



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Parts 5, 888, 903, 982, 983, and 985

[Docket No. FR-6092-F-05]

RIN 2577-AD06

Housing Opportunity Through Modernization Act of 2016—Housing Choice Voucher (HCV) and Project-Based Voucher Implementation; Additional Streamlining Changes; Technical Amendments

AGENCY: Office of the Assistant Secretary for Public and Indian Housing, HUD.

ACTION: Final rule; technical amendments.

SUMMARY: In reviewing HUD's May 7, 2024, final rule Housing Opportunity Through Modernization Act of 2016-Housing Choice Voucher (HCV) and Project-Based Voucher Implementation; Additional Streamlining Changes, HUD discovered minor errors and provisions that would benefit from clarification. This rule corrects those technical errors, updates references, and makes clarifying amendments.

DATES: This rule is effective [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: For information regarding this correction, contact Ryan Jones, Director, Housing Voucher Management and Operations Division, Department of Housing and Urban Development, 451 7th Street SW, Washington, DC 20011; telephone number 202-708-1112 (this is not a toll-free number); email HOTMAVoucher@hud.gov. HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech and communication disabilities. To learn more about how to make an accessible telephone call, please visit <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>.

SUPPLEMENTARY INFORMATION:

I. Background

On May 7, 2024, HUD published a final rule amending HUD's regulations to implement changes to the Housing Choice Voucher (HCV) and Project-Based Voucher (PBV) programs made by the Housing Opportunity Through Modernization Act of 2016 (HOTMA) (89 FR 38224) (FR Doc. 2024-08601) (HOTMA Voucher Final Rule). The HOTMA Voucher Final Rule intended to reduce the burden on public housing agencies, by either modifying requirements or simplifying and clarifying existing regulatory language. On May 28, 2024, HUD published a Correction addressing five errors made in the HOTMA Voucher Final Rule. In reviewing the HOTMA Voucher Final Rule and the Correction, HUD identified additional inadvertent errors as well as provisions with unclear language. This rule corrects the inadvertent errors and clarifies regulatory requirements.

II. Changes Made in This Final Rule

The following is an overview of the changes made to 24 CFR parts 5, 888, 903, 982, 983, and 985 in this final rule.

§ 5.100 and § 5.504 Definitions of Responsible Entity

This final rule revises the definition of "Responsible entity" in part 5, subparts A and E. In the HOTMA Voucher Final Rule, HUD intended to amend the definitions to remove reference to the certificate program only. However, HUD inadvertently added a reference to the Section 235 Program in § 5.100 and removed references to several programs in § 5.504. This final rule corrects the definitions.

§ 888.113 Fair market rents for existing housing: Methodology.

The HOTMA Voucher Final Rule revised § 888.113(h)(1) to clarify that the PHA and owner may mutually agree to apply Small Area fair market rents (Small Area FMRs) to a PBV project where the project was selected before "either or both" the Small Area FMR designation and the PHA administrative policy. Prior to the HOTMA Voucher Final Rule, the regulatory text only stated "both" which inadvertently created confusion with respect to projects selected

between the two events (the Small Area FMR designation and the PHA administrative policy extending Small Area FMRs to future PBV projects). HUD made the technical correction to paragraph (h)(1) to clarify that if the PHA is applying the Small Area FMRs to future PBV projects, the PHA may also establish a policy to extend the use of Small Area FMRs to current PBV projects, including those projects selected after the Small Area FMR designation but prior to the effective date of the PHA administrative policy, if the owner is willing to do so.

HUD has subsequently realized that § 888.113(h)(3) and (4) also require technical corrections. The correction in paragraph (h)(3)(ii) reflects the changes made in the HOTMA Voucher Final Rule. A PHA administering an HCV program in either a metropolitan area not subject to the application of Small Area FMRs or in a non-metropolitan area for which HUD publishes Small Area FMRs may now choose to use Small Area FMRs after notification to HUD; HUD is no longer required to approve such PHA requests to voluntarily use Small Area FMRs, per § 888.113(c)(3).

