

**RULES  
OF  
TENNESSEE HOUSING DEVELOPMENT AGENCY**

**CHAPTER 0770-3-1  
MODERATE REHABILITATION PROGRAM**

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**0770-3-1-.01 DEFINITIONS.**

- (1) Agreement to enter into a Housing Assistance Payments Contract shall mean a written agreement between the owner and the Tennessee Housing Development Agency that upon satisfactory completion of the rehabilitation in accordance with requirements specified in the agreement, Tennessee Housing Development Agency will enter into a housing assistance payments contract with the owner.
- (2) Eligible Family shall mean a family as defined in Rule 0770-1-5-.02 (13).
- (3) Eligible Housing shall mean any type of rental housing which requires rehabilitation costing at least \$1,000 per unit in order to meet the housing quality standards. In the case of multi-family units, no more than eight (8) units per structure will be accepted. It is the Agency's goal that most units rehabilitated under this program will be basically sound and require only a limited amount of improvement. Mobile homes and rental housing units assisted under any federal housing program may not be assisted under the Moderate Rehabilitation Program.
- (4) Moderate Rehabilitation shall mean rehabilitation of property to bring the unit(s) up to the housing quality standards of the existing housing program. It shall involve a minimum expenditure of \$ 1,000 for a unit, including its prorated share of work to be accomplished on common areas to upgrade to decent, safe and sanitary condition to comply with the housing quality standards or other standards approved by HUD, from a condition below those standards. The improvements shall be of a modest nature and other than routine maintenance. The improvements may include the repairing or the replacing of major building systems or components in danger of failure.
- (5) Statement of Family Responsibility shall mean that statement with regard to the family's reporting changes in family composition and income as contained in the certificate of family participation. The certification of family participation is defined in Rule 0770-1-5-.02 (6).

*Authority: T.C.A. §13-23-115 (18). Administrative History: Original rule filed July 13, 1982; effective August 12, 1982.*

**0770-3-1-.02 APPLICABILITY, SCOPE AND PURPOSE.**

- (1) This program shall apply to privately-owned rental units which are in need of rehabilitation. The owner will agree to rehabilitate his property and will be guaranteed participation in the Section 8 housing assistance payments program. This will guarantee a rent not to exceed 120 percent of the existing

(Rule 0770-3-1-.02, continued)

housing fair market rents for a period not to exceed 15 years, provided an eligible family is living in the property and the property is maintained in a safe and sanitary condition.

- (2) The Moderate Rehabilitation Program is designed to be used to achieve one or more of the following objectives: (1) freedom of housing choice and spatial deconcentration of assisted housing into areas outside of low income and minority concentrations; (2) prevention of displacement of lower-income families in areas undergoing private rehabilitation; and (3) neighborhood preservation and revitalization. Applicants must indicate in their applications which of these objectives they propose to promote.
- (3) The Tennessee Housing Development Agency will participate in the Moderate Rehabilitation Program in two distinct ways. First, the Agency will provide financing for the rehabilitation of units which will receive rent assistance through a program administered by local public housing agencies or local city governments. Second, the Agency will finance the rehabilitation of units which will receive assistance through a program administered by the Agency. These rules are rules which affect the actual operation of the rental assistance program and which effect tenants apply only when the Agency is administering the rental assistance.

**Authority:** T.C.A. §13-23-115 (18). **Administrative History:** Original rule filed July 13, 1982; effective August 12, 1982.

#### **0770-3-1-.03 TERM OF HOUSING ASSISTANCE PAYMENTS CONTRACT AND LEASE.**

- (1) Term of Contract - The contract for any unit rehabilitated in accordance with the program may be for a term of up to 15 years, provided that the contract term may in no case extend beyond the expiration of the term of the Annual Contributions Contract established by HUD for the applicable project.
- (2) Term of Lease - The term of the lease for each unit must be for not less than one year. The lease may, or in the case of a lease for a term of more than one year must, contain a provision permitting termination on 30 days advance written notice by the family.
- (3) Renewals of Lease - Any renewal or extension of the lease term for any unit must in no case extend beyond the remaining term of the Annual Contributions Contract.

