

## Rural Development Housing Programs

# Housing Vouchers Answers for Property Owners

The USDA Rural Development Voucher Demonstration Program is a rental subsidy program. Its purpose is to offer protection to eligible housing tenants in multi-family properties financed through Rural Development's Section 515 Rural Rental Housing Program who may face hardship through the prepayment or foreclosure of the mortgage loan on the property.

Tenants may use the voucher to supplement rental payments at a former Rural Development-financed property or, if a property owner agrees to accept the voucher, for any non-subsidized rental unit in the United States that passes Rural Development's housing-quality standards.

The voucher may not be used at rental units in subsidized housing, such as Section 8 or public housing, because its use there would constitute a double subsidy.

### ***Voucher Program Key Factors***

Tenants choose to use the Rural Development Voucher – at either the former Rural Development property or another U.S. property that will accept their voucher. There is no requirement for tenants to use the voucher at the former Rural Development property.

Tenants have 10 months from the property's pay-off or sale date to decide whether they want to use their Rural Development voucher.

Rural Development voucher payments cannot begin until the entire voucher placement process is completed. The timeframe for the placement process depends on a number of factors, including how responsive both the tenant and owner are in returning required documentation. Generally, the process takes between 60 and 90 days.

The steps involved in the placement process include:

- The mortgage is paid off (either prepaid or foreclosed);
- Rural Development offers vouchers to the tenant;
- The tenant accepts the voucher;

- The tenant finds a unit and so advises the agency;
- Rural Development inspects the unit; and
- Rural Development executes a contract with the property owner.

To be eligible for this program, tenants must:

- Reside at the property on the date of prepayment or foreclosure sale;
- Meet the income eligibility requirements for the program; and
- Be U.S. citizens, U.S. non-citizen nationals, or qualified aliens.

### ***Frequently Asked Questions***

Q. Is the Rural Development Voucher Program the same as the U.S. Department of Housing and Urban Development's (HUD) program?

A. No. There are important differences between the Rural Development Voucher Program and HUD's program such as how the voucher value is determined, in that the value of the Rural Development voucher will not increase and the Rural Development voucher amount is not calculated based on family income or family size.

Q. Who is eligible to receive a Rural Development voucher?

A. All tenants who are U.S. citizens, U.S. non-citizen nationals (people who are U.S. nationals but not U.S. citizens), or qualified aliens, whose income is less than 80 percent of the median family income and who are residing in a Rural Development-financed Section 515 property when the Section 515 mortgage is prepaid or foreclosed, are eligible to receive a Rural Development voucher.

Q. How is the amount of the voucher determined?

A. When Rural Development has given approval to prepay the mortgage loan, a market rent study for the property will be conducted. The results of that study

establish the comparable market rents for each unit type at the property. The value of the voucher is the difference between the current tenant contribution toward rent and the comparable market rent for the tenant's unit.

Q. I have received approval from Rural Development to prepay my mortgage loan with restrictions. Are my tenants eligible for vouchers?

A. Yes, if they are U.S. citizens, qualify as low-income tenants (with household income less than 80 percent of median family income), and are residing at the property on the day of the payoff.

Q. Is the Rural Development voucher available only to tenants who are currently receiving Rental Assistance from the agency?

A. No. All low-income tenants residing at the property, regardless of whether they are currently receiving rental assistance from Rural Development, are potentially eligible to receive a Rural Development voucher.

Q. Will my tenants receive vouchers automatically after prepayment or purchase of a former Rural Development-financed property?

A. No. Tenants must sign and return a Voucher Obligation Form to USDA Rural Development, along with proof of citizenship or U.S. non-citizen national documentation. If a tenant decides not to accept a voucher or not to use the voucher at the former Rural Development property, liability for the payment of rent will continue to be based on the terms of the existing lease agreement and the prepayment approval that the tenant received from Rural Development.

If a tenant chooses to use a Rural Development voucher at your property, both you and the tenant must sign a new lease, with the Tenancy Addendum attached, which provides for use of the voucher.

Q. When will my tenants receive vouchers?

A. Tenants will receive a voucher offer shortly after prepayment or foreclosure sale. Receipt of the voucher is dependent upon the timeliness of the tenant's return of the required documentation.

Q. When will I receive payment from Rural Development for my tenant?

A. Voucher payments cannot begin until the entire process is completed and Rural Development has received an executed Housing Assistance Payment (HAP) contract between the agency and the owner. The timeframe for the process depends on a number of factors, including how responsive both the tenant and owner are in returning required documentation.

Generally, the voucher placement process takes between 60 and 90 days.

Q. How will I receive payment on these vouchers?

A. After signing a HAP contract with Rural Development, owners will receive a monthly electronic payment for each tenant using a voucher at the property.

Q. How long will I receive payments?

A. The voucher holder's initial benefit period is 1 year, subject to renewal, the tenant's continued eligibility, and funding availability.

### ***For More Information***

More information is available through State and local offices of USDA Rural Development. Rural Development State offices may be contacted at 1-800-670-6553, then press 1 and follow the prompts to be connected. Or you may contact the Rural Development Voucher Program at:

U.S. Department of Agriculture  
Rural Development Voucher Program  
1400 Independence Avenue SW  
Mail Stop 0782  
Washington, DC 20250

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