state that, if the owner fails to comply, rent payments will be suspended. If the owner fails to comply with the first notification, he shall be notified by the PHA of the noncompliance and rent payments shall be suspended immediately. In the

event of such suspension of rent payments, the PHA shall requisition a correspondingly lower ACC payment.

(ii) Where the PHA is responsible under the terms of the lease for correcting the deficiencies, the Field Office shall send written notification requiring the PHA to take specified corrective action within a specified time. The notification shall also state that, if the PHA fails to comply, HUD will make reduced payments to the PHA only in the amount of the rent due the owner. If the PHA fails to comply with the first notification, the PHA shall be notified of the noncompliance, and the PHA shall not receive any fees for performing management functions until the PHA has complied with the Field Office request and has corrected the noted deficiencies.

(f) [Reserved]

(g) *Section 23 policies for units not planned to be converted.* (1) PHAs shall not enter into new leases with owners for additional units nor shall they renew or extend leases with owners for more than one year.

(2) The provisions contained in paragraphs (e) (3) and (4) of this section shall apply.

(h) *Request for rent increases.* An owner may submit to the PHA a request for rent increase because of increases in operating cost, when the rents to the owner, after adjustments based on provisions in the lease, are insufficient to provide decent, safe and sanitary housing. Such a request shall be supported by an audited financial statement, and the data shall clearly show that failure to obtain additional revenue will result in deterioration of units and loss of decent, safe and sanitary housing for low-income families. The PHA shall inspect the units to determine whether the units are decent, safe and sanitary. Where the need for an adjustment under this paragraph is shown:

(1) Subject to available contract authority and prior approval by the HUD Field Office, the PHA may grant an adjustment to the extent documented and justified for those items of expenses (excluding debt service) for which the owner is responsible under the lease.

(2) The amount of the adjustment must be reasonable when compared

with similar items under the Section 8 Existing Housing program.

(3) The adjusted amount for expenses shall not exceed the result of applying the appropriate Section 8 Existing Housing Annual Adjustment Factor (24 CFR part 888) most recently published by HUD in the FEDERAL REGISTER to the appropriate expense base in effect under the lease prior to this adjustment.

(4) The adjustment shall not be retroactive to pay for costs that the owner had previously incurred.

(5) The adjustment shall be effective for a period not to exceed one year.

[44 FR 28276, Nov. 14, 1979, as amended at 60 FR 34694, July 3, 1995]

#### § 882.124 Audit.

PHAs receiving financial assistance under this part are subject to audit requirements in 2 CFR part 200, subpart F.

[50 FR 39091, Sept. 27, 1985; 51 FR 30480, Aug. 27, 1986; 80 FR 75941, Dec. 7, 2015]

### Subparts B–C [Reserved]

### Subpart D—Special Procedures for Moderate Rehabilitation—Basic Policies

SOURCE: 47 FR 34379, Aug. 9, 1982, unless otherwise noted.

#### § 882.401 Eligible properties.

(a) *Eligible properties.* Except as provided in paragraph (b) of this section, housing suitable for moderate rehabilitation as defined in § 882.102 is eligible for inclusion under the Moderate Rehabilitation Program. Existing structures of various types may be appropriate for this program, including single-family houses, multi-family structures and group homes.

(b) *Ineligible properties.* (1) Nursing homes, units within the grounds of penal, reformatory, medical, mental and similar public or private institutions, and facilities providing continual psychiatric, medical or nursing services are not eligible for assistance under the Moderate Rehabilitation Program.