**Authority:** T.C.A. §13-23-115 (18). **Administrative History:** Original rule filed July 13, 1982; effective August 12, 1982.

#### **0770-3-1-.04 HOUSING QUALITY STANDARDS.**

- (1) Emergency Efficiency - Performance Requirement - Chaulking and weather stripping are required. Other appropriate energy conserving improvements such as insulation and storm windows must be accomplished by the owner if Tennessee Housing Development Agency determines these improvements to be practicable, cost effective and financially feasible.
- (2) Site and Neighborhood - Performance Requirement - In addition to meeting other requirements the site must:
  - (a) Be adequate in size, exposure and contour to accommodate the number and type of units proposed; adequate utilities and streets must be available to service the site.
  - (b) Be suitable from the standpoint of facilitating and furthering compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, Executive Order 11063 and any applicable HUD regulations issued pursuant thereto.

(Rule 0770-3-1-.04, continued)

- (c) Promote greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons.
- (d) Be accessible to social, recreational, commercial, and health facilities and services, and other municipal facilities and services that are at least equivalent to those typically found in neighborhoods consisting largely of unassisted, standard housing of similar market rents.
- (e) Be so located that travel time and cost via public transportation or private automobile, from the neighborhood to places of employment providing a range of jobs for lower-income workers, is not excessive.

**Authority:** T.C.A. §13-23-115 (18). **Administrative History:** Original rule filed July 13, 1982; effective August 12, 1982.

### **0770-3-1-.05 RELOCATION.**

- (1) General
  - (a) Moderate Rehabilitation will involve only a limited amount of work on dwelling units which can usually be accomplished with tenants in residence. An agreement and contract will not be entered into on units occupied by families not eligible for housing assistance after completion of the rehabilitation. Temporary relocation or permanent displacement will not be required except in limited circumstances.
  - (b) To assure minimal displacement(s) no application for the Program will be approved where permanent displacement of tenants will be necessary unless the applicant has submitted and the Public Housing Authority in consultation with HUD has approved a relocation strategy in accordance with program rules contained in 24 C.F.R. 882. An owner must certify in the proposal that no tenant has been forced to move without cause in the twelve month period preceding the submittal of the proposal to Tennessee Housing Development Agency or the Public Housing Authority.
- (2) Determination of Necessity for Displacement and Notice to Tenants - This section applies only where there is an approved relocation strategy.
  - (a) The Tennessee Housing Development Agency will determine, in consultation with the owner, as promptly as possible after notification of selection of units for participation in the program, the need for any tenant in a building proposed for rehabilitation to be permanently displaced. A tenant will only be displaced if there will not be sufficient suitable-sized units available after rehabilitation. This does not prevent the owner from evicting the tenant for cause. Otherwise, the tenant will be allowed to remain in or return to the unit or suitable-sized unit in the building or complex after rehabilitation.
  - (b) Not later than 30 days after the Owner is notified of selection of Units for participation in the Program, each tenant occupying a unit in a building in which units will be rehabilitated under the Program must be issued either a notice stating that he/she will be displaced or a notice stating the tenant's right to remain in or return to the current unit or another unit in the same complex. These notices must be in accordance with subsections (3) and (4) and issued in accordance with subsection (5) of this rule.
- (3) Tenants Permitted to Continue in Occupancy.
  - (a) If the tenant is issued a notice pursuant to 0770-3-1-.05 (2) (c) stating the tenant may continue in occupancy, the notice must state the following tenant rights:

(Rule 0770-3-1-.05, continued)

