



August 24, 2020

HCV PROGRAM NEWS

PIH Updates Guidance on Rent Reasonableness

Last Friday HUD's Office of Public and Indian Housing (PIH) issued Notice [PIH 2020-19](#) to update guidance concerning what is considered an assisted unit under the Housing Choice Voucher (HCV) and Project-Based Voucher (PBV) programs for the purpose of rent reasonableness requirements. This notice supersedes Notice [PIH 2011-46](#) and, according to the document, does not provide comprehensive guidance concerning rent reasonableness requirements but focuses on specific rent reasonableness issues.

As the notices explains, prior to and during the term of an HCV or PBV housing assistance payments (HAP) contract, the rent to owner must be reasonable. In determining whether rents are reasonable, a PHA must always ensure that the rent for the applicable unit does not exceed the rent for comparable unassisted units. Generally, units for which the owner has decided to charge rents that are below what other families are charged, or market rents, are considered unassisted units for purposes of rent reasonableness determinations, therefore rents for these units must be considered when determining rent reasonableness. However, sometimes owners choose to charge below market rents to protect families from a rent increase that results solely from a conversion action impacting the property and the family. Under these specific circumstances, such units would be considered assisted and therefore excluded from a PHAs determination of rent reasonableness.

Below is a summary of the changes:

- Units in converted properties: The notice extends the assisted unit standard in PIH Notice [PIH 2011-46](#) to all projects undergoing any conversion action that triggers eligibility for an award of tenant protection vouchers (TPVs). It also supports local efforts to protect families from a rent increase due solely to a conversion action.
- Units with restricted rents: The notice clarifies that units considered assisted due to a rent restriction remain excluded from rent reasonableness determinations until the PHA is notified by the owner or otherwise determines that the rent restriction has expired, or the restricted rents are no longer below market.
- Unassisted units: The policy concerning unassisted units has not changed. However, HUD has refined the language to provide more clarity and has included an example to assist in understanding the policy in section V.A. of the notice.

Further details can be found in the [notice](#).



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