The correction in § 888.113(h)(4) clarifies that the term “effective date” in regard to the PHA administrative policy means the effective date of the policy in the PHA Administrative Plan that has been formally adopted by the PHA Board of Commissioners or other authorized PHA officials in accordance with 24 CFR 982.54(a). The current regulatory language has created confusion because it does not contemplate a situation where the PHA Board adopts the PBV Small Area FMR policy but provides that the policy does not go into effect until a specific date in the future. For example, the Board adopts the revision to the Administrative Plan on September 7, 2025, but provides in the revised Administrative Plan that the effective date of the new PBV Small Area FMR policy is January 1, 2026. HUD is concerned the existing text could be misconstrued to mean HUD is prohibiting the Board from establishing a future effective date beyond the actual date upon which Board formally adopted the proposed PBV Small Area FMR revision to the Administrative Plan, which was not the intent and which is clarified in this final rule.

§ 903.7 What information must a PHA provide in the Annual Plan?

In this final rule, HUD is simplifying the language of § 903.7(b)(3) by putting a sentence into list format.

§ 982.205 Waiting list: Different programs.

Section 982.205(a)(2)(i) and (ii) are amended to clarify that the reference to the PBV waiting list includes any owner-maintained waiting list. This clarifying language was added throughout the PBV regulations in the HOTMA Voucher Final Rule but was inadvertently left out of the HCV regulations. The correction does not add any new requirements.¹

§ 982.405 and § 982.406 – Consistent inclusion of tenant-based lease protection provision and clarifying timing

24 CFR 982.404(d) was added in the HOTMA Voucher Final Rule to explain remedies for Housing Quality Standards (HQS) deficiencies identified during inspections other than the initial inspection, because initial inspections have separate requirements; generally, the unit must have no deficiencies before the family can move to and be assisted in the unit, but the PHA may use the alternative inspection option, the non-life-threatening (NLT) deficiencies option, or both (24 CFR 982.405(j), 982.406(e)-(f)) to enable the assisted tenancy to begin earlier. In creating this regulatory structure, HUD did not include a provision mirroring 24 CFR 982.404(d)(3), respecting families' protection from and options for lease termination during a period of withholding or abatement, in each of the paragraphs governing the inspection flexibilities for tenant-based HCV. The inspection flexibilities are governed by parallel provisions in the PBV program, and all of those PBV provisions (24 CFR 983.103(c)(2)(vi), (c)(3)(viii), and (c)(4)(vi)) do contain a provision mirroring 24 CFR 982.404(d)(3). The omission from 24 CFR 982.405(j), 982.406(e)-(f) is corrected in this final rule by the addition of new paragraphs at §§

¹ See 983.251(c)(7)(ix) "All HCV waiting list administration requirements that apply to the PBV program (24 CFR part 982, subpart E, other than 24 CFR 982.201(e), 982.202(b)(2), and 982.204(d)) apply to owner-maintained waiting lists."

982.405(j)(7), 982.406(e)(7), and 982.406(f)(7). The new paragraphs do not add new requirements. They mirror the existing § 982.404(d)(3) and are included in §§ 982.405-406 for clarity and consistency.

Additionally, HUD is clarifying the description of the PHA policy on termination after a prolonged period of deficiencies in §§ 982.405(j)(6)(ii), 982.406(e)(6)(ii), and 982.406(f)(6)(ii) by changing “The date by which” to “The number of days after which”. This language mirrors the project-based voucher regulations. HUD believes the new language is clearer and also avoids implying by differing language that the PHA is required to enact different policies depending on the type of inspection flexibility and program (tenant-based vs. project-based).

§ 983.3 PBV definitions.

In the Final HOTMA Voucher Rule, HUD made changes to the definitions of “independent entity” in § 982.4 but failed to make the mirroring changes to § 983.3. The definitions should be the same. The § 983.3 definitions should read: “*Independent entity*. See 24 CFR 982.4”.

§ 983.103 Inspecting units.

