

HOUSING AUTHORITY OF THE COUNTY OF CHESTER

REQUEST FOR PROPOSALS

PROJECT BASED (VASH) VOUCHER ASSISTANCE

FOR VETERANS

Issued: July 15, 2016

Proposals Due: August 18, 2016 (4:00 p.m.)

Request for Proposals (RFP) for Project Based (VASH) Housing Vouchers

Purpose and Description of Program:

The Housing Authority of the County of Chester (HACC) is accepting proposals to project base Section 8 vouchers. These vouchers are to specifically assist veterans who have experienced homelessness. Eligible veterans are referred by the VA Medical Center in Coatesville, PA to the HACC for processing and placement in housing. This particular program is entitled HUD – Veterans Affairs Supportive Housing (HUD-VASH). This program combines voucher rental assistance provided through HACC with case management and clinical services supplied by the Department of Veteran Affairs (VA).

The Department of Housing and Urban Development (HUD) has designated the HACC as the administering agency for all vouchers issued and/or utilized in the legal jurisdiction known as Chester County, Pennsylvania. Subject to adequate and sufficient federal appropriations the HACC will award one or more contracts to successful respondents.

Please be aware that HACC has not yet been awarded the funding to support the issuance of these vouchers. Selected proposals from this RFP will be included in our application to be sent to HUD on September 9th. In that application we can submit multiple eligible projects. No single project can exceed 75 units and the total application package from HACC cannot total more than 150 vouchers. Once HUD decides upon the funding request the HACC will notify selected proposers with formal award letters.

Regulatory References:

Attached to this RFP is PIH Notice 2011-54 which describes the PBV program. The programmatic regulations governing project based vouchers are described in 24 CFR 983, which can be found on HUD's website under HUDCLIPS/Other Information/Codes/CFRs. A general explanation of the program is also found on the HACC website located at www.haccnet.org. Additionally we have attached Chapter 17 of the HACC Section 8 Administrative Plan. Please read Chapter 17 very carefully as it provides much detail regarding the process of selecting awardees and the way the program operates after a Housing Assistance Payment contract is executed.

Of particular note are certain requirements and limitations outlined in those regulations. **Initial contract term is determined by the HACC and under no circumstance can it exceed fifteen years.** At the conclusion of fifteen years, the HACC may grant extensions in increments up to a total of fifteen years if the project has been a successful performer.

Proposers should carefully read 24 CFR 983.56 (b) which discusses the capping limitation for the percentage of project based vouchers in a single building. There are exceptions to this capping limit of 25%. Those exceptions include units to be occupied by elderly, disabled and those families receiving supportive services. Because all VASH referred veterans receive supportive services, the referenced exceptions apply. This means that a proposed development can be 100 % occupied by VASH assisted veterans.

Please also carefully read the references to subsidy layering review which may or may not apply to your project. If it does apply it must be completed prior to the award of any Housing Assistance Payment contract. **Environmental reviews are required for all contracts and must be completed prior to the execution of such agreement.** Processes for completing both reviews are described in the attachments. As a stipulation of the award the HACC must be reimbursed for any expenses associated with the required environmental review. Per Memorandum of Agreement with HACC, the Chester County Department of Community Development is the HUD approved responsible entity that will perform any such required review.

Also included are attachments describing the HUD VASH program and, most importantly, HUD PIH - Notice 2016-11 entitled Set-Aside Funding Availability for Project Based HUD Vouchers. Responders to this RFP should very carefully read PIH Notice 2016-11 as it carefully outlines the various categories of housing that potentially may qualify for Project Based VASH vouchers.

Eligible Projects:

Three categories of projects will be considered for selection based on the criteria outlined in PIH Notice 2016-11. These are:

- **CATEGORY 1:** Existing housing for which the proposer wishes to designate units to be occupied and subsidized for VASH eligible referred veterans. Note: Carefully read the occupancy deadline requirements for existing housing specified in PIH Notice 2016-11 on Page 6.
- **CATEGORY 2:** Proposed new construction or rehabilitation of housing for which a site has been identified.
- **CATEGORY 3:** New construction or rehabilitation of housing for which a site has not yet been identified. If an award is reserved under this category, the site must be selected within six months of notification from HACC.