1. After the completion of the rehabilitation, the tenant will have the right to lease and occupy a decent, safe and sanitary dwelling located within the same budding or complex.
  2. During the period between execution of the Agreement and execution of the Contract, the tenant will not be required to move from the dwelling unit, other than for cause, unless the work cannot be done with the tenant in residence. If any such move is required,
    - (i) Not more than one temporary relocation will be required,
    - (ii) the temporary relocation will be to a decent, safe and sanitary dwelling in a location that is not generally less desirable with respect to public and commercial facilities and the occupant's place of employment than the location of the dwelling to be rehabilitated,
    - (iii) the Owner will pay the actual reasonable out-of-pocket expenses, including moving costs and any increase in monthly housing costs (rent and utilities), incurred by the tenant in connection with the moves and/or temporary relocation, and
    - (iv) the temporary relocation will not be for more than six months. If for unforeseen reasons the rehabilitated unit is not ready for occupancy within the six months, the tenant will be notified of the earliest date by which it will be ready, and the tenant in that case will have the right either to agree to wait until the extended date or to request that it be treated as permanently displaced in accordance with HUD regulations in 24 C.F.R. 882.
- (b) If the tenant is a Family which is eligible to receive housing assistance payments the notice must state, in addition to the provisions specified in 0770-3-1-.05 (3) (a) the following:
1. The Family will be allowed to occupy that unit for the term of the Contract unless the Family is evicted for cause or is required to move for other good reason such as changes in Family size. If the Family is required to vacate the dwelling during the term of the Contract for any reason other than for cause, such as a change in Family size, Tennessee Housing Development Agency will assure that the Family is provided assistance in accordance with applicable HUD regulations.
  2. The amount of rent payable by the Family will be determined in accordance with 24 C.F.R. Part 889; however, the Family will not be required to pay more than the Gross Rent for the unit established in accordance with Program requirements.
- (4) Manner of Notices.
- (a) Any notice which is required under this section must be personally served, receipt documented, or sent by certified or registered first-class mail, return receipt requested. Each notice must be written in plain understandable language. Recipients who are unable to read and understand the notice must be provided with appropriate explanation and counseling. Each notice must indicate the name and telephone number of a person who may be contacted for answers to questions or other needed help.
- (5) Moving Expenses. Reasonable moving expenses in connection with temporary relocation or permanent displacement of tenants include:

(Rule 0770-3-1-.05, continued)

- (a) Transportation of the tenant and personal property from the unit to be rehabilitated to the replacement unit and return to the rehabilitated unit, if applicable. Transportation costs for a distance beyond 50 miles are not eligible.
  - (b) Packing, crating, unpacking and uncrating of the personal property;
  - (c) Disconnecting, dismantling, removing, reassembling and reinstalling relocated household appliances and other personal property;
  - (d) Storage of the personal property as Tennessee Housing Development Agency determines to be necessary;
  - (e) Insurance of the personal property in connection with the move and necessary storage; and
  - (f) Other moving related expenses as Tennessee Housing Development Agency may determine to be reasonable and necessary.
- (6) Responsibility for Relocation Payments and Assistance.
- (a) The Agency or its agent will have the administrative responsibility for assuring that appropriate relocation payments are made to temporarily relocated tenants and will be directly responsible for providing all services specified in this section. Advisory services provided by the Agency to tenants temporarily relocated are eligible costs to be reimbursed from the preliminary administrative funds.
  - (b) The provision and funding of payments on account of temporary relocation of tenants will be the responsibility of the Owner. The Contract Rent computation, as specified in regulations for existing housing 07701-5 may at the Owner's option include relocation costs for those units to be assisted under the Program; however, the Owner must make appropriate relocation payments to any tenant temporarily relocated, regardless of income or whether the tenant will occupy a unit which is under the Agreement. No Owner will be selected for participation in the Program unless the Owner agrees, in the proposal, to assume this responsibility.
  - (c) Services to tenants permanently displaced will not be considered eligible costs for reimbursement under the Moderate Rehabilitation or any other HUD assisted housing programs. Unless an entity, such as the local government, agrees in writing to assume responsibility for providing funds for relocation payments and services associated with permanent displacement from other sources or an application which proposes to allow permanent displacement of tenants will not be approved.
- (7) Appeal Procedures.
- (a) A tenant who believes he/she has not received the proper relocation payments or opportunities to relocate to decent, safe and sanitary housing to which the tenant is entitled under this section may appeal to the Agency. The tenant is entitled to an informal hearing as if the tenant were determined ineligible for the Program (0770-3-2-.13 (7) ). Should the tenant not be satisfied with the Agency disposition of the matter, the tenant may appeal to the HUD field office.
  - (b) Applicability of Uniform Act. The relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act) and HUD implementing regulations at 24 C.F.R. Part 42 apply only to the displacement of any person (owner or tenant) that results from the acquisition of real property for a project assisted under this Program if the acquisition is by a State agency (defined at 24 C.F.R. 42.85). When the

(Rule 0770-3-1-.05, continued)

Uniform Act is applicable, the provisions of this section do not apply, except for paragraphs (1) and (7).

