



HDLI MESSENGER

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WHAT'S HAPPENING AT HDLI?

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GOOD NEWS FOR PBV/LIHTC RENT LEVELS: HUD proposes a reversion back to pre-October 2005 regulations!

Today, HUD published a proposed rule relating to the low-income housing tax credit (LIHTC) rents of HUD's final Project-Based Voucher (PBV) program rule. What is good news for LIHTC unit owners, HUD proposes to repeal the new rent provisions that were published on October 13, 2005 and took effect on November 14, 2005, in order to revert back to the rent provisions which previously existed at 24 CFR 983.304(c).

The October 13, 2005 final rule capped the PBV rents at the LIHTC rent in buildings with LIHTC units, even in cases where HUD formerly permitted such units to receive the higher rents permitted under the PBV program. This rule was a marked departure from HUD's longstanding practice of allowing the higher rents, and the industry requested that HUD revert back to the previous practice. HUD heard us! HUD has decided not to enforce 24 CFR 983.304(c), as revised by the October

13, 2005 final rule, and is agreeing to implement the final rule that results from further comment on this proposed rule. In the meantime, owners who received a written notification of owner selection subsequent to the effective date of the final rule (November 14, 2005) and have entered into a HAP contract may request a redetermination of initial rents in accordance with Sec. 983.301 of the final rule, if the initial rents were capped under the tax credit rent provision at Sec. 983.304(c)(1)(v).

Note that HUD, or its designee, can still conduct a subsidy layering review, which could result in rent reductions for projects with LIHTCs and PBV assistance.

If you want to comment on this proposed rule, you must submit your comments to HUD by **July 2, 2007**.