

DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT

**Notice of Adoption of Amendments to Rules Governing the Neighborhood
Redevelopment Program**

NOTICE IS HEREBY GIVEN PURSUANT TO THE AUTHORITY VESTED IN THE Commissioner of the Department of Housing Preservation and Development by §1802 of the New York City Charter, § 405(1-c) of the Private Housing Finance Law and § 696-a(2) of the General Municipal Law, and in accordance with the requirements of § 1043 of the New York City Charter that the Department of Housing Preservation and Development is adopting amendments to the rules for the Neighborhood Redevelopment Program. A public hearing was held on October 16, 2001.

Material to be added is underlined. Material to be deleted is in [brackets].

Section one. Chapter 30 of Title 28 of the Rules of the City of New York is amended to read as follows:

Chapter 30
Neighborhood Redevelopment Program

§30-01 Definitions.

Administrative Code. "Administrative Code" shall mean the Administrative Code of the City.

Building. "Building" shall mean any [residential] multiple dwelling which is occupied by [tenants] Tenants and (prior to [disposition] Disposition) owned by the City, including any vacant land adjacent thereto, which is or may be the subject of a [project] Project.

City. "City" shall mean the City of New York.

Commissioner. "Commissioner" shall mean the Commissioner of HPD or his or her designee.

DHCR. "DHCR" shall mean the State of New York [State] Division of Housing and Community Renewal.

Disposition. "Disposition" shall mean the [sale of a building] date of title transfer of a Building from the City to a [sponsor] Sponsor.

Final Selection. "Final [selection] Selection" shall mean a decision by HPD to select a [building] Building for the [program] Program.

FMR. "FMR" shall mean the [Fair Market Rent] fair market rent set by the [section] Section 8 program or any other successor program of the United States Department of Housing and Urban Development.

Housing Maintenance Code. "Housing Maintenance Code" shall mean chapter 2 of Title 27 of the Administrative Code.

HPD. "HPD" shall mean the Department of Housing Preservation and Development of the City, or its designee.

Intake Rent. "Intake Rent" shall mean the rent set by HPD which takes effect after [project commencement] Project Commencement.

Interim Payment Agreement. "Interim [payment agreement] Payment Agreement" shall mean an agreement entered into between HPD, [sponsor] the Sponsor and a [tenant] Tenant eligible for rental assistance to temporarily accept less than the full rent from the [tenant] Tenant prior to the provision of rental assistance.

Laws. "Laws" shall mean any and all applicable laws, ordinances, orders, rules and regulations.

Lessee. "Lessee" shall mean the [sponsor] Sponsor during the period between [final selection] Project Commencement and [disposition] Disposition if HPD and [sponsor] Sponsor enter into a temporary lease of the [building] Building.

Post-Rehabilitation Rent. “Post-[rehabilitation rent] Rehabilitation Rent” shall mean the rent set by HPD which takes effect after [substantial completion] Substantial Completion.

Preliminary Selection. “Preliminary Selection” shall mean a preliminary determination by HPD to select a Building for the Program.

Program. “Program” shall mean the Neighborhood Redevelopment Program.

Project. “Project” shall mean a project in the [program] Program.

Project Activity. “Project [activity] Activity” shall mean any activity performed or required to be performed by the [sponsor] Sponsor in connection with a [project] Project.

Project Commencement. “Project [commencement] Commencement” shall mean the date the [project] Project has commenced, as set forth in the notice described in §30-04(e).

Qualified Not-For-Profit Corporation. “Qualified Not-For-Profit Corporation” [(“Qualified NFP”)] shall mean a not-for-profit entity selected by HPD to participate in the [program] Program.

Rehabilitation. “Rehabilitation” shall mean the installation, replacement, or repair of one or more [b]Building systems or the correction of inadequate, unsafe, or insanitary conditions.

Rules. “Rules” shall mean the [Rules] rules set forth in this [subchapter] chapter.

Sponsor. “Sponsor” shall mean the entity selected by HPD to lease, own and/or develop the [project] Project, and any entity substantially controlled by such Sponsor.

Subsidy. “Subsidy” shall mean a loan or a grant made by HPD to a [sponsor] Sponsor for [project activities] Project Activities.

Substantial Completion. “Substantial [completion] Completion” shall mean [when] the date on which HPD [or its designee] certifies that (a) construction work comprising at least 95 percent of the approved [rehabilitation] Rehabilitation cost has been satisfactorily completed, and (b) all work required to remove [New York City] Housing Maintenance Code violations which were of record before the [rehabilitation] Rehabilitation of the [building] Building and were then classified as “B” and “C” has been completed.

