



PLANNING TO CONVERT FROM PUBLIC HOUSING ASSISTED OR OWNED TO PROJECT BASED VOUCHERS

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PH to PBV

- ✓ Session Objectives
 - Enable the start of a compliant and profitable PBV Program
 - Feel confident that you know what it takes to reposition from PH to PBV.

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PH to PBV

✓ Topics

- PBV Resource Library
- What is PBV and why do PHA's use it
- Describe Electronic Handout
- Requirements to attach PBV to PHA-Owned Projects
- 12 PBV Site Selection Standards
- Preparing PM and HCV staff

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WHO IS IN CLASS?

Who is:

- Implementing PBV?
- Considering PBV for PHA owned or Interest buildings?
- Thinking about PBV not owned by PHA?
- Thinking about RAD PBV?
- Implementing RAD PBV?
- A Contract Administrator for another PHA's PBV Project?

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TRAINING PBV BACKGROUND

- ✓ 29 years starting and implementing PBV
- ✓ Train HUD and PHA
- ✓ Write policies, procedures, and forms
- ✓ Assist PHA's to start
- ✓ Independent entity
- ✓ PBV audits for HUD and PHA's

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PBV RESOURCE LIBRARY

1. **24 CFR Part 983** – Project-Based Voucher Program

(Not yet updated pursuant to HOTMA notice)

<https://www.ecfr.gov/cgi-bin/ECFR?page=browse>

2. **HUD PBV Website**

https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/project

→ Regulations, Guides, Forms, Worksheets, Links

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PBV RESOURCE LIBRARY

3. PIH Notice 2017-21 Implementation Guidance: Housing Opportunity Through Modernization Act of 2016 (HOTMA) — Housing Choice Voucher (HCV) and Project-Based Voucher (PBV) Provisions

- Provides guidance on the HOTMA provisions in the 1-18-17 Federal Register Notice
- Requirements to attach PBV to PHA-owned units
- Consolidates and supersedes guidance from five previous PIH notices

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PBV RESOURCE LIBRARY

4. PBV Chapter in HCV Admin Plan

- Several required items
- Describes proposal selection process
- Resident rights and grievance
- Waiting list procedures
- Vacancy loss
- Use different chapters for RAD and Non-RAD

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PBV RESOURCE LIBRARY

Describe Electronic Handout



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WHAT IS THE PROJECT-BASED VOUCHER PROGRAM?

- ✓ Two types of Voucher Assistance
 1. **Project-Based Voucher Program (PBV):** The rental housing assistance is tied to the unit
 2. **Tenant-Based Voucher Program:** The rental assistance is tied to the family
- ✓ PBV serves the same participants as Tenant-Based Voucher

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WHAT IS THE PROJECT-BASED VOUCHER PROGRAM?

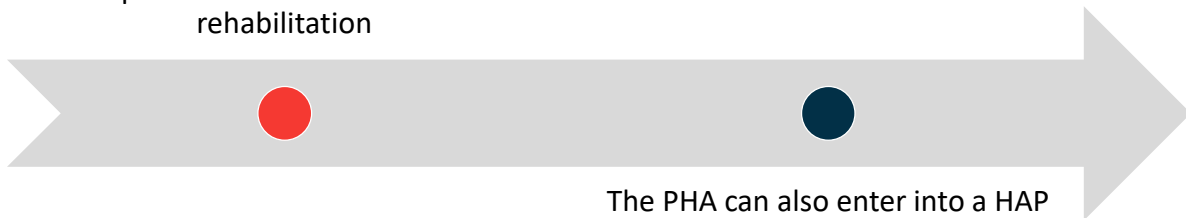
- ✓ The rental assistance is tied to the unit for long term (now 20 years and one 20-year extension per HOTMA)
- ✓ PBV is administered under the same Annual Contributions Contract (ACC) as the tenant-based voucher program
- ✓ Use most of HCV Regs
- ✓ SEMAP still applies

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TWO TYPES OF PBV HAP CONTRACTS

The owner agrees to **Construct or REHAB units** and the PHA agrees to subsidize the units upon satisfactory completion of the construction or rehabilitation



The PHA can also enter into a HAP contract with an owner of **existing units** without need for rehab

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WHAT IS THE PROJECT-BASED VOUCHER PROGRAM?