In the Final HOTMA Voucher Rule, HUD established provisions in § 983.103(c) for initial inspections of existing housing using the NLT option, the alternative inspections option, and the use of both of the foregoing options together. In doing so, each option is described separately in paragraphs (c)(2), (c)(3), and (c)(4), with each laying out the process to execute the HAP contract, inspect and correct deficiencies, occupy, make housing assistance payments (HAP), and remedy continued deficiencies for the PBV units under the option. In some cases, a provision expressly referencing an aspect of the process was unintentionally omitted from one or two options or differed from option to option in a manner that could be misinterpreted as substantively different requirements. HUD is resolving the discrepancies here to ensure the regulations accurately reflect the intended consistency between the three options on matters that are applicable to more than one option. These revisions do not substantively change the

regulations, but rather provide consistent verbiage and structure to prevent confusion when following the regulatory requirements.

§ 983.208 Condition of contract units.

In codifying provisions of HOTMA that had not previously been implemented, the HOTMA Voucher Final Rule was intended to align corresponding PBV and HCV regulations, except where a provision was inapplicable to one of the programs. Consequently, § 983.208(d)(3) should mirror § 982.404(d)(3) to require families to notify both the PHA and owner of termination of tenancy. Section 983.208(d)(3) is amended here to align with the HCV provision at § 982.404(d)(3), which correctly reflects that notification to the PHA is necessary for the PHA to continue a family's assistance when the family terminates its assisted tenancy in a unit to which HAPs are abated due to HQS deficiencies. HUD believes the public would have expected reference to this necessary step to comprehensively codify this operation in the regulatory text and makes this change accordingly.

§ 983.212 Substantial improvement to units under a HAP contract.

This final rule amends § 983.212(a)(3)(iii)(C) to add clarifying language which matches the corresponding provision in § 983.157(g)(6)(iii)(C). HUD is also correcting a reference from paragraph (b)(1) to (b)(6).

§ 983.260 Overcrowded, under-occupied, and accessible units.

24 CFR 983.260(c)(1) was intended to only apply where a PHA made an offer of continued housing assistance under § 983.260(b)(1), not where a PHA takes action under § 983.260(b)(2). While this limited applicability is implied by the inclusion of different procedural requirements in § 983.260(b)(2), this rule adds clarifying language to § 983.260(c)(1) to ensure there is no ambiguity regarding the inapplicability of the provision to actions taken under § 983.260(b)(2).

Proposal or project selection date - §§ 983.3, 983.51, and 983.204

This final rule updates language to ensure the consistent use of the term “the proposal or project selection date.” Additionally, § 983.3(b) is amended to use this term instead of “the date of selection.” §§ 983.51 and 983.204 are amended to clarify requirements that apply to both the proposal or project selection date and/or to switch the order of the words “project” and “proposal” for consistent use of the term “the proposal or project selection date”.

Substantial improvement corrections - §§ 983.3 and 983.212

This final rule amends §§ 983.3(b) and 983.212(a) to clarify the distinction between completing substantial improvement and development activity for units under a HAP contract. The intention of the HOTMA Voucher Final Rule, as stated in its preamble, was to create separate, distinct processes for completing development activity versus substantial improvement. The current language of § 983.212 provides that development activity is an exception to the option to conduct substantial improvement which could be interpreted as allowing the same work to qualify as both, which would result in the work being disallowed under either process. This final rule clarifies the two distinct processes for completing substantial improvements and development activity for units under a HAP contract.

Technical corrections

HUD is also making a number of technical corrections in this final rule. In § 983.51, HUD is adding the word “and” between paragraphs (e)(2)(ii) and (iii) to clarify that the paragraphs are a list. In § 983.59, HUD is removing the duplicative word “or” from paragraph (b)(2)(ii) in the list made up of paragraphs (b)(2)(i)-(iv) and removing the capitalization of the word “for” in paragraphs 983.59(b)(1)(iii) and (b)(2)(iii)(C).

In § 983.153(c)(1), HUD is updating an incorrect reference from 983.157(a) to 983.157(b)(2) to correctly cite the paragraph referring to development activity occurring before an Agreement or HAP contract. HUD is also updating a reference in § 983.262(d)(3)(iii) on

supporting services from paragraph(c)(2) to (d)(3)(ii). This final rule will correct the citation in § 985.3 from “2 CFR Subpart F” to “2 CFR part 200, subpart F”.