Tenants. “Tenants” shall mean [authorized] residential tenants of record[. Occupants such as squatters and licensees are not tenants] occupying a dwelling unit in a Building. Other residential occupants, such as squatters and licensees, are not Tenants. Non-residential tenants or occupants, such as those who occupy space in a Building for retail, commercial, manufacturing, or community facility purposes, are not Tenants.

§30-02 General.

(a) Coverage. These [rules] Rules govern the procedures for: selecting [buildings] Buildings for the [program] Program, selecting [sponsors] Sponsors for the [program] Program, providing [subsidies] Subsidies for [projects] Projects, [project] Project operation, determination and establishment of rents, and providing notices to [tenants] Tenants. Buildings in the [program] Program shall be subject to these [rules] Rules.

(b) Program [description] Description. Under the [program] Program, [buildings] titles to Buildings will be conveyed to [sponsors] Sponsors who will thereafter be responsible for the [rehabilitation] Rehabilitation of such [buildings] Buildings. Sale of the [buildings is anticipated to] Buildings will be pursuant to applicable [laws] Laws and each [disposition] Disposition will require approval of the Mayor and the City Council, acting in their respective capacities pursuant to such Laws.

§30-03 Selection of Sponsors.

HPD may select a [sponsor] Sponsor for a [project] Project by any method which it determines will best [meet] further the purposes of the [program] Program, including, without limitation, pursuant to a request for qualifications process, pursuant to a request for proposals process, selection from a pre-qualified list or, in the discretion of HPD, by a direct designation of an entity judged by HPD to be suitable for the task. HPD, in selecting a [sponsor] Sponsor, may consider any relevant factors, including, but not limited to: (i) the [sponsor's] Sponsor's prior record in other City housing programs; (ii) the [sponsor's] Sponsor's prior selection by the City as a developer in another program; (iii) the [sponsor's] Sponsor's record as a property owner, developer or manager; (iv) the [sponsor's] Sponsor's relevant experience in and knowledge of the neighborhood where the [project] Project is located, and (v) any relevant written comments by [tenants] Tenants. It is intended that the [sponsor] Sponsor will be a [qualified NFP, unless HPD finds it is in the City's best interest to do otherwise] Qualified Not-For-Profit Corporation.

§30-04 Selection of Buildings, Tenant Notification.

(a) Eligible Buildings. HPD may select [buildings] Buildings for the [program] Program if:

- (1) Rehabilitation of the [building] Building is technically and financially feasible;
- (2) The [tenants of the building have not applied to or, if they have applied, have] Building has not been accepted into another HPD disposition program.

(b) Notice of [preliminary selection] Preliminary Selection. After HPD has found a [building] Building to be eligible pursuant to subdivision (a) of this section and has preliminarily selected the [building] Building for the [program] Program, HPD shall provide all [tenants] Tenants of the [building] Building with a document containing the following:

- (1) A statement that HPD is considering placing the [building] Building in the [program] Program;
- (2) A description of the [program] Program;
- (3) A statement that an [intake rent] Intake Rent will be set;

(4) A statement that the [building] Building may be eligible for other HPD programs and the name, address and phone number of an HPD employee who may provide information on how to apply for such other programs; [and]

(5) The name of the [sponsor] Sponsor selected by HPD to develop the [project.] Project; and

(6) A statement that the [building] Building will remain in the [program] Program unless accepted into another HPD program.

(c) Tenant [meeting] Meeting. HPD shall hold a [tenant] Tenant meeting prior to making a [final selection] Final Selection, giving [reasonable prior] notice to [tenants] Tenants at least two business days prior to such meeting.

(d) Notice of [final selection] Final Selection. No sooner than thirty (30) days after the [p]Preliminary [s]Selection, HPD shall notify the [tenants] Tenants of a Building [that the building has been selected] of the Final Selection of the Building for the [program] Program. [Within sixty (60)] No later than ninety (90) days [of] after the notice of [final selection] Final Selection, the [tenants] Tenants of a [building] Building selected for the [program] Program may apply for any other HPD disposition program that accepts applications from Tenants.

