



Preferences: What Are They and What Can They Do?

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The demand for assisted housing often far exceeds the resources available to HUD and property owners. Long waitlists are common. By establishing preferences—statuses that assign the highest need priorities—owners are able to direct resources to those with the greatest housing needs.

In order to apply preferences, an owner must define the preferences in the resident selection plan. The plan must explain the rating, ranking, or combining of the preferences that will affect the order in which applicants are selected from the waitlist. The plan should also describe the acceptable sources of evidence for verifying the qualifications for the preferences (see Chapter 4 of the HUD Handbook 4350.3 Rev-1, Sections 1 and 4).

Owners are required to inform applicants of the available preferences and provide them with the opportunity to prove their qualifications for them.

Applicants with preferences are able to “move ahead” on the waitlist and receive housing for an available unit earlier than other applicants who do not qualify for any preferences.

HUD rules currently include four different types of preferences that apply to various programs:

- **Statutory preferences – displacement**
For Section 221(d)(4), 221(d)(3), and 221(d)(3) BMIR properties, owners must give preference to applicants who have been displaced by government action or a presidentially declared disaster.
- **HUD regulatory preferences**
Owners of Section 236 properties must give preference to applicants who have been displaced by government action or a presidentially declared disaster. In addition, Section 236 properties that also offer rental assistance through the RAP Program are required to apply the following order as secondary ranking:
 1. Applicants eligible for RAP assistance
 2. Applicants eligible to pay less than market rent under the Section 236 program
 3. Applicants with income sufficient to pay the market rent approved for the property
- **State and local preferences**
Owners may apply preferences required by state or local law only if they are consistent with HUD and applicable civil rights requirements. Owners are required to obtain HUD approval prior to applying this locally legislated requirement.
- **Owner-adopted preferences**



Property owners are permitted to adopt their own preferences as long as they are subordinate to any program-specific preference requirements and are in compliance with applicable fair housing and civil rights statutes. Some of these owner-adopted preferences include:

- Residency (HUD approval required)
- Working families
- Families with disabled member(s)
- Victims of domestic violence
- Specific groups of single persons such as elderly, displaced, homeless, or disabled persons

Remember: Applicants must first meet the program eligibility requirements in order to be placed on the waitlist. Preferences affect the order of applicants on the waitlist they do not make anyone eligible who was not otherwise.