In § 982.4 and § 982.516, HUD is correcting paragraph numbering.

Finally, HUD is correcting words that were inadvertently left out of paragraphs or wrongly included. Section 983.103(c)(4) is missing the word “inspection”. Section 983.206(b)(3) incorrectly referred to “tenant-based utilities” when it should refer to “tenant-paid utilities”.

III. Justification for Final Rulemaking

In general, HUD publishes a rule for public comments before issuing a rule for effect, in accordance with HUD’s regulations on rulemaking at 24 CFR part 10. However, part 10 provides for exceptions to the general rule where HUD finds that public comment would be “impracticable, unnecessary or contrary to the public interest” (24 CFR 10.1).

HUD finds that good cause exists to publish this final rule for effect without first soliciting public comments. The amendments made in this rule are technical, to provide further clarity, and correct grammar and references. Furthermore, HUD believes that the public comments submitted in response to the HOTMA Voucher Final Rule on these topics, and HUD’s responses to public comments provide HUD with a solid basis to make the conforming changes in this final rule.

IV. Findings and Certifications

Regulatory Review – Executive Orders 12866 and 13563

Executive Orders 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health, and safety effects; distributive impacts; and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. Under Executive Order 12866 (Regulatory Planning and Review), a determination must be made whether a regulatory action is significant and, therefore, subject to

review by the Office of Management and Budget (OMB) in accordance with the requirements of the order. In this final rule, HUD is making technical corrections and clarifying amendments to avoid potential confusion. The changes are technical in nature; HUD is not introducing any new regulatory changes or rationales that differ in substance from the HOTMA Voucher Final Rule. This rule was not subject to OMB review. This rule is not a “significant regulatory action” as defined in Section 3(f) of Executive Order 12866 and is not an economically significant regulatory action.

Regulatory Costs - Executive Order 14192

Executive Order 14192 (Unleashing Prosperity Through Deregulation) requires that any new incremental costs associated with new regulations shall, to the extent permitted by law, be offset by the elimination of existing costs associated with at least 10 prior regulations. This interim final rule reduces regulatory burden because it makes amendments clarifying existing regulations.

Federalism - Executive Order 13132

Executive Order 13132 (Federalism) prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial direct compliance costs on state and local governments and is not required by statute, or the rule preempts state law, unless the agency meets the consultation and funding requirements of section 6 of the Executive Order. This final rule makes clarifying amendments. It does not have federalism implications and does not impose substantial direct compliance costs on state and local governments nor does it preempt state law within the meaning of the Executive Order.

Environmental Impact

In assessing the environmental impact of the HOTMA Voucher Final Rule, HUD prepared a Finding of No Significant Impact (FONSI) in accordance with HUD regulations in 24 CFR part 50 that implement section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)). The FONSI is available online at www.regulations.gov. Accordingly,

under 24 CFR 50.19(c)(4) this notice is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

Regulatory Flexibility Act

The Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) (RFA) generally requires an agency to conduct a regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements, unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. Because HUD has determined that good cause exists to issue this rule without prior public comment, this rule is not subject to the requirement to publish an initial or final regulatory flexibility analysis under the RFA as part of such action.

List of Subjects

24 CFR part 5

Administrative practice and procedure, Aged, Claims, Crime, Government contracts, Grant programs-housing and community development, Individuals with disabilities, Intergovernmental relations, Loan programs-housing and community development, Low and moderate income housing, Mortgage insurance, Penalties, Pets, Public housing, Rent subsidies, Reporting and recordkeeping requirements, Social security, Unemployment compensation, Wages.

24 CFR part 888

Grant programs-housing and community development, rent subsidies.

24 CFR part 903

Administrative practice and procedure, Public housing, Reporting and recordkeeping requirements.

24 CFR part 982

Grant programs-housing and community development, Grant programs-Indians, Indians, Public housing, Rent subsidies, Reporting and recordkeeping requirements.