For CATEGORIES 2 and 3, the HACC must, within 24 months of voucher award, execute an Agreement to enter into a Housing Assistance Payment Contract (AHAP). Generally the AHAP execution is concurrent with construction start. There can be no extension of the AHAP deadline.

Eligible Units:

- 1) Single family dwellings (four or fewer units);
- 2) Duplex units and larger; and
- 3) Multi-family rental housing units

Please note that there are certain unit types that are specifically excluded from the project based program. These prohibited unit types are described on page 17-8 of the HACC's Section 8 Administrative Plan (which, as noted, is attached).

Although all unit sizes are needed, The HUD VASH program generally has one and two bedroom housing as the range of greatest demand. As previously mentioned, the maximum voucher award for one project is 75. There is no minimum.

Required Information to be submitted in Proposals is described below. Please note that there are different submittal requirements and scoring criteria for Category 3 in which the project site is not yet identified.

All formal proposals should be limited to ten or fewer pages. The HACC reserves the right to request additional information to complete the selection process. Proposals may combine requests for project based vouchers for multiple sites under one application or they may be submitted on a site by site basis. All applications will be evaluated as a separate project.

NARRATIVE REQUIREMENTS FOR PROPOSALS SUBMITTED UNDER CATEGORIES 1 AND 2:

1. Project location (including street address or addresses) and ownership.
2. Building(s) description(s) and number of housing units requiring vouchers, including (if possible) square footage, bedroom count and bathroom count. Note specific requirements on Page 4 A iii of PIH Notice 2016-11.
3. Estimated date of availability of units
4. List of amenities in reasonably close proximity to the proposed units including services, playgrounds, schools, public transportation, access to medical facilities, grocery stores, etc...
5. Operating pro-forma statement with an estimate of required subsidy (not required for existing housing)
6. Proposed rent per unit, including indication of which utilities, services and equipment are included in the rent and which ones are excluded.
7. Description of experience in developing, managing and operating similar housing developments. Indicate any current audit findings regarding management of similar properties. List all projects your organization currently manages that have project based assistance or some other form of income restricted units.

8. Provide a description of any support services to be provided to the population that will be served and how these services will be funded both currently and in the future. Remember the VA will be providing ongoing supportive services so any additional ones would be described here.
9. A signed certification of the owner's intention to comply with: Title VI of the Civil Rights Act of 1966, Title VIII of the Civil Rights act of 1968, Executive order 11063, Executive Order 11246, Section 3 of the Housing and Urban Development Act of 1968 and all applicable federal requirements listed in 24 CFR 983.11.
10. Certification regarding debarment, suspension, ineligibility and voluntary exclusion (form attached to RFP)
11. Evidence of ownership (grant, deed, partnership agreements), and a description of the ownership entity.
12. Evidence of site control (not required for existing housing)
13. Evidence of compliance with local permits and zoning requirements (not required for existing housing).
14. A signed statement from the project owner must be include to indicate that the Housing First approach will be utilized in the application process and in granting occupancy to the referred veterans. Language describing the term *Housing First* is contained in the attached PIH Notice 2016-11.
15. Completion of Application Cover Form (form attached to RFP)

NARRATIVE REQUIREMENTS FOR PROPOSALS SUBMITTED UNDER CATEGORY 3:

1. Proposed target geographic location of development and describe ownership entity.
2. Provide a narrative describing the overall concept for the project including any non VASH eligible population to be served. Include a description of the estimated number of buildings and number of housing units requiring vouchers, including (if possible) anticipated square footage, bedroom count and bathroom count. Note specific requirements on Page 4 A iii of PIH Notice 2016-11.
3. Estimated date of availability of units
4. List of amenities you anticipate to be in close proximity to the proposed units including services, playgrounds, schools, public transportation, access to medical facilities, grocery stores, etc...
5. Operating pro-forma statement with an estimate of required subsidy.
6. Proposed rent per unit, including indication of which utilities, services and equipment are included in the rent and which ones are excluded. This may change upon identifying a site but the best projection possible should be made.
7. Description of experience in developing, managing and operating similar housing developments. Indicate any current audit findings regarding management of similar properties. List all projects your organization currently manages that have project based assistance or some other form of income restricted units.

