

HOUSING VOUCHER PROGRAMS - POLICY AND PROCEDURES MANUAL

CHAPTER VI. INITIAL CONTRACTS

EXHIBIT 2

Descriptions of Eligible Development Programs

Residents of subsidized developments described below are eligible for the HCV Program. The development owner/manager identifies the development type on the Rental Unit Information form.

Section 515 Rural Development (formerly Farmers Home Administration/FmHA) – The National Housing Act of 1949 and the Senior Citizens Housing Act of 1962, provides multi-family housing of modest design to households living in rural areas. Direct loans are made to housing sponsors who can provide housing needs in a particular area. The government designed the program for low and moderate income families, the elderly, and handicapped persons.

Section 236 (insured and uninsured) – The National Housing Act of 1934 (P.L. 73-479), Title II provides a rent subsidy in the form of interest reduction, through which multi-family housing can be produced. Two rent schedules are utilized: market rent (based on a market rent mortgage) and basic rent (based on a 1% mortgage). The act requires tenants to pay the greater of the basic rent or 25% of their income with rent payments never to exceed the market rents. Units are restricted to households who meet the low and moderate income limits established for the program. The subsidized housing moratorium imposed by President Nixon in January 1973 brought an end to additional Section 236 construction.

Section 221(d)3 – The National Housing Act, 1934 (P.L. 73-479), Title II provides mortgage insurance to finance rental of cooperative multi-family housing for low and moderate income households. By insuring the mortgage amounts and controlling the dollar limits per unit, this program has the intention of assuring moderate construction costs. HUD may insure 100% of the total project costs. Previously, below market interest rates of 3% were available under this program.

Section 202 – The Housing Act of 1959 provides long-term direct loans to eligible private nonprofit sponsors for housing the elderly and handicapped. The average interest rate paid on federal obligations during the preceding fiscal year determined the current interest rate of the loan. One member of the household must be at least 62 years old or handicapped to qualify for Section 202 housing.

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