24 CFR part 983

Grant programs-housing and community development, Low and moderate income housing, Rent subsidies, Reporting and recordkeeping requirements.

24 CFR part 985

Grant programs-housing and community development, Public housing, Rent subsidies, Reporting and recordkeeping requirements.

For the reasons stated in the preamble, HUD amends 24 CFR parts 5, 888, 903, 982, 983, and 985 as follows:

PART 5—GENERAL HUD PROGRAM REQUIREMENTS; WAIVERS

1. The authority for part 5 continues to read as follows:

Authority: 12 U.S.C. 1701x; 42 U.S.C. 1437a, 1437c, 1437f, 1437n, 3535(d); 42 U.S.C. 2000bb *et seq.*; 34 U.S.C. 12471 *et seq.*; Sec. 327, Pub. L. 109–115, 119 Stat. 2396; E.O. 13279, 67 FR 77141, 3 CFR, 2002 Comp., p. 258; E.O. 13559, 75 FR 71319, 3 CFR, 2010 Comp., p. 273; E.O. 14015, 86 FR 10007, 3 CFR, 2021 Comp., p. 517.

2. Amend § 5.100 by revising and republishing the definition of “Responsible entity” to read as follows:

§ 5.100 Definitions.

* * * * *

Responsible entity means:

(1) For the public housing program, the Section 8 tenant-based assistance program (part 982 of this title), the Section 8 project-based voucher program (part 983 of this title), and the Section 8 moderate rehabilitation program (part 882 of this title), the PHA administering the program under an ACC with HUD.

(2) For all other Section 8 programs, the Section 8 project owner.

* * * * *

3. Amend § 5.504 by revising and republishing the definition of “Responsible entity” to read as follows:

§ 5.504 Definitions.

* * * * *

Responsible entity means the person or entity responsible for administering the restrictions on providing assistance to noncitizens with ineligible immigrations status. The entity responsible for administering the restrictions on providing assistance to noncitizens with ineligible immigration status under the various covered programs is as follows:

(1) For the Section 235 Program, the mortgagee.

(2) For Public Housing, the Section 8 tenant-based assistance, the Section 8 project-based voucher, and the Section 8 Moderate Rehabilitation programs, the PHA administering the program under an ACC with HUD.

(3) For all other Section 8 programs, the Section 236 Program, and the Rent Supplement Program, the owner.

* * * * *

PART 888—SECTION 8 HOUSING ASSISTANCE PAYMENTS PROGRAM—FAIR MARKET RENTS AND CONTRACT RENT ANNUAL ADJUSTMENT FACTORS

4. The authority citation for part 888 continues to read as follows:

Authority: 42 U.S.C. 1437f and 3535d.

5. Amend § 888.113 by revising paragraphs (h)(3)(ii) and (4) to read as follows:

§ 888.113 Fair market rents for existing housing: Methodology.

* * * * *

(h) * * *

(3) * * *

(ii) The date that the PHA notified HUD it will use Small Area FMRs for its HCV program, as applicable.

(4) For purposes of this section, the term “effective date” when used in reference to the PHA administrative policy means the effective date of the policy in the PHA Administrative Plan that has been formally adopted by the PHA Board of Commissioners or other authorized PHA officials in accordance with 24 CFR 982.54(a).

* * * * *

PART 903—PUBLIC HOUSING AGENCY PLANS

6. The authority citation for part 903 continues to read as follows:

Authority: 42 U.S.C. 1437c; 42 U.S.C. 1437c-1; Pub. L. 110-289; 42 U.S.C. 3535d.

7. Amend § 903.7 by revising paragraph (b)(3) to read as follows:

§ 903.7 What information must a PHA provide in the Annual Plan?

* * * * *

(b) * * *

(3) *Other admissions policies.* The PHA's admission policies that include any other PHA policies that govern eligibility, selection, and admissions for the public housing (see part 960 of this title), tenant-based assistance (see part 982, subpart E of this title), and project-based assistance (see part 982, subpart E of this title except as provided in § 983.3, and part 983, subpart F) programs. (The information requested on site-based waiting lists and deconcentration is applicable only to public housing.)