8. Provide a description of any support services to be provided to the population that will be served and how these services will be funded both currently and in the future. Remember the VA will be providing ongoing supportive services so any additional ones would be described here.
9. A signed certification of the owner's intention to comply with: Title VI of the Civil Rights Act of 1966, Title VIII of the Civil Rights act of 1968, Executive order 11063, Executive Order 11246, Section 3 of the Housing and Urban Development Act of 1968 and all applicable federal requirements listed in 24 CFR 983.11.
10. Certification regarding debarment, suspension, ineligibility and voluntary exclusion (form attached to RFP)
11. A signed statement from the project owner must be include to indicate that the Housing First approach will be utilized in the application process and in granting occupancy to the referred veterans. Language describing the term *Housing First* is contained in the attached PIH Notice 2016-11.
12. Completion of Application Cover Form (form attached to RFP)

Selection Process:

All projects shall be ranked by a three person evaluation committee according to the attached selection criteria. Please note that there is a separate selection protocol for Category 3 applications. Each application shall be deemed qualified if it is complete. Complete applications will receive letters of commitment based on their ranking order and availability of federal appropriations. Commitments may be withdrawn if federal funding is reduced for Housing Assistance Payments under the Section 8 Program.

Please note that under 24 CFR Part 983.51, units owned by the public housing authority and/or in which the public housing authority may have some form of ownership interest may receive assistance under the project based voucher program. However, in order to receive approval for that assistance the HUD Field Office or a HUD-approved independent entity must review the selection process and determine that the PHA-owned units were appropriately selected based on the specified selection procedures.

The HACC has addressed the specific criteria for an independent entity on page 17-6 of its Section 8 Administrative Plan. Both the Chester County Department of Community Development and the Wilmington (Delaware) Housing Authority have agreed to serve in this capacity. In their role the following shall be done:

- Review of the proposal evaluation process utilized by HACC to ensure that the units were appropriately selected based on the procedures outlined in the Section 8 Administrative Plan.
- Approval of the initial proposed contract rent
- Conduct HQS inspections of units selected under this process

RFP Submission:

All RFP's including an original and three copies are due by 4 p.m. on August 18, 2016 and should either be mailed or delivered in person to:

Housing Authority of Chester County
30 W. Barnard Street, Suite 2
West Chester, PA 19382
Attention: HUD Project Based VASH RFP

Questions may be submitted in writing to rsenss@hacnet.org. Question deadline is 8/11.

No late proposals will be accepted.

ATTACHMENT # 1:

PIH Notice 2016 -11

**Instructions for Set Aside Funds
Project Based HUD VASH Vouchers**



**U.S. Department of Housing and
Urban Development**

Public and Indian Housing

Special Attention of:
Directors of HUD Regional and Field
Offices of Public Housing;
Agencies that Administer the
Housing Choice Voucher Program

Notice PIH 2016-11 (HA)

Issued: July 1, 2016

Expires: Effective until amended,
superseded, or rescinded

Cross References: Notices PIH 2014-03 and
2015-11; *Implementation of the HUD-
Veterans Affairs Supportive Housing (HUD-
VASH) Program* published in the *Federal
Register* on March 23, 2012.

Subject: Set-Aside Funding Availability for Project-Basing HUD-VASH Vouchers

- 1. Purpose.** This notice announces the availability of a set-aside of approximately \$15 million in HUD-VASH funding that will support approximately 2,000 units of project-based voucher (PBV) assistance. These PBVs will enable homeless veterans and their families to access affordable housing with an array of supportive services. The vouchers are being made available from a set-aside from the Consolidated Appropriations Act, 2016 (the Act) (Public Law 114-113), enacted December 18, 2015, that provided approximately \$60 million dollars of funding for HUD-VASH vouchers as authorized under section 8(o)(19) of the United States Housing Act of 1937.
- 2. Maximum Awards.** Any PHA that administers a Housing Choice Voucher program may apply for up to 150 units to be placed under PBV housing assistance payments (HAP) contract(s). In order to receive any project-based voucher (PBV) funding under this set-aside, a PHA must either be operating a PBV program or establish one in accordance with the program regulations in 24 CFR part 983.