- ✓ The PHA can use up to 20% of its HCV authorized units
- ✓ Authorized units are the number of units HUD determined can be leased on the PHA's annual budget notice email
- ✓ There are exceptions to 20% Program cap
 - FUP and FYI (not TPV)
 - RAD

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WHAT IS THE PROJECT-BASED VOUCHER PROGRAM?

- ✓ An additional 10% of authorized units are available for:
 - Homeless families
 - Families with veterans
 - Supportive housing for disabled or elderly
 - Areas of voucher lease difficulty

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WHY DO AGENCIES USE PBV?

-  Possible fast lease-up, and fast unit month lease count that leads to fast increase in administrative fee earned
-  Reduced fluctuation in HAP utilization and unit months leased utilization
-  Increase or improve housing stock
-  Upgrade PHA owned, controlled, or interest units
-  PH repositioning

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FOUR TYPES OF PBV

1. Regular PBV with Competition
 - **§983.51** Owner Proposal Selection Procedures
 - ✓ Establish evaluation factors
 - ✓ Cannot limit to single site
 - ✓ Cannot favor specific areas, nor preclude sites
 - ✓ Fully transparent, open competition
 - ✓ Well documented to prepare for audit

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FOUR TYPES OF PBV

2. Regular PBV – Winning Previous Competition

→ Select a proposal that won competitive selection process from a government program three years before selection

✓ **For example:**

- HOME
- LIHTC
- Federal, State, and Local Housing Assistance
- PBV had no impact on winning competition

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FOUR TYPES OF PBV

3. Non-Competitive, PHA-Owned, Controlled, or Interest (Public Housing and Non-Public Housing)

Citation: PIH 2017-21, HOTMA for Project-Based Voucher & Non-HOTMA. We will review in detail.

Properties in PH Inventory -must be removed from PH inventory via a program such as:

- Section 18 Demolition/Disposition
- Streamlined Voluntary Conversion
- Voluntary Conversion (Section 22)
- Required Conversion (Section 23)
- Removed within 5 years of AHAP or HAP

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FOUR TYPES OF PBV

4. RAD Conversion – PHA Owned

- **Citation:** PIH 2019-23, Revision 4 (RAD Notice)
- Public Housing Operating Subsidy, and Capital Fund converted to PBV HAP for 40 years
- Long term rent is used to leverage new construction or rehab funds
- To facilitate the uniform treatment of residents and units at a Covered Project, any non-RAD PBV units located in the Covered Project shall be subject to the to the terms of this provision

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PBV RESOURCE LIBRARY

Work Plan

Describe Electronic Handout



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REQUIREMENTS TO ATTACH PBV TO PHA UNITS

- ✓ PIH Notice 2017-21, HOTMA Guidance
- ✓ We will review these attachments:
 - A – PHA-Owned Units
 - B – PHA-Owned Units and Independent Entities
 - L – Attaching PBVs to Certain PHA-Owned Projects Without Following a Competitive Process

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REQUIREMENTS TO ATTACH PBV TO PHA UNITS

- ✓ Attachment A: PHA-Owned Units – Item 1
 1. Definition of PHA-Owned Units – In accordance with HOTMA, a unit is “owned by a PHA” if the unit is in a project that is:
 - a. Owned by the PHA (which includes a PHA having a “controlling interest” in the entity that owns the unit);
 - b. Owned by an entity wholly controlled by the PHA; or
 - c. Owned by a Limited Liability Company (LLC) or limited partnership in which the PHA (or an entity controlled by the PHA) Holds a controlling interest

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REQUIREMENTS TO ATTACH PBV TO PHA UNITS

- ✓ Controlling Interest Examples
 - Power to Appoint > 50% of Board of Directors (BOD)
 - PHA Directors, Officers, or employees serve > 50% of BOD
 - > 50% of Managing Member Interest in an LLC
 - > 50% of General Partner Interest in a Partnership

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REQUIREMENTS TO ATTACH PBV TO PHA UNITS

- ✓ Attachment A: PHA-Owned Units – Item 5
 - 5. Contract Requirements for PHA-Owned Units.
 - ✓ Because the HAP contract administrator and the owner cannot be the same legal entity (i.e., the PHA acting as contract administrator cannot execute a contract with itself as the owner of the PBV or HCV units), the PHA must establish a separate legal entity to serve as the owner.