* * * * *

PART 982—SECTION 8 TENANT-BASED ASSISTANCE: HOUSING CHOICE VOUCHER PROGRAM

8. The authority citation for part 982 continues to read as follows:

Authority: 42 U.S.C. 1437f and 3535(d).

§ 982.205 [Amended]

9. Amend § 982.205, in paragraphs (a)(2)(i) and (ii), by removing the text “project-based voucher program or moderate rehabilitation”, wherever it appears, and adding, in its place, the

text “project-based voucher program (including any owner-maintained waiting list), or moderate rehabilitation”.

10. Amend § 982.405 by:

a. In paragraph (j)(6)(ii), removing the text “The date by which” and adding, in its place, the text “The number of days after which”; and

b. Adding paragraph (j)(7).

The addition reads as follows:

§ 982.405 PHA unit inspection.

* * * * *

(j) * * *

(7) The owner may not terminate the tenancy of the family due to the withholding or abatement of assistance under this paragraph (j). During the period that assistance is abated, the family may terminate the tenancy by notifying the owner and the PHA. If the family chooses to terminate the tenancy, the HAP contract will automatically terminate on the effective date of the tenancy termination or the date the family vacates the unit, whichever is earlier. The PHA must promptly issue the family its voucher to move.

11. Amend § 982.406 by:

a. In paragraphs (e)(6)(ii), removing the text “The date by which” and adding, in its place, the text “The number of days after which”;

b. Adding paragraph (e)(7);

c. In paragraph (f)(6)(ii), removing the text “The date by which” and adding, in its place, the text “The number of days after which”; and

d. Adding paragraph (f)(7).

The additions read as follows

§ 982.406 Use of alternative inspections.

* * * * *

(e) * * *

(7) The owner may not terminate the tenancy of the family due to the withholding or abatement of assistance under this paragraph (e). During the period that assistance is abated, the family may terminate the tenancy by notifying the owner and the PHA. If the family chooses to terminate the tenancy, the HAP contract will automatically terminate on the effective date of the tenancy termination or the date the family vacates the unit, whichever is earlier. The PHA must promptly issue the family its voucher to move.

* * * * *

(f) * * *

(7) The owner may not terminate the tenancy of the family due to the withholding or abatement of assistance under this paragraph (f). During the period that assistance is abated, the family may terminate the tenancy by notifying the owner and the PHA. If the family chooses to terminate the tenancy, the HAP contract will automatically terminate on the effective date of the tenancy termination or the date the family vacates the unit, whichever is earlier. The PHA must promptly issue the family its voucher to move.

* * * * *

§ 982.516 [Amended]

12. Amend § 982.516 by redesignating paragraphs (f)(i) and (ii) as paragraphs (f)(1) and (2).

PART 983—PROJECT-BASED VOUCHER (PBV) PROGRAM

13. The authority citation for part 983 continues to read as follows:

Authority: 42 U.S.C. 1437f and 3535(d).

14. In § 983.3, amend paragraph (b) by:

a. Revising the definition of “Independent entity”;

b. In the definition of “Newly constructed housing”, removing the text “after the date of selection for” and adding, in its place, the text “after the proposal or project selection date for”; and

c. Revising the introductory text of the definition of “Substantial improvement”.

The revisions read as follows:

§ 983.3 PBV definitions.

* * * * *

(b) * * *

Independent entity. See 24 CFR 982.4.

* * * * *

Substantial improvement. One of the following activities undertaken at a time beginning from the proposal submission date (for projects subject to competitive selection) or from the project selection date (for projects excepted from competitive selection), or undertaken during the term of the PBV HAP contract, except that development activity performed for rehabilitated housing or newly constructed housing shall not also qualify as substantial improvement:

* * * * *

§ 983.51 [Amended]