(e) Notice of [project commencement] Project Commencement. No sooner than [sixty (60)] ninety (90) days after the notice of [final selection] Final Selection, HPD shall notify the [tenants] Tenants of a [building] Building that the [project] Project has commenced, unless the [tenants] Tenants have applied for another HPD disposition program that accepts applications from Tenants within such time period. If the [tenants] Tenants have applied for another HPD disposition program that accepts applications from Tenants within such time period and have been rejected from such program, then, immediately after the later of such rejection or [sixty (60)] ninety (90) days after the notice of [final selection] Final Selection, HPD shall notify such [tenants] Tenants that the [project] Project has commenced.

(f) Notice of [intake rent] Intake Rent. Either at the time of the notice of [project commencement] Project Commencement or thereafter, HPD shall notify each [tenant] Tenant of the [intake rent] Intake Rent and the date it becomes effective, which effective date shall be not less than thirty (30) days after the date of the notice of [intake rent] Intake Rent, and shall, in accordance with section 30-09 of these Rules, provide information on rental assistance which may be available to [tenants] Tenants and the procedures to apply for such assistance.

§30-05 Subsidy.

(a) Eligible [costs] Costs. Subject to the limitations set forth in applicable [laws] Laws, a [subsidy] Subsidy may be made in such amounts as may be required for [project activities] Project Activities.

(b) Commitment [letter] Letter. HPD may state [subsidy] Subsidy terms in a commitment letter signed by the [HPD commissioner or his or her designee] Commissioner. Such commitment letter, if any, may contain such terms as HPD may deem necessary or desirable in order to effectuate the purposes of these [rules] Rules and to protect the City's interests. The provision of the [subsidy] Subsidy shall be made subject to satisfaction of all the terms and conditions contained in such commitment letter.

§30-06 Rent Setting.

(a) Establishment of Intake [rents] Rents. HPD shall from time to time on a program-wide basis establish [an intake rent] Intake Rents for all dwelling units [in a building] Buildings selected for the Program based upon a minimum rent level per zoning room [rent level] based on operating costs in similar [buildings] Buildings. The [intake rent] Intake Rent and the rationale therefore shall be kept on file by HPD and be available for public inspection. HPD shall provide notice of [intake rent] Intake Rent pursuant to §30-04(f).

(b) Pre-commitment meeting. After the notice of [project commencement] Project Commencement pursuant to §30-04(e), and prior to the issuance of a [loan] commitment letter containing the terms and conditions for a Subsidy, HPD shall send a notice informing the [tenants] Tenants of the time and place of a meeting to discuss the [program] Program at least two business days prior to such meeting. A representative of HPD shall attend such meeting.

(c) Projection of Post-[rehabilitation rents] Rehabilitation Rents. HPD shall determine a rent for each dwelling unit in the [building] Building to take effect upon [substantial completion] Substantial Completion. The [post-rehabilitation rent] Post-Rehabilitation Rent per occupied dwelling unit [shall] may be based upon the Tenants' income or may reflect the expenses for the [building] Building as projected by HPD less the effective annual net commercial income, if any. If the Post-Rehabilitation Rent reflects the Building's expenses, HPD shall project the annual maintenance and operating expenses for the [building] Building after [substantial completion] Substantial Completion, including allowances for vacancies and debt service coverage. The expenses shall be projected by HPD based on its experience and knowledge of the operation of similar buildings. For those apartments which are vacant at the time of the sending of the notice of [substantial completion] Substantial Completion pursuant to subdivision (h) of this section, HPD shall set [post-rehabilitation rents] Post-Rehabilitation Rents at no greater than one hundred and ten percent (110%) of the FMR for the area in which the [building] Building is located.

(d) Pre-[disposition notice] Disposition Notice. Following the pre-commitment meeting held pursuant to subdivision (b) of this section, and not less than thirty (30) days prior to [disposition] Disposition, HPD shall send a notice which shall

(1) inform each [tenant] Tenant of the contemplated [rehabilitation] Rehabilitation which will be performed in the [project] Project;

(2) advise [them] each Tenant of the expected rental increase to result from the [rehabilitation] Rehabilitation which will take effect after [substantial completion] Substantial Completion (i.e., the [post-rehabilitation rent] Post-Rehabilitation Rent);

(3) provide information on rental assistance which may be available to the [tenant] Tenant and the procedures to apply for such assistance in accordance with section 30-09 of these Rules;

(4) apprise [them] each Tenant of [their] such Tenant's right to submit written comments; and

(5) advise [them] each Tenant that where relocation during [rehabilitation] Rehabilitation is necessary, HPD will use its best efforts to minimize inconvenience to affected [tenants] Tenants.