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REQUIREMENTS TO ATTACH PBV TO PHA UNITS

- ✓ Attachment A: PHA-Owned Units
 - 5. Contract Requirements for PHA-Owned Units (cont.)
 - ✓ Such entity may be one of the following:
 - a. A non-profit affiliate or instrumentality of the PHA;
 - b. A limited liability corporation;
 - c. A limited partnership;
 - d. A corporation; or
 - e. Any other legally acceptable entity recognized under State law

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REQUIREMENTS TO ATTACH PBV TO PHA UNITS

- ✓ Attachment B: PHA-Owned Units and Independent Entities
 - For purposes of this attachment, the term "independent entity" refers to either the unit of general local government or the HUD-approved independent entity, as applicable. The provisions of this attachment apply to the HCV program (including the Homeownership Option) and the PBV program, except where otherwise noted

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REQUIREMENTS TO ATTACH PBV TO PHA UNITS

- ✓ Attachment B: PHA-Owned Units and Independent Entities
 1. Relationship between the PHA and the independent entity
 - ✓ They must be autonomous – not connected legally, financially (except regarding compensation for services performed for PHA-owned units), or in any other manner that could cause either party to be improperly influenced by the other
 2. Independent Entity Functions
 - ✓ Independent entities are responsible for performing certain functions for PHA-owned units

REVIEW INDEPENDENT ENTITY TASKS HANDOUT

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REQUIREMENTS TO ATTACH PBV TO PHA UNITS

- ✓ Attachment L: Attaching PBVs to Certain PHA-Owned Projects Without Following a Competitive Process
 1. PHA ownership interest
 - ✓ A project does not have to meet the definition of PHA-owned for the PHA to have an ownership interest in the project and to be covered by this HOTMA provision
 - ✓ An ownership interest means that the PHA or its officers, employees, or agents are in an entity that holds any direct or indirect interest in the project in which the units are located, including, but not limited to, an interest as: titleholder; lessee; stockholder; member, or general or limited partner; or member of a limited liability corporation (LLC)

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REQUIREMENTS TO ATTACH PBV TO PHA UNITS

- ✓ Attachment L: Attaching PBVs to Certain PHA-Owned Projects Without Following a Competitive Process (continued)
 - 2. Conditions for non-competitive selection
 - a. PHA must be engaged in an initiative to improve, develop, or replace the public housing properties or sites
 - b. If the PHA plans rehabilitation or new construction, a minimum threshold of \$25,000 in hard costs per-unit is required

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REQUIREMENTS TO ATTACH PBV TO PHA UNITS

- ✓ Attachment L: Attaching PBVs to Certain PHA-Owned Projects Without Following a Competitive Process (continued)
 - 2. Conditions for non-competitive selection
 - c. If the PHA plans to replace public housing by attaching project-based assistance to existing housing in which the PHA has an ownership interest or over which the PHA has control, then the \$25,000 per-unit minimum threshold does not apply as long existing housing meets HQS
 - d. PHA must explain in its PHA Annual Plan the work it plans to do on the property or site and how many units of PBV it plans to add

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PBV SITE SELECTION STANDARDS

983.57 SITE SELECTION STANDARDS

The following items should be completed, and documented prior to Proposal Selection:

1. Is site consistent with PHA goal of De-concentration and Expanding Housing and Economic Opportunity (EHOP) [983.57(b)(1)]?
 - ✓ Consistent with PHA Plan analysis of de-concentration and income mixing of lower income families
 - ✓ Consistent with De-concentration Policy
 - ✓ Consistent with HCV Admin Plan EHOP Statement

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PBV SITE SELECTION STANDARDS

2. EHOP Site Selection Standard Required Considerations [983.57(b)(1)(i-vii)]
 - ✓ Is Census Tract (CT) in a HUD economic development zone?
 - ✓ Will or has the concentration of assisted units in the CT decrease due to PH Demolition?
 - ✓ Is CT undergoing significant development?
 - ✓ To what extent has any government money been invested to achieve economic development in the CT?

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PBV SITE SELECTION STANDARDS

2. EHOP Site Selection Standard Required Considerations [983.57(b)(1)(i-vii)] *(continued)*
 - ✓ Are new market rent units being developed in CT, and will they improve the poverty rate?
 - ✓ If the CT poverty rate > 20%, has the poverty rate decreased over past 5 years?
 - ✓ Does CT have meaningful opportunities for educational and economic advancement?