15. Amend § 983.51 by:

a. Adding the word “and” after the semicolon at the end of paragraph (e)(2)(ii);

b. In paragraph (f)(4), removing the text “project or proposal” wherever it appears, and adding, in its place, the text “proposal and project”, and removing the citation to “983.56(c)” and adding, in its place, a citation to “§ 983.56(c)”;

c. In the first sentence of paragraph (h), removing the text “project” wherever it appears, and adding, in its place, the text “proposal or project”;

d. In paragraph (i), removing the text “proposal”, and adding, in its place, the text “proposal or project”;

e. In paragraph (j), removing the text “projects or owners” in the first sentence and adding, in its place, the text “proposals, projects, or owners”, and removing the text “owner proposal” in the second sentence and adding, in its place, the text “proposal or project”; and

f. In paragraph (k), removing the text “project” and adding, in its place, the text “proposal or project”.

16. Amend § 983.59 by revising paragraph (b)(1)(iii), removing the word “or” after the semicolon at the end of paragraph (b)(2)(ii), and revising paragraph (b)(2)(iii)(C) to read as follows:

§ 983.59 Units excluded from program cap and project cap.

* * * * *

(b) * * *

(1) * * *

(iii) Housing for the Elderly (Section 202 of the Housing Act of 1959);

* * * * *

(2) * * *

(iii) * * *

(C) Housing for the Elderly (Section 202 of the Housing Act of 1959);

* * * * *

17. Amend § 983.103 by:

a. Revising the second sentence of paragraph (c)(2)(vi), the last sentence of paragraph (c)(3)(ii), and the second sentence of paragraph (c)(3)(iii);

b. In paragraph (c)(3)(v), adding a sentence after the first sentence;

c. In paragraph (c)(3)(vi), removing the text “the date by which” and adding, in its place, the text “the number of days after which”; and

d. Revising the second sentence of paragraph (c)(3)(viii), heading of paragraph (c)(4), paragraph (c)(4)(i), the first sentence of paragraph (c)(4)(ii), paragraph (c)(4)(iii), the last sentence of paragraph (c)(4)(iv), the third and fourth sentences of paragraph (c)(4)(v), and the first sentence of paragraph (c)(4)(vi) introductory text.

The revisions and addition read as follows:

§ 983.103 Inspecting units.

* * * * *

(c) * * *

(2) * * *

(vi) * * * During the period the assistance is abated, a family may terminate the tenancy by notifying the owner and the PHA, and the PHA must provide the family tenant-based assistance. * * *

(3) * * *

(ii) * * * A family referred from the waiting list may decline to accept an offered unit due to unit conditions and remain on the waiting list.

(iii) * * * If the family reports a deficiency to the PHA prior to the PHA's inspection, the PHA must inspect the unit within the time period required under paragraph (f) of this section or within 30 days of the proposal or project selection date, whichever time period ends first.

* * * * *

(v) * * * The PHA must not refer families from the PBV waiting list to occupy units with deficiencies. * * *

* * * * *

(viii) * * * During the period the assistance is abated, a family may terminate the tenancy by notifying the owner, and the PHA must provide the family tenant-based assistance. * * *

(4) *Initial inspection—use of both the NLT and alternative inspection options.* * * *

(i) If the owner agrees to both the NLT option and the alternative inspection option, then the PHA notifies all families (any eligible in-place family (§ 983.251(d)) or any family referred from the PBV waiting list that will occupy the unit before the PHA conducts the HQS inspection) that both the NLT option and the alternative inspection option will be used for the family's unit. As part of this notification, the PHA must provide the family with the PHA's list of HQS deficiencies that are considered life-threatening. A family referred from the waiting list may decline to move into a unit due to unit conditions and remain on the waiting list. Following inspection (see paragraph (c)(4)(ii) of this section), the PHA must provide any family referred from the PBV waiting list that will occupy a unit with non-life-threatening deficiencies a list of the non-life-threatening deficiencies identified by the initial HQS inspection and an explanation of the maximum amount of time the PHA will withhold HAP before abating assistance if the owner does not complete the repairs within 30 days. The PHA must also inform the family that if the family accepts the unit and the owner fails to make the repairs within the cure period, which may not exceed 180 days from the effective date of the HAP contract, the PHA will remove the unit from the HAP contract, and the family will be issued a voucher to move to another unit in order to receive voucher assistance. If the PHA's Administrative Plan provides that the PHA will terminate the PBV HAP contract if the owner fails to correct deficiencies in any unit in the project within the cure period, then, following inspection, the PHA must also provide the notice described in this paragraph to families referred to units without any deficiencies. The family referred from the waiting list may choose to decline the unit and remain on the waiting list.