**Authority:** T.C.A. §13-23-115 (18). **Administrative History:** Original rule filed July 13, 1982; effective August 12, 1982.

**0070-3-1-.06 OTHER FEDERAL REQUIREMENTS.**

- (1) Participation in this Program requires compliance with the Equal Opportunity requirements specified in 24 C.F.R. 882.111.
- (2) Additionally, in selecting among proposals the Agency takes into consideration compliance with the following:
  - (a) Executive Order 11988, Floodplains Management;
  - (b) Executive Order 11990, Protection of Wetlands;
  - (c) National Historic Preservation Act (Pub. L. 89-665);
  - (d) Archeological and Historic Preservation Act of 1974; and
  - (e) Executive Order 11593 on Protection and Enhancement of the Cultural Environment.
- (3) If the Agency proposes to select a building which is on or eligible for the National Register of Historic Places, the Agency must contact the HUD field office prior to approval to assure compliance with paragraphs (b) (3), (4), and (5) of this section.
- (4) The Agency and Owner must agree to comply with the requirements of the following, where applicable:
  - (a) Clean Air Act and Federal Water Pollution Control Act;
  - (b) Flood Disaster Protection Act of 1973;
  - (c) Section 504 of the Rehabilitation Act of 1973 (as implemented in 24 C.F.R. Part 8),
  - (d) Executive Order 11246, Equal Employment Opportunity (for all construction contracts of over \$10,000);
  - (e) Executive Order 11625, Prescribing Additional Arrangements for Developing and Coordinating a National Program for Minority Business Enterprise; and
  - (f) Labor Standards Provisions contained in the following acts (for Agreements covering 9 or more assisted units):
    1. Davis-Bacon Act;
    2. Contract Work Hours and Safety Standards Act;
    3. Copeland Anti-Kickback Act; and
    4. National Apprenticeship Act.

(Rule 0770-3-1-.06, continued)

**Authority:** T.C.A. §13-23-115 (18). **Administrative History:** Original rule filed July 13, 1982; effective August 12, 1982.

### **0770-3-1-.07 CONTRACT RENTS.**

- (1) Fair Market Rent Limitation.
  - (a) The initial Gross Rent for any Moderate Rehabilitation unit specified in the Agreement must not exceed the Moderate Rehabilitation Fair Market Rent applicable to the unit on the date that the Agreement is executed except by up to 10 percent as provided in Rule 0770-3-1-.07 (2). Additionally, as provided in Rule 0770-3-1-.07 (4), changes may be made in the Contract Rent subsequent to the signing of the Agreement which result in Gross Rents which exceed the Moderate Rehabilitation Fair Market Rent by up to 20 percent. The Fair Market Rent Schedule for Moderate Rehabilitation will be 120 percent of the Existing Housing Fair Market Rent Schedule.
- (2) Exception Rents.
  - (a) The Agency may approve initial Gross Rents which exceed the applicable Moderate Rehabilitation Fair Market Rents by up to 10 percent in the following circumstances:
    1. For all units of a given size or type in specified areas where HUD has determined that median rents for standard units of that size or type in the area are from 10 to 20 percent higher than the Existing Housing Fair Market Rents. Such a determination by HUD may be made on a case-by-case basis or by area upon receipt from the Agency of documentation demonstrating the necessity for exception rents in the area.
    2. On a case-by-case basis, where the Agency has made a written determination that the higher Gross Rent is necessary to meet the needs of families needing four or more bedrooms, or to provide the physical modifications to a unit and/or structure which are necessary to meet the needs of the handicapped or disabled.
- (3) Determination of Initial Contract Rents.
  - (a) The Agency must establish a base rent for each unit. This base rent will be the average rent charged for the unit during the 18 months preceding the date the Owner submitted the proposal to the Agency plus an adjustment not to exceed the amount obtained by application of the appropriate annual adjustment factor established by HUD. However, the Owner may request a higher base rent on the grounds that the base rent is insufficient to allow for adequate management and maintenance of the unit. The Agency may approve a higher base rent established by determining the estimated costs to the Owner of owning, managing and maintaining the rehabilitated unit. This higher base rent will be calculated using a HUD prescribed formula.
  - (b) In addition the Agency must determine the monthly per unit cost to the Owner of repaying a rehabilitation loan to finance the cost of the rehabilitation specified in the Agreement and the cost of any necessary temporary relocation payments to be made by the Owner to Families to be assisted under the Program. In making this calculation, the Agency must use the interest rate at which the Owner proposes to obtain his rehabilitation loan and a loan period as follows:
    1. A 15-year term if the total amount of rehabilitation established in the feasibility analysis equals or exceeds \$15,000.

