

Dear NAHMA member,

USDA's Rural Development (RD) recently issued the following unnumbered letter regarding the allowable and unallowable expenses that can be charged to the income of a multifamily property financed under Section 515 Rural Development Rural Rental Housing program.

Program requirements (found in 7 CFR 3560.303(b) provide a listing of allowable and unallowable expenses that may be charged to project operating budgets. However, the regulation is silent on the expense of tenant services; through this unnumbered letter, RD seeks to clarify that costs of tenant services are not an allowable project expense.

Tenant services may consist of day-care for pre-school age children, after-school care for school-age children, or adult educational, health and wellness, or skill building classes. These services are not directly attributable to project operations according to RD.

If you have any questions regarding the guidance in this unnumbered letter, RD invites you to contact the Portfolio Management Analyst assigned to your state or the Multifamily Portfolio Management Division at (202) 720-1604.

This unnumbered letter is attached to this message and may be found online [here](#)

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