(ii) The PHA executes the HAP contract with the owner on the basis of an inspection in the previous 24 months using an alternative inspection that meets the requirements of 24 CFR 982.406. * * *

(iii) The PHA may not commence housing assistance payments to the owner until the PHA has inspected all the units under the HAP contract.

(iv) * * * Once the deficiencies are corrected, the PHA must use the withheld housing assistance payments to make payments for the period that payments were withheld.

(v) * * * The owner must correct all life-threatening deficiencies within no more than 24 hours of notification from the PHA. For other deficiencies, the owner must correct the deficiency within no more than 30 calendar days (or any PHA-approved extension) of notification from the PHA. * * *

(vi) The owner may not terminate the tenancy of a family because of the withholding or abatement of assistance payments. * * *

* * * * *

§ 983.153 [Amended]

18. In § 983.153, amend paragraph (c)(1) by removing the citation “983.157(a)” and adding in its place the citation “983.157(b)(2)”.

§ 983.204 [Amended]

19. In § 983.204, amend paragraph (b) by removing the text “owner proposal” and adding, in its place, the text “proposal or project”.

§ 983.206 [Amended]

20. In § 983.206, amend paragraph (b)(3) by removing the text “tenant-based utilities” and adding, in its place, the text “tenant-paid utilities”.

21. Amend § 983.208 by:

a. Revising the heading of paragraph (a).

b. In paragraph (d)(3), removing the text “the owner” and adding, in its place, the text “the owner and the PHA”.

§ 983.208 Condition of contract units.

(a) *Owner maintenance and operation.* * * *

* * * * *

22. Amend § 983.212 by:

a. Revising the introductory text of paragraph (a);

b. In paragraph (a)(3)(iii)(C), removing the text “in the case of an absolute” and adding, in its place, the text “in the case of an owner-maintained waiting list, must place the family on the PBV waiting list with an absolute”; and

c. In paragraph (a)(4), removing the reference to “(b)(1)” and adding, in its place, a reference to “(b)(6)”.

The revision reads as follows:

§ 983.212 Substantial improvement to units under a HAP contract.

(a) *Substantial improvement to units under a HAP contract.* The owner may undertake substantial improvement on a unit currently under a HAP contract if approved to do so by the PHA. The owner may request PHA approval no earlier than the effective date of the HAP contract. (All work occurring on a unit in a project that is under a HAP contract subject to a rider in accordance with § 983.157 is development activity and is not subject to this section.) The following conditions apply:

* * * * *

§ 983.260 [Amended]

23. In § 983.260, amend the introductory text of paragraph (c)(1) by removing the text “voucher program” and adding, in its place, the text “voucher program in accordance with paragraph (b)(1) of this section”.

§ 983.262 [Amended]

24. In § 983.262, amend paragraph (d)(3)(iii) by removing the reference to “paragraph (c)(2) of this section” and adding, in its place, a reference to “paragraph (d)(3)(ii) of this section”.

PART 985—SECTION 8 MANAGEMENT ASSESSMENT PROGRAM (SEMAP) AND SMALL RURAL PHA ASSESSMENTS

25. The authority citation for part 985 continues to read as follows:

Authority: 42 U.S.C. 1437a, 1437c, 1437f, 1437z-10, and 3535(d).

§ 985.3 Indicators, HUD verification methods and ratings.

26. In § 985.3, amend the second paragraph of the undesignated introductory text by removing the reference to “2 CFR Subpart F” and adding, in its place, a reference to “2 CFR part 200, subpart F”.

Andrew Hughes,
Deputy Secretary.

[FR Doc. 2025-22157 Filed: 12/5/2025 8:45 am; Publication Date: 12/8/2025]