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PBV SITE SELECTION STANDARDS

3. Civil Rights Requirements [983.57(b)(2)]
 - ✓ Does site facilitate compliance with Civil Rights laws and regulations?
 - ✓ What impact will the site have on protected classes relative to Fair Housing?

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PBV SITE SELECTION STANDARDS

4. HQS Site Standards [983.57(b)(3)]
 - ✓ Perform inspection concerning HQS site and neighborhood standards [982.401(l)]
 - ✓ Health, safety, and general welfare issues
 - ✓ Third party inspection for PHA Owner/Interest units

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PBV SITE SELECTION STANDARDS

5. PHA PBV Site Selection Policy [983.57(c)]
 - ✓ How is the site compliant with the Site Selection Policy in the Admin Plan?
 - ✓ How does site promote PBV goals?

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PBV SITE SELECTION STANDARDS

6. Site and Neighborhood Standards for Existing and Rehab PBV [983.57(d)]
 - ✓ Adequate size, exposure, contour relative to type and number of units
 - ✓ Adequate utilities and streets
 - ✓ Promote housing opportunities
 - ✓ Avoid impaction of assisted persons
 - ✓ Accessible to social and health facilities
 - ✓ Are facilities about the same as facilities in unassisted areas?
 - ✓ Adequate transportation to area of employment

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PBV SITE SELECTION STANDARDS

7. Site and Neighborhood Standards for New Construction [983.57(e)]
 - ✓ Adequate size, exposure, and contour for type and number of units
 - ✓ Adequate utilities and streets
 - ✓ Unless otherwise permitted, cannot be in area of Minority Concentration (20%)
 - ✓ Not in racially mixed area if it will cause significant increase in proportion of minority to non-minority residents

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PBV SITE SELECTION STANDARDS

7. Site and Neighborhood Standards for New Construction [983.57(e)] *(continued)*

- ✓ When can site be in area of minority concentration?
 - If there is sufficient housing opportunities outside of site area, or?
 - Site is needed to meet overriding housing needs
 - See 983.57(e)(3) for details to define "Sufficient" and "Needs"

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PBV SITE SELECTION STANDARDS

8. Document Housing Eligibility [983.53]

- ✓ Defines ineligible units
 - Shared housing
 - Institutions
 - Student occupancy
 - Manufactured homes
 - Transitional housing
 - Owner occupied
 - Occupied by ineligible family
 - Rehab or construction already started

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PBV SITE SELECTION STANDARDS

9. Document Compliance With Unit Cap Per Project

- ✓ With exceptions, the greater of 25 units or 25% of units per project per HOTMA Notice (both assisted and unassisted)

Exceptions:

- Single Family
- Elderly or Disabled
- Families receiving supportive services
- No project cap for RAD

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PBV SITE SELECTION STANDARDS

10. Document Compliance With Subsidized Housing [983.54]

- ✓ Cannot attach PBV if following subsidies exist
 - Public Housing
 - Any form of PIH or HUD Multi-Family Section 8
 - Any government rent subsidy
 - On a unit, not building basis

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PBV SITE SELECTION STANDARDS

11. Document Selection Based on Previous Competition [983.51(b)(2)]

- ✓ Obtain verification that the proposed site won a government competition such as LIHTC or HOME
- ✓ Must have won within 3 years of selection
- ✓ Project receiving PBV Assistance must not be a factor

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PBV SITE SELECTION STANDARDS

12. HQS Inspection for Existing, Non-Rehab PBV [983.103] Inspection Units

- ✓ Inspect all units
- ✓ Determine substantial compliance with HQS
- ✓ Owner may need to do repairs to bring units to substantial compliance
- ✓ Document pre and post repair condition

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PREPARING PM AND HCV STAFF

- Develop profit mindset
- Identify and correct bad property management habits
 - ✓ Through screening
 - ✓ Security deposits
 - ✓ Timely rent payments
 - ✓ Unit turn over
 - ✓ Lease enforcement

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PREPARING PM AND HCV STAFF

- Develop PM and HCV procedures manual about items needing good coordination
 - ✓ Waiting list
 - ✓ Screening
 - ✓ Vacant unit turn around
 - ✓ Tenant selection
 - Owner tenant selection plan

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PREPARING PM AND HCV STAFF

- HQS / NSPIRE Inspections
- Annual Contract Rent Adjustments
- Termination of Tenancy and Eviction
- VAWA
- Vacancy Loss

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THANK YOU!



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