(Rule 0770-3-1-.07, continued)

2. The actual term of the rehabilitation loan obtained by the Owner if the total amount of rehabilitation established in the feasibility analysis is less than \$ 15,000.
- (c) The initial Contract Rent for the unit must be the lesser of
1. the base rent as established in subsection 3 (a) of this rule plus the monthly cost of amortization of a rehabilitation loan as established in subsection (3) (b).
  2. the Moderate Rehabilitation Fair Market Rent or exception rent for that unit size (see paragraphs (a) and (b) of this section), minus any applicable Allowance of Utilities and Other Services attributable to the unit.
- (4) Changes in Initial Contract Rents During Rehabilitation.
- (a) The contract rents established pursuant to Rule 0770-3-1-.07 (3) will be the Contract Rents on the effective date of the Contract except under the following circumstances:
1. When, during rehabilitation, work items are discovered which (A) could not reasonably have been anticipated or are necessitated by a change in local codes or ordinances, and (B) were not listed in the work write-up prepared or approved by the Agency and (C) will require additional expenditures which would make the rehabilitation infeasible at the Contract Rents established in the Agreement. Under these circumstances, the Agency will:
    - (i) Approve a change order to the rehabilitation contract, or amend the work write-up if there is no rehabilitation contract, specifying the additional work to be accomplished and the additional cost for this work,
    - (ii) Recomputed the Contract Rents, within the limits specified in these rules, based upon the revised cost estimate, and
    - (iii) Prepare and execute an amendment to the Agreement stating the additional work required and the revised Contract Rents.
  2. When the actual cost of the rehabilitation performed is less than that estimated in the calculation of Contract Rents for the Agreement.
  3. When the actual interest rate -or term (if the total cost of the work established in the feasibility analysis is less than \$15,000) of the rehabilitation loan differs from that anticipated in the calculation of Contract Rents for the Agreement.
  4. When the actual relocation payments made by the Owner to temporarily relocated Families varies from the cost estimated in the calculation of Contract Rents for the Agreement.
- (b) Should changes occur as specified in Rule 0770-3-1-.07 (4) (a) above (either and increase or decrease), the Agency will recalculate the Contract Rents in accordance with these rules and amend the Contract or Agreement, as appropriate, to reflect the revised rents.
- (c) The Agency must review and approve the Owner's certification that the rehabilitation costs, temporary relocation costs, interest rate and term (if the total cost of the work to be performed under the Agreement is less than \$15,000) on which the Contract Rents are based are the actual costs incurred, interest rate and loan term (where applicable).



(Rule 0770-3-1-.07, continued)

- (d) In establishing the revised Contract Rents, the Agency must determine that the resulting Gross Rents do not exceed the Moderate Rehabilitation Fair Market Rent or the exception rent under paragraph (b) of this section, in effect at the time of execution of the Agreement. The Fair Market Rent or exception rent, as appropriate, may only be exceeded when the Agency determines in its calculations that it will be necessary for the revised Gross Rent to exceed the Moderate Rehabilitation Fair Market Rent or exception rent. Should this determination be made, the Agency execute a revised Agreement until it receives HUD field office approval of such an exception. The HUD field office may approve revised Gross Rents which exceed the Fair Market Rents by up to 20 percent for reasons specified above upon proper justification by the Agency of the necessity for the increase.

