



Rural Development

September 19, 2018

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TO: State Directors
Rural Development

ATTN: Program Directors
Multi-Family Housing

FROM: Joel C. Baxley /s/ **Joel C. Baxley**
Administrator
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SUBJECT: Guidance for Reallocation of Rental Assistance Units for Properties
No Longer in the Program

This Unnumbered Letter (UL) provides States with guidance on reallocating Rental Assistance (RA) units currently held in the Administrator's reserve back to the State in which the units originated and allow States to use RA when properties are paid in full henceforth. The RA units being reallocated are from properties that left the program via acceleration, foreclosure sale, natural maturity or prepayment during fiscal years 2017 and 2018. This action is intended to assist very low-income tenants and applicants at eligible properties.

Attachment A provides the number of RA units available per State currently in the Administrator's reserve. A separate e-mail will be sent to the Multi-Family Housing (MFH) Program Directors with specific information about the exiting project which originally used the RA units. The RA units will be available for transfer after all issued Letters of Priority Entitlement periods have expired, which is typically 120 days after the property exits the program. RA units must be assigned within 180 days after the property has paid in full. After which time, the RA units will be reverted to the Administrator's reserve.

State Offices will request National Office concurrence prior to transferring the RA units from paid in full properties to other properties within their State. The following criteria is to be used when identifying where the RA units will be placed. The State will submit the information to their Portfolio Management Analyst (PMA).

EXPIRATION DATE:
September 30, 2019

FILING INSTRUCTIONS:
Housing Programs

1. **Tenant Specific (Option 1)** - Tenants with very low incomes who are currently living in a MFH project, rent overburden of over 40 percent and having a signed unexpired Form RD 3560-8 on file with the borrower. If the request is to increase the number of RA units by 20 percent or more for the same project, then Option 2 will need to be used. *MFIS Report TNT 1000 “Quick Check Report”* may be run using the following parameters:

Extended Filters

Cert. Expired – NO

Income Type – V- Very Low

Tenant Subsidy Code – 0 – NO Tenant Subsidy

% of Gross Tenant Contribution - > 30%

Excel - The worksheet can then be sorted by Gross Tenant Contribution to establish the tenants with the greatest need.

2. **Project Specific (Option 2)** - Items that need to be addressed:
 - a. Property need based on the completion of the HB-3-3560, Chapter 6, Attachment 6-A “Property Categorization Worksheet.”
 - b. Summarize waiting list and marketing efforts.
 - c. Vacancy due to lack of RA
 - d. Funding opportunities available (i.e. MPR, transfer)

RA should not go to the following types of properties:

- Properties underwritten and closed with the condition that the owner must subsidize any impacted tenants affected by the rent increases as long as the tenants resides in the property. (See HB-3-3560, Ch. 7, 7.2D “Tenant Protection”). The RA shall not be utilized to remove any required owner subsidies.
- Properties approved to receive prepayment incentive RA.

All findings at the property for management deficiencies, such as overdue reports, management plans, transition plans and IOI documentation, must be corrected as a condition to receiving RA.

State Offices must submit the following documentation to their PMA:

- Option 1 – signed Form 3560-55 “Transfer of Rental Assistance” and a copy of MFIS Report TNT 1000 “Quick Check Report”.
- Option 2 – signed Form 3560-55 “Transfer of Rental Assistance”, HB-3-3560, Chapter 6, Attachment 6-A “Property Categorization Worksheet” and Attachment B.

If a State is unable to place the RA to another property in their portfolio within the timeframe or do not have properties with needs, the Administrator will redistribute the units to other States.

The PMA will respond to the State within two business days and will be responsible for submitting Form 3560-55 “*Transfer of Rental Assistance*” to the National Financial and Accounting Operations Center for processing. Servicing Officials should direct questions regarding the subject of this UL to their assigned PMA or any staff member of the Portfolio Management Division.

Attachment A – List of Units available per State

Attachment B - Project Specific supporting documentation

NUMBER OF RENTAL ASSISTANCE UNITS AVAILABLE PER STATE
(As of August 2018)

STATE	No. of RA Units	STATE	No. of RA Units
ALABAMA	35	NEBRASKA	35
ALASKA	0	NEVADA	5
ARIZONA	47	NEW HAMPSHIRE	15
ARKANSAS	133	NEW JERSEY	0
CALIFORNIA	8	NEW MEXICO	79
COLORADO	13	NEW YORK	118
CONNECTICUT	0	NORTH CAROLINA	53
DELAWARE	0	NORTH DAKOTA	29
FLORIDA	157	OHIO	17
GEORGIA	13	OKLAHOMA	11
HAWAII	0	OREGON	20
IDAHO	92	PENNSYLVANIA	15
ILLINOIS	77	PUERTO RICO	0
INDIANA	174	RHODE ISLAND	0
IOWA	141	SOUTH CAROLINA	12
KANSAS	45	SOUTH DAKOTA	277
KENTUCKY	9	TENNESSEE	58
LOUISIANA	42	TEXAS	89
MAINE	91	UTAH	0
MARYLAND	0	VERMONT	0
MASSACHUSETTS	0	VIRGIN ISLANDS	0
MICHIGAN	346	VIRGINIA	0
MINNESOTA	190	WASHINGTON	79
MISSISSIPPI	12	WEST VIRGINIA	2
MISSOURI	110	WISCONSIN	141
MONTANA	156	WYOMING	0
		TOTAL	2,946

CONCURRENCE REQUEST FOR TRANSFER OF PREPAID RA UNITS
(Option 2)

State: _____

Contact Person: _____

We are requesting concurrence on the attached RD Form 3560-55.

The following is justification for the need at the transferee's property to receive the additional Rental Assistance:

- a. The property is/has: _____ addressing vacancy issues – workout plan (Y/N)
_____ applying for MPR funding – application date _____
_____ transferred/being transferred – closing date - _____
_____ other – please explain

- b. If addressing vacancies, provide summary of the waiting list and marketing efforts.

- c. Is the property needed, based on the completion of the HB-3-3560, Chapter 6, Attachment 6-A “Property Categorization Worksheet”? (Worksheet Attached)

- d. Are there any open findings at the property for management deficiencies, such as overdue reports, management plans, transition plans and IOI documentation?

- e. Other comments or influencing factors demonstrating the need of RA at the property.

(Below - Complete by Portfolio Management Division)

Concurrence _____ Yes
_____ No

Signature: _____