



## Tenant Protection Vouchers

### Tenant Protection Voucher Overview

Tenant Protection Vouchers (TPVs) are meant to ensure there is no displacement of low-income residents as a result of various actions resulting in a loss of subsidy assistance. TPVs also provide stability to the property.

Enhanced Vouchers (EVs) are a form of TPV that, in certain circumstances, allows for rent payments above the local voucher payment standard to comparable market rent in order to allow existing families to remain in their units even if the owner increases the rents. EVs are provided when certain HUD-subsidized Section 236 or Section 221(d)(3) Below Market Interest Rate mortgages are prepaid or a Section 8 contract expires or is terminated. With enhanced vouchers, the family has the legal right to remain in their current unit, unless the unit is undergoing substantial rehab or conversion to another use.

When a subsidized mortgage is prepaid without the need for HUD consent, enhanced vouchers are provided to the unassisted residents. For example, if a project has 100 units and 40 are assisted with a Section 8 contract, the 60 unassisted residents may receive EVs. The tenants are protected from potential rent increases. As an owner, you also benefit from the additional subsidy that a tenant may bring to the property; vouchers pay market rent levels.

### Covered Conversion Actions

Tenants who are residing in a property on the date of the following events may be eligible for enhanced voucher assistance:

- Owner opt-outs of project-based Section 8 contracts
- Prepayments of HUD-subsidized Section 236 or Section 221(d)(3) Below Market Interest Rate mortgages, when the prepayment does not require HUD consent

Other considerations—

- When a mortgage is paid off on schedule (fully amortized), HUD cannot provide vouchers to affected tenants, unless the owner receives a special allocation of TPVs that Congress has recently made available on an annual basis for at-risk tenants.
- When a subsidized mortgage is prepaid with required HUD permission, no TPVs are provided unless if a qualifying Flexible Subsidy transaction at the property meets criteria under Section 201(p) of the Housing and Community Development Amendments of 1978.



- Finally, when a non-Section 8 rental assistance contract (such as Rent Supplement or Section 236 Rental Assistance Program) expires or is terminated, or when any rental assistance contract is terminated as a result of enforcement, tenants are eligible for TPVs but not EVs.

## Role of Public Housing Agencies

Housing Choice Vouchers, including all forms of TPVs, are administered locally by Public Housing Agencies (PHAs). The PHAs receive federal funds from HUD to administer the voucher program. Rental units must meet HUD’s Housing Quality Standard, as determined by the PHA. Each PHA sets a maximum voucher rent (the payment standard), generally between 90% and 110% of HUD’s Section 8 Fair Market Rent index.

## Voucher Payment Exceptions

If the rent charged by the landlord is higher than the payment standard, the family must pay this difference. The most a family can initially pay is capped at 40% of its adjusted gross income.

## Events That Enable HUD to Provide Tenants with Tenant Protection Vouchers

Qualifying Event	Who Will Receive Vouchers	Type of Voucher
Prepayment of a Section 236 or 221(d)(3) BMIR loan (except nonprofit projects)	Tenants who are income eligible and do not have Section 8 assistance	Enhanced, if prepayment does not require HUD consent; otherwise, none (unless property has Flexible Subsidy)
Termination or expiration of a project-based Section 8 contract including Moderate Rehab	Tenants who are income eligible and are currently assisted by the Section 8 contract	Regular, if termination; Enhanced, if expiration.
Prepayment of subsidized mortgages in properties with Flexible Subsidy Loans in a preservation transaction	Tenants who are income eligible and do not have Section 8 assistance	Enhanced
Termination or expiration of a Rent Supplement contract or 236 Rental Assistance Payment contract	All units on the original Rent Supplement or RAP contract that were occupied at contract termination or expiration	Regular vouchers apply. Enhanced vouchers may apply. Refer to Notice H 2012-3

## Tenant Protection Voucher Benefits

Tenant protection vouchers benefit the owner by helping preserve occupancy stability during the transition from one financing mechanism to another. The resulting rent security helps create and preserve a short-term reliable income stream.



A new program, Rental Assistance Demonstration, provides options to convert Tenant Protection Vouchers to Project-Based Section 8 where there is an expiring or terminating Rent Supplement or RAP contract, or a Section 8 Moderate Rehab contract. This can draw new financing to the property because of the resulting stability of the income stream to the project from the new Project Based Section 8. For more information about the RAD program and how it can be used to convert RAP and Rent Supplement contracts, go [here](#).

## Potential Tenant Protection Voucher Challenges

- Voucher portability – Tenant Protection Vouchers are tenant-based assistance. If a tenant moves out, the assistance moves with that household and no longer provides income to the property.
- Because of historically low rents in properties with subsidized mortgages, some residents may experience increases *up to* 30% of adjusted income. Over- or under-housed families may lose their current right to remain in the same unit.
- Units must pass quality inspection performed by local housing office and must be maintained to uphold quality standards throughout lease/contract.
- Over time, voucher tenants may move and be replaced with tenants who must be able to pay full rents (without rental subsidy). If the project is financed with LIHTC, HOME, or other public funds, the incomes and rents of replacement tenants will be limited by these programs so income to the project may be lower.

## HUD Tenant Protection Voucher Notices

- [Notice PIH 2001-41](#): Section 8 Tenant-Based Assistance (Enhanced and Regular Housing Choice Vouchers) for Housing Conversion Actions – Policy and Processing Guidance (Supersedes [Notice PIH 2000-9](#)).
- [Notice H 2012-3](#): Guidance on Eligibility for Tenant Protection Vouchers following Certain Housing Conversion Actions provides updated information on which properties and residents are eligible for vouchers.
- [Notice PIH 2015-07](#): Funding for Tenant Protection Vouchers for Certain At-Risk Households.