(e) [Establishment] Implementation of [intake rent] Intake Rent. Commencing no earlier than the date set forth in the notice of [intake rent] Intake Rent sent pursuant to §30-04(f) , HPD shall charge the [intake rent] Intake Rent, except that rents for [tenants] Tenants whose rents at such time are greater than the [intake rent] Intake Rent shall not be decreased.

(f) Registration of [rent] Rent. Not less than thirty (30) days after [disposition, sponsor] Disposition, Sponsor shall register with DHCR the rent charged to each [tenant] Tenant in the [building] Building at the time of [disposition] Disposition. Leases shall contain a provision satisfactory to HPD [giving] requiring notice to the [tenant] Tenant of the subsequent establishment of the [post-rehabilitation rent] Post-Rehabilitation Rent.

(g) Increase in [costs] Projected Post-Rehabilitation Rents. If [HPD approves additional rehabilitation, or if] the Post-Rehabilitation Rents established by HPD pursuant to subdivision (c) of this section reflect the Building's expenses, and HPD determines that its projection of maintenance and operating costs must be increased based on unforeseen changes in the circumstances and factors which formed the basis of the original projection, including, but not limited to, unexpected increases in fuel or utility costs, HPD shall notify [tenants] Tenants of the amount of the expected rent increase over and above the [post-rehabilitation rent] Post-Rehabilitation Rent set forth in the [pre-disposition] pre-Disposition notice sent pursuant to subdivision (d) of this section.

[(1) HPD may approve additional rehabilitation which exceeds the original scope of work and which will result in an additional increase of rent charged to tenants (over and above the post-rehabilitation rent set forth in the pre-disposition notice) only if HPD or its designee finds that the additional rehabilitation is necessary to preserve the structural integrity of the building or the integrity of one or more major building systems. HPD shall notify tenants of such additional work in the notice of substantial completion sent pursuant to subdivision (h) of this section.]

[(2) HPD may determine that its projection of maintenance and operating costs must be increased, based on unusual, substantial and unforeseen changes in the circumstances and factors which formed the basis of the original projection, including, but not limited to, substantial and unexpected increases in fuel or utility costs.]

(h) Notice of [substantial completion] Substantial Completion. Following [substantial completion] Substantial Completion, HPD shall send a notice to each [tenant] Tenant that the [rehabilitation] Rehabilitation is substantially complete and that [their] the Tenant's rent will be increased to the [post-rehabilitation rent] Post-Rehabilitation Rent in not less than sixty (60) days. Such notice shall state that the [tenant] Tenant has an opportunity to comment regarding the quality of [rehabilitation] Rehabilitation. Such notice shall also include the amount of the [post-rehabilitation rent] Post-Rehabilitation Rent, its effective date, and provide information on rental assistance which may be available to the [tenant] Tenant and the procedures to apply for such assistance in accordance with section 30-09 of these Rules. Prior to the establishment of [post-rehabilitation rents] Post-Rehabilitation Rents, HPD shall give due consideration to [tenant] Tenant comments regarding the quality of the [rehabilitation] Rehabilitation.

(i) [Establishment of post-rehabilitation rents] Implementation and Registration of Post-Rehabilitation Rents. Not less than sixty (60) days after the sending of the notice of [substantial completion] Substantial Completion pursuant to subdivision (h) of this section, HPD shall complete and sign a rent order, and shall mail such order to the [tenant] Tenant with a copy to the [sponsor] Sponsor. The rent set forth on each rent order shall be the [post-rehabilitation rent] Post-Rehabilitation Rent for such apartment as was determined in accordance with subdivision (c) of this section and as set forth in the [pre-disposition] pre-Disposition notice or as adjusted pursuant to subdivision (g) of this section. If an apartment is vacant at the time of establishment of rents, the rent order shall be mailed to the [sponsor] Sponsor. Immediately upon receipt of the rent order or a copy thereof, the [sponsor] Sponsor shall register the [post-rehabilitation rent] Post-Rehabilitation Rent for each [tenant] Tenant in the [building] Building with DHCR.

(j) Two year leases. The [sponsor] Sponsor must offer two year leases to all [tenants] Tenants upon [substantial completion] Substantial Completion.

§30-07 Project Operation Prior to Disposition if HPD Temporarily Leases the Building to the Sponsor.