*Authority: T.C.A. §13-23-115 (18). Administrative History: Original rule filed July 13, 1982; effective August 12, 1982.*

#### **0770-3-1-.08 CONTRACT RENTS AT THE END OF REHABILITATION LOAN TERM**

- (1) For a Contract where the Owner accomplished less than \$15,000 of rehabilitation and the initial Contract Rent was based upon a loan term shorter than 15 years, the Contract must provide for reduction of the Contract Rent effective with the rent for the month following the end of the term of the rehabilitation loan. The amount of the reduction will be the monthly cost of amortization of the rehabilitation loan. This reduction should result in a new Contract Rent equal to the base rent established pursuant to 0770-3-1-.07 plus all subsequent adjustments.

*Authority: T.C.A. §13-23-115 (18). Administrative History: Original rule filed July 13, 1982; effective August 12, 1982.*

#### **0770-3-1-.09 RENT ADJUSTMENTS.**

- (1) Annual and Special Adjustments.
  - (a) Contracts Rents will be adjusted as provided in this rule upon submittal to the Agency by the Owner of a revised schedule of Contracts Rents, provided that the unit is in decent, safe, and sanitary condition and that the Owner is otherwise in compliance with the terms of the Lease and Contract. Subject to the foregoing, adjustments of Contract Rents will be as follows:
    1. The Annual Adjustment Factors which are published annually by HUD (see 24 CFR Part 888) will be utilized. On or after each anniversary date of the Contract, the Contract Rents may be adjusted effective with the month following the submittal by the Owner of a revised schedule of Contract Rents which may be no higher than Rents established by applying the applicable Annual Adjustment Factor most recently published by HUD to the Contract Rent minus the monthly amortization amount of the rehabilitation loan, or the Contract Rent established at the end of the rehabilitation loan term. These increased Contract Rents must then be examined in accordance with Rule 0770-31-.09 (2) and may be adjusted accordingly. Contract Rents may be adjusted upward or downward, as may be appropriate; however, in no case may the adjusted rents be less than the Contract Rents on the effective date of the Contract except as otherwise provided.
    2. A special adjustment, subject to HUD approval, to reflect increases in the actual and necessary expenses of owning and maintaining the unit which have resulted from substantial general increases in real property taxes, utility rates, assessments and utilities not covered by regulated rates, may be recommended by the Agency for approval by HUD but only if and to the extent that the Owner clearly demonstrates that these general increases have caused increases in the Owner's operating costs which are not adequately compensated for by annual adjustments. The Owner must submit financial information to

(Rule 0770-3-1-.09, continued)

the Agency which clearly supports the increase. For Contracts of more than twenty units, the Owner must submit audited financial information.

- (2) Overall Limitation.
  - (a) Notwithstanding any other provisions of this part, adjustments as provided in this section must not result in material differences between the rents charged for assisted and comparable unassisted units, as determined by Agency (and approved by HUD in the case of adjustments under Rule 0770-3-1-.09 (1) (b). However, unless the rents have been adjusted this limitation should not be construed to prohibit differences in rents between assisted and comparable unassisted units to the extent that differences existed with respect to the initial Contract Rents.

**Authority:** T.C.A. §13-23-115 (18). **Administrative History:** Original rule filed July 13, 1982; effective August 12, 1982.

**0770-3-1-.10 ESTABLISHMENT OF INCOME LIMIT Schedules:** 30 percent occupancy by very low-income families.

- (1) Income limit Schedules for Moderate Rehabilitation are the same as those established pursuant to 24 CFR 882.112 (c).
- (2) Occupancy by Very Low-Income Families.
  - (a) Owners in the Moderate Rehabilitation Program will be required under the Contract to lease, to the maximum extent feasible, at least 30 percent of the units under Contract to Very Low-Income Families
  - (b) The Agency must administer its Moderate Rehabilitation Program and Existing Housing Program under this Part so that at least 30 percent of the Families assisted by the Agency under these Programs are Very LowIncome Families. To this end the Agency may refer Very Low-income Families to other Owners rehabilitating vacant units under the Moderate Rehabilitation Program or provide assistance to such Families through its Existing Housing Program.

