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Rural Housing and Community Programs

USDA Rural Development Housing Vouchers

Answers for Property Owners

The USDA Rural Development (RD) Voucher Demonstration Program is a 1-year rental subsidy program. Its purpose is to protect tenants of USDA Multi-Family Housing (Section 515) properties who have had their USDA loans foreclosed or prepaid between Oct. 1, 2005, and Sept. 30, 2006.

RD Vouchers are available to eligible low-income tenants living in a USDA-financed property at the time of foreclosure or prepayment.

The voucher supplements the tenant's rent payment. Tenants may use the voucher at the former USDA-financed property, or take it to any non-subsidized rental unit in the United States that passes U.S. Department of Housing and Urban Development (HUD) housing quality standards and where the owner will accept it. The voucher may not be used for rental units in subsidized housing, such as Section 8 or public housing, in which its use would result in a double subsidy.

To receive an RD Voucher, tenants must apply to a designated Public Housing Authority (PHA), 3rd party contractor, or their local USDA Rural Development office.

Frequently Asked Questions

Q. Is the RD Voucher program the same as HUD's?

A. It has many similarities; however, there are two main differences: (1) unlike HUD's voucher, the value of the RD Voucher will not be increased to cover future rent increases and (2) the RD Voucher will run only for one year.

Q. Who is going to be responsible for issuing and continued administration of the RD Vouchers?

A. USDA has a cooperating agreement with HUD so that, in most instances, RD Vouchers will be issued and administered by the local PHA for the area where

your property is located. In some instances, the RD vouchers will be issued and administered either by a 3rd party contractor on behalf of the USDA or by the local RD office.

Q. Who is eligible to receive an RD Voucher?

A. All tenants whose income is less than 80 percent of area median income and are residing in USDA Section 515 properties when the USDA mortgage is prepaid or foreclosed between Oct. 1, 2005, and Sept. 30, 2006.

Q. How is the amount of the RD Voucher determined?

A. When approval to prepay has been given by the USDA, a market rent study for the property will be commissioned and the results of that study will establish the comparable market rents for each unit type at the property. The value of the voucher is the difference between the rent that the tenant is currently paying (the Net Tenant Contribution) and the comparable market rent for the tenant's unit.

Q. I have received approval from the USDA to prepay my USDA loan with restrictions. Are my tenants eligible for vouchers?

A. Yes, if they qualify as low-income tenants (household income less than 80 percent of area median income). Low-income tenants of all properties that prepay their loans between Oct. 1, 2005, and Sept. 30, 2006, are potentially eligible to receive RD Vouchers regardless of whether prepayment is being allowed with or without restrictions.

Q. Is the RD Voucher available only to tenants who are currently receiving Rental Assistance from the USDA?

A. No. All low-income tenants of the prepaying property, regardless of whether they are currently receiving USDA rental assistance, are potentially eligible to receive an RD Voucher.

Q. Will my tenants receive RD Vouchers automatically after prepayment?

A. No, tenants must apply for vouchers. If a tenant does not apply, liability for the payment of rent will continue to be based on the terms of the existing lease agreement and the terms of the prepayment approval that you received from USDA. If a tenant chooses to apply for an RD Voucher in order to begin using it at your property, you must both sign a new lease which provides for the use of the voucher.

Q. When will my tenants receive RD Vouchers?

A. Tenants will begin receiving vouchers within about 30 days of submitting a satisfactory application to a PHA, USDA contractor, or RD office.

Q. How will I receive payment on these RD Vouchers?

A. After signing a Housing Assistance Payment ("HAP") contract with the PHA, USDA contractor or RD, owners will receive a monthly payment for each tenant using an RD Voucher at the property.

For More Information

Further information is available through State offices of USDA Rural Development.

Or you may contact the USDA Multi-Family Housing Portfolio Management Division in Washington, DC at:

USDA Rural Development Voucher Program
1400 Independence Avenue SW
Mail Stop 0782
Washington, DC 20250

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