(a) Lease. Prior to Disposition, HPD may temporarily lease the [building] Building to [the sponsor (for purposes of this section only, referred to as "lessee")] a Lessee pursuant to the terms of a written lease.

(b) Tenant selection policy. Lessee shall rent vacant apartments only to low and/or moderate income [t] Tenants as defined by HPD and in accordance with HPD guidelines. HPD may also, in the public interest, require that other persons, determined by HPD to be in need of housing, receive priority in the renting of apartments. HPD may require that rentals be pre-approved by HPD, that specified lists of eligible persons be used, or may direct any other [t] Tenant selection method be used.

(c) Successor [tenants] Tenants. [Successor] Persons claiming to be successor [t] Tenants, if any, prior to a unit entering rent stabilization, are subject to the rules set forth in Chapter 24 of Title 28 of the Rules of the City of New York.

(d) Interim [payment agreement] Payment Agreement. HPD may require the [lessee] Lessee to enter into one or more [interim payment agreements] Interim Payment Agreements in accordance with section 30-09 of these Rules.

(e) Limitation on [collection of arrears] Collection of Arrears. At such time as a [tenant] Tenant is one month or more in arrears on the payment of rent to [lessee, lessee] Lessee, Lessee may commence a proceeding for such rent arrears and/or for possession of the apartment. Lessee may not sue for arrears which accrued more than three (3) months prior to the commencement of the lease for the [building] Building.

(f) Vacancy [rents] Rents. Rents for vacant apartments shall be set by [lessee] Lessee, subject to HPD approval. [The rents set shall be no higher than the FMR for apartments of equivalent size and no lower than the intake rent.]

(g) Commencement of [legal proceedings] Legal Proceedings. Lessee may commence legal proceedings [without the prior approval of HPD, except where Title 28, Chapter 21], including eviction proceedings for failure to pay rent in accordance with §21-23(c) of [the Rules

of the City of New York specifically provides otherwise with respect to persons receiving a shelter allowance] chapter 21 of this title, with the prior approval of HPD.

(h) Tenant [complaints] Complaints.

(1) Complaints shall, in the first instance, be directed to [lessee] Lessee.

(2) Tenants shall have the right to file written complaints with HPD staff [in the event tenant] if a Tenant deems [lessee's] Lessee's response to be inadequate or unsatisfactory.

§30-08 Project Operation After Disposition.

[(a) Rental assistance. HPD shall make available to eligible tenants such rental subsidy programs as it may have at its disposal, consistent with the requirements of such programs and with federal, state, City, and HPD allocations thereof.]

[(b)] (a) Regulatory [agreement] Agreement. A [sponsor] Sponsor may be required to execute a regulatory agreement with HPD as a condition for the [project] Project. The regulatory agreement shall be recorded and shall run with the land for the period set forth therein. The regulatory agreement shall require the [sponsor] Sponsor and all of [sponsor's] Sponsor's successors and assigns to comply with [project] Project requirements.

[(c)] (b) Use [restrictions] Restrictions. HPD may impose restrictions upon the use of a [building] Building and may require [sponsor] Sponsor to agree to comply with such restrictions as a condition for [receiving any disposition] Disposition or [subsidy] Subsidy. Such use restrictions may be enforced by any means which HPD determines to be necessary or appropriate, including, but not limited to, provisions in any deed, land disposition agreement, regulatory agreement, note, mortgage, security agreement, lien, restrictive declaration, or other legal document. HPD may require a [s] Sponsor to provide security for its compliance with use restrictions in such types and amounts as are determined by HPD to be necessary or desirable. Such types of security may include, but shall not be limited to, surety bonds, letters of credit, or cash.

§30-09 Rental Assistance.

(a) HPD will assist eligible Tenants in applying for existing rental assistance programs during the period of the Building's participation in the Program. HPD will provide Tenants with applications for section 8 of the United States Housing Act of 1973, as amended, and senior citizen rent increase exemptions, advise Tenants which rental assistance program is most suitable for their individual needs and assist Tenants in completing rental assistance applications.

(b) Each Tenant who applies for rental assistance is solely responsible for supplying all required documentation and materials necessary to process an application: i.e., attending required interviews, providing the necessary income certification and complying with all procedures to process an application.