**Authority:** T.C.A. §13-23-115 (18). **Administrative History:** Original rule filed July 13, 1982; effective August 12, 1982.

**0770-3-1-.11 PAYMENTS FOR VACANCIES.**

- (1) Vacancies from Execution of Contract to Initial Occupancy. If a Contract unit which has been rehabilitated in accordance with the Program is not leased within 15 days of the effective date of the Contract, the Owner will be entitled to housing assistance payments in the amount of 80 percent of the Contract Rent for the unit for a period not exceeding 60 days from the effective date of the Contract, provided that the Owner.
  - (a) has complied with these regulations;
  - (b) has taken and continues to take all feasible actions to fill the vacancy; and
  - (c) has not rejected any eligible applicant except for good cause acceptable to the Agency.
- (2) Vacancies after Initial Occupancy.
  - (a) If an Eligible Family vacates its unit (other than as a result of action by the Owner which is in violation of the Lease or the Contract or any applicable law), the Owner may receive the housing

(Rule 0770-3-1-.11, continued)

assistance payments due under the Contract for so much of the month in which the Family vacates the unit as the unit remains vacant. Should the unit continue to remain vacant, the Owner may receive from the Agency a housing assistance payment in the amount of 80 percent of the Contract Rent for a vacancy period not exceeding an additional month. However, if the Owner collects any of the Family's share of the rent for this period, the payment must be reduced to an amount which, when added to the Family's payments, does not exceed 80 percent of the Contract Rent. Any such excess must be reimbursed by the Owner to the Agency. The Owner will not be entitled to any payment under this rule unless the Owner:

1. immediately upon learning of the vacancy, has notified the Agency of the vacancy or prospective vacancy, and
  2. has taken and continues to take all feasible actions specified in sections (1) (b) and (c) of this rule.
- (b) If the Owner evicts an Eligible Family, the Owner will not be entitled to any payment under this rule unless the Agency determines that the Owner complied with all requirements of these rules, the Contract, and all applicable State and local laws.
- (3) Prohibition of Double Compensation for Vacancies.
- (1) The Owner will not be entitled to housing assistance payments with respect to vacant units under this section if the Owner is entitled to payments from other sources (for example, payments for losses of rental income incurred for holding units vacant for relocatees pursuant to Title I of the HCD Act of 1974 or payments for unpaid rent under 24 CFR 882.112 (Security and Utility Deposits) ).

**Authority:** T.C.A. §13-23-115 (18). **Administrative History:** Original rule filed July 13, 1982; effective August 12, 1982.

#### **0770-3-1-.12 SUBCONTRACTING OF OWNER SERVICES.**

- (1) General. Any Owner may contract with any private or public entity to perform for a fee the services required by the Agreement, Contract or Lease, provided that such contract may not shift any of the Owner's responsibilities or obligations.
- (2) Public Housing Authority Management. If the Owner and a Public Housing Authority wish to enter into a management contract, they may do so provided that the Agency is administering the rental assistance program and approves.

**Authority:** T.C.A. §13-23-115 (18). **Administrative History:** Original rule filed July 13, 1982; effective August 12, 1982.

#### **0770-3-1-.13 RESPONSIBILITY OF THE FAMILY.**

- (1) A Family receiving housing assistance under this Program must fulfill all of its obligations under the Lease with the Owner and the Statement of Family Responsibility. Failure of the Family to meet its responsibilities under the Lease or Statement of Family Responsibility may be grounds for termination of assistance by the Agency. Should the Agency determine to terminate assistance to the Family, provisions of rules for hearings under the Existing Housing regulations shall apply (0770-1-5-.39).

**Authority:** T.C.A. §13-23-115 (18). **Administrative History:** Original rule filed July 13, 1982; effective August 12, 1982.