housing for very low-income families and other low-income families using tenant-based assistance. The number of units eligible for this form of substitution within the 10 percent limit will be estimated at the beginning of each fiscal year, taking into consideration the aggregate number of subsidized project units disposed of by HUD in the immediately preceding fiscal year and the disposition activity planned for the current fiscal year.

(c) Additional actions under subpart H. Instead of, or in addition to, providing project-based Section 8 assistance in the disposition of a subsidized project as required under § 290.54(a), HUD may make use of the additional actions to facilitate the disposition of multifamily housing projects permitted in subpart H of this part.

Subpart G—Unsubsidized Projects— Basic and Alternative Actions to Facilitate Disposition

§ 290.64 What are the basic actions that may be taken in the disposition of an unsubsidized project?

The basic assistance that HUD will provide and the basic restrictions HUD will require in the disposition of an unsubsidized project depend upon the profile of the project's units and tenants, as follows:

- (a) Assisted units—provision of project-based Section 8 assistance. Except as noted in § 290.66, and to the extent budget authority is available, HUD will provide project-based Section 8 assistance for all of an unsubsidized project's units that were covered, before acquisition or foreclosure, by an assistance contract under:
- (1) The new construction and substantial rehabilitation program under section 8(b)(2) of the United States Housing Act of 1937 (the 1937 Act) (as in effect before October 1, 1983);
- (2) The property disposition program under section 8(b) of the 1937 Act;
- (3) The project-based certificate program under section 8 of the 1937 Act:
- (4) The moderate rehabilitation program under section 8(e)(2) of the 1937 Act;
- (5) Section 23 of the 1937 Act (as in effect before January 1, 1975);
- (6) The rent supplement program under section 101 of the Housing and Urban Development Act of 1965; or
- (7) Section 8 of the 1937 Act, following conversion from assistance under section 101 of the Housing and Urban Development Act of 1965.
- (b) LMSA-assisted units—provision of tenant-based section 8 assistance. HUD

will provide tenant-based Section 8 assistance for families that are preexisting tenants of unsubsidized projects in units that, immediately before foreclosure or acquisition of the project by HUD, were covered by an assistance contract under the loan management set-aside program under section 8(b) of the United States Housing Act of 1937.

§ 290.66 What alternatives to the basic actions are available in the disposition of unsubsidized projects?

In disposing of an unsubsidized project, HUD may take the following alternative actions instead of the basic actions listed in § 290.64:

(a) Substitution of tenant-based Section 8 assistance to low-income families instead of project-based assistance to units. Instead of providing project-based Section 8 assistance as required under § 290.64, HUD may enter into annual contribution contracts with public housing agencies to provide tenant-based Section 8 assistance to all low-income families who reside, on the date that the project is acquired by a purchaser other than HUD, in units eligible for the project-based Section 8 assistance under § 290.64. Tenant-based Section 8 assistance may be used in this way as a substitute for project-based Section 8 assistance only if HUD determines that there is available in the market area in which the project is located an adequate supply of habitable, affordable housing for very low-income families and other low-income families using tenant-based assistance.

(b) Additional actions under subpart H. Instead of, or in addition to, providing project-based Section 8 assistance in the disposition of an unsubsidized project as required under § 290.64, HUD may make use of the additional assistance and restrictions for the disposition of multifamily housing projects permitted in subpart H of this part.

Subpart H—All Multifamily Housing Projects—Additional Actions to Facilitate Disposition

§ 290.70 What guidelines will HUD apply in determining which additional actions to take in the disposition of a multifamily housing project?

The additional actions to facilitate disposition available under this subpart are intended to replace, supplement or make more cost effective the Section 8 assistance that would otherwise be required, and are to be provided in a manner consistent with the goals of § 290.3 and unless otherwise noted:

(a) On terms that will ensure that at least the units in the project otherwise

required to receive project-based Section 8 assistance in accordance with § 290.54(a) (for a subsidized project) and § 290.64(a) (for an unsubsidized project) are available to and affordable by lowincome persons for the remaining useful life of the project, with use or rent restrictions as HUD may prescribe; and

restrictions as HUD may prescribe; and (b) With tenant-based Section 8 assistance to any very low-income families who would have received project-based assistance under Section 8 in accordance with § 290.54(a) (for a subsidized project) and § 290.64(a) (for an unsubsidized project), but because of action taken under subpart H of this part, did not receive such assistance, and are left residing in units of the project with rents that exceed the amount payable as rent under section 3(a) of the United States Housing Act of 1937 for very low-income families.

§ 290.72 May HUD reduce the sales price for a project?

HUD may reduce the selling price of a project. The sales price for a project will be reasonably related to the intended use of the property as affordable housing for very low-income tenants after sale, any rehabilitation requirements for the project, the rents for units in the project that can be supported by the market, the amount of project-based Section 8 assistance being made available by HUD in the disposition of the project, the occupancy profile of the project (including family size and income levels for tenant families), and any other factors that the Department considers appropriate.

§ 290.74 May HUD require additional use and rent restrictions?

Consistent with the guidelines in § 290.70, HUD may require units in a project to be subject to use or rent restrictions to provide that the units will be available to and affordable by lowand very low-income persons for the remaining useful life of the project.

§ 290.76 May HUD provide short-term loans to facilitate the sale of a project?

HUD may provide short-term loans to facilitate the sale of a HUD-owned multifamily housing project if:

- (a) Authority for such loans is provided in advance in an appropriation Act;
- (b) The loan has a term of not more than 5 years;
- (c) HUD determines, based upon documentation provided by the purchaser, that the purchaser has obtained a commitment of permanent financing to replace the short-term loan from a lender who meets standards established by the Department; and