(c) HPD shall review all applications for rental assistance and make a preliminary determination of a Tenant's eligibility within sixty (60) days of receipt of a completed application. HPD shall promptly notify the Sponsor of all applicants for rental assistance and shall forward to the Sponsor copies of the applications, letters granting or denying rental assistance, Interim Payment Agreements entered into, and letters extending or terminating Interim Payment Agreements. Upon a finding of preliminary eligibility, HPD will provide the Tenant with an Interim Payment Agreement, which shall be signed by the Sponsor, the Tenant and HPD before it becomes effective. This Interim Payment Agreement shall include:

(1) the amount of the increased rent for the apartment;

(2) the amount of rent that the Tenant must pay pending the final eligibility determination of the rental assistance application (as such amount is determined in accordance with subdivision (d) of this section);

(3) a statement of the grounds for termination pursuant to subdivision (e) of this section; and

(4) notice to the Tenant that s(he) remains liable for the full amount of the rent retroactive to the effective date of the increase if, at any time, the rental assistance application is denied by HPD or the Interim Payment Agreement is terminated pursuant to paragraphs one, three or four of subdivision (e) of this section, provided, however, that if the Interim Payment Agreement is terminated pursuant to paragraph one of subdivision (e) of this section, the Tenant shall not be liable for the full amount of the rent increase retroactive to its effective date if s(he) notifies HPD within thirty (30) days of any change in household income which renders the Tenant ineligible for rental assistance.

(d) A Tenant who receives an Interim Payment Agreement will be required to pay the greater of (1) the amount set forth in the Interim Payment Agreement, which is the amount that s(he) would pay on a monthly basis if the rental assistance application is approved, or (2) the rent charged prior to implementation of the rent increase.

(e) The Interim Payment Agreement will terminate one year after the date of issuance or upon the earlier occurrence of any of the following:

(1) any change in the Tenant's household income which renders the Tenant ineligible for rental assistance; or

(2) any change in the rent charged by the City; or

(3) failure by the Tenant to comply with any of the requirements necessary to process the application for rental assistance; or

(4) failure by the Tenant to pay, within thirty (30) days of the date due, the rent payable under the Interim Payment Agreement pursuant to subdivision (d) of this

section, unless payment of such rent is being withheld for lack of services which the Tenant has given written notice of to the Sponsor; or

(5) receipt by Tenant of rental assistance pursuant to a rental assistance application filed in accordance with this section.

(f) HPD will permit any Tenant who has applied for rental assistance in accordance with subdivision (b) of this section and who has not been provided with an Interim Payment Agreement pursuant to subdivision (c) of this section, to pay a rent increase in stages of \$10.00 per room per quarter.

§ 30-10 Miscellaneous Provisions.

(a) HPD [discretion] Discretion. All determinations to be made by HPD in accordance with these [rules] Rules shall be in the sole discretion of HPD.

(b) Statutory [authority not limited] Authority not Limited. Nothing in these [rules] Rules shall be deemed to limit HPD's authority pursuant to applicable [laws] Laws.

(c) Method of [notification] Notification. Unless otherwise provided herein, notification shall be in English and Spanish, and shall either be posted in a common area of the [building] Building and affixed to or placed under each apartment door of the [building] Building, or mailed to every apartment in the [building] Building, as determined by HPD.

(d) Technical [violations] Violations. Provided that there has been a good faith effort to comply with these [rules] Rules, technical violations of these [rules] Rules shall not invalidate any action taken pursuant to these [rules] Rules, nor shall such technical violations give rise to any rights, claims, or causes of action. The Commissioner, upon good cause shown, may alter the timing or sequence of the actions described in these [rules] Rules, provided all affected parties are given reasonable notice.

(e) Funding Source Requirements. Notwithstanding any provision of these Rules to the contrary, if the requirements of any funding source for a Project conflict with the requirements of these Rules, the requirements of the funding source shall govern.

Statement of Basis and Purpose. The proposed amendments to the rules alter the provisions regarding the timing of notification to the tenants of the selection of their building for the program and project commencement. They also amend the rent setting provisions by providing an alternative which authorizes utilization of tenants' income as a basis for post-rehabilitation rents, and establish that conflicting requirements of any funding sources (e.g., federal low income housing tax credit program, federal Section 8 program or federal HOME Investments Partnership Act program) will supersede the rules. The amendments spell out the process by which tenants may obtain rental assistance. Additionally, the proposed amendments make certain technical changes, such as the capitalization of defined terms.

January 7, 2002

Jerilyn Perine
Commissioner