PHAs must submit separate applications for each project and may request no more than 75 PBVs for a single project.¹ If a PHA selects a project with both existing and new construction/rehab housing types, the PHA must submit a separate application for each type of housing. These applications will be scored separately, which may result in only part of the total project receiving funding (for example, the units that fall under existing

¹ Under the PBV program, a "project" is defined as a single building, multiple contiguous buildings, or multiple buildings on contiguous parcels of land. Under PBV regulations at 24 CFR 983.202, a HAP contract covers only one project.

projects may be funded while the new construction may not be funded). Please note that no more than a total of 75 units per project will be awarded.

The maximum number of vouchers requested by each PHA must be within the 20 percent maximum budget authority that may be allocated to PBV assistance in accordance with 24 CFR 983.6(a), or in accordance with a HUD-approved exception granted under Moving to Work (MTW) or HUD-VASH statutory waiver authority.

- 3. Application Due Date.** Applications (form HUD-52515,) must be transmitted no later than midnight in the time zone of the PHA on **September 9, 2016**. All applications must be submitted electronically to VASH@hud.gov. Applications not received on time will not be processed and no extensions will be granted. Faxes and hard copy submissions will not be accepted.
- 4. Application Requirements.** In order to apply for this set-aside, PHAs may submit (1) applications for specific project(s) selected in accordance with program regulations at 24 CFR 983.51, or (2) an application indicating the PHA's intention to select one or more PBV projects in accordance with program regulations at 24 CFR 983.51. PHAs may only submit one application for up to 75 units for project(s) the PHA intends to select after award announcement.

PHAs must have selection policies for PBV units in its Administrative Plan prior to selecting units and must select proposals in accordance with such policies. PHAs must select proposals using either of the following two methods: (1) issue a request for PBV proposals that does not limit proposals to a single site or impose restrictions that explicitly or practically preclude owner submission of proposals for PBV housing on different sites, or (2) select a proposal based on a previous competition under a federal, state, or local government housing assistance, community development, or supportive services program, provided that the competition occurred within three years of the PHA's PBV proposal selection date and the earlier competitive selection proposal did not contemplate PBV assistance.²

A. Applications with project selection prior to application submission under this Notice

- i.** The selection of the PBV proposal must be conditional and subject to the successful award of funding pursuant to this Notice, unless a PHA has sufficient available voucher funding in its regular voucher program and/or HUD-VASH program to fulfill the PBV commitment notwithstanding this set-aside.
- ii.** If the project is accepted as an existing project, the selection must be conditional on the completion of an environmental review as outlined at 24

² Or, if applicable, in accordance with a HUD-approved exception granted under MTW waiver authority.

CFR 983.58 prior to the execution of a Housing Assistance Payments (HAP) contract. The written notice given to the project owner that the proposal was selected must state that the selection is conditional on a favorable environmental review in accordance with 24 CFR 983.58 and that the selectee may not take any action prohibited under 24 CFR 983.58(d)³ until the environmental process is completed.

If the project is selected as new construction or rehabilitation, the selection must also be conditioned on the completion of an environmental review in accordance with 24 CFR 983.58 and subsidy layering review prior to the execution of an Agreement to Enter into a Housing Assistance Payments contract (AHAP). The written notice given to the project owner that the proposal was selected must state that the selection is conditional on favorable subsidy layering and environmental reviews in accordance with 24 CFR 983.55 and 24 CFR 983.58, respectively, and that the selectee may not take any action prohibited under 24 CFR 983.58(d) until the environmental process is completed.

- iii. The PHA must submit form HUD-52515, *Funding Application, Section 8 Tenant-Based Assistance, Rental Certificate Program, Rental Voucher Program* for each project that the PHA submits for the competition. This form may be downloaded from the following website: <http://portal.hud.gov/hudportal/documents/huddoc?id=52515.pdf>. When completing this form, include the five-digit PHA code (e.g. AL001) along with the name and mailing address of the PHA. Only complete the box for total dwelling units under vouchers in section B. Do not complete sections A or C. In section D of the form you do not have to address *Need for Housing Assistance*. Rather, the PHA applicant must provide the following information for each project that the PHA submits for the competition, for which you may attach extra paper:
- a. The number of PBVs requested, which may not exceed 75 for each application.
 - b. A description of the proposed project including: (1) the address; (2) the county and Continuum of Care (CoC) in which the project is located; (3) the VA Medical Center (VAMC) name and station number associated with the project; (4) the total number of buildings; (5) total number of units by bedroom size in each building; (6) the number and bedroom sizes of HUD-VASH units in each building; and (7) the target population, if any, of any non

³ Under 24 CFR 983.57(d), the PHA may not enter into an AHAP or HAP contract with an owner and the PHA, the owner, and its contractors may not acquire, rehabilitate, convert, lease, repair, dispose of, demolish, or construct real property or commit or expend program or local funds for PBV activities until the environmental process is complete.

HUD-VASH units.

- c. Information regarding the threshold and scored factors, outlined in sections 6 and 7 of this Notice, on which the application will be assessed and scored.
- iv. **The form HUD-52515 must be signed by the Executive Director of the PHA or designated official when the PHA does not have an Executive Director.**

B. Applications with project selection after award announcement

- i. PHAs that receive an award based on an application for project(s) to be selected after award announcement must promptly initiate a project selection process using one of the two methods outlined in Section 4 of this Notice. All PBV projects must be selected in accordance with HUD regulations and the PHA's Administrative Plan. MTW PHAs must follow the HUD-VASH operating requirements and applicable regulations unless HUD grants a waiver to the agency to apply MTW flexibilities to the HUD-VASH vouchers.
- ii. PHAs that are awarded funds based on applications submitted prior to project selection must follow regulations at 24 CFR 983.58 to complete an environmental review and must not take any action prohibited under 24 CFR 983.58(d) until the environmental process is complete. Further, any project selected as new construction or rehabilitation is subject to the subsidy layering review requirements, outlined at 24 CFR 983.55.
- iii. The PHA must submit form HUD-52515, *Funding Application, Section 8 Tenant-Based Assistance, Rental Certificate Program, Rental Voucher Program* for each project that the PHA submits for the competition. This form may be downloaded from the following website: <http://portal.hud.gov/hudportal/documents/huddoc?id=52515.pdf>. When completing this form, include the five-digit PHA code (e.g. AL001) along with the name and mailing address of the PHA. Only complete the box for total dwelling units under vouchers in section B. Do not complete sections A or C. In section D of the form you do not have to address *Need for Housing Assistance*. Rather, the PHA applicant must provide the following information, for which you may attach extra paper:
 - a. The number of PBVs requested, which may not exceed 75. Please note that applications for projects to be selected after award announcement must estimate the number of PBVs that will be selected. If, after award announcement, the PHA selects fewer units than awarded under this competition, **the funding for unused units will be rescinded**. If the PHA selects more units than awarded under this competition, the PHA must use vouchers from its regular or HUD-VASH tenant-based voucher program to fund the additional units, which must be selected in accordance

- program regulations at 24 CFR 983.51(a) or (b).
- b. The name and station number of the partnering VAMC. Please note that PHAs must partner with a VAMC prior to applying under this Notice.
 - c. A description of the general geographic area where projects will be considered at the time of application. This geographic area must include the county(ies) and CoC(s) from which the project will be selected. PHAs may include multiple counties and CoCs in this description, if appropriate. HUD and VA will calculate the need scores for applications that include multiple counties and/or CoCs in this description using an average score across all areas listed.
 - d. Information regarding the threshold and scored factors, outlined in sections 6 and 7 of this Notice, on which the application will be assessed and scored.
- iv. **The form HUD-52515 must be signed by the Executive Director of the PHA or designated official when the PHA does not have an Executive Director.**
 - v. **Within 6 months of award announcement**, awardees of projects selected after award announcement must supply a detailed description of the selected project(s), including: (1) the address; (2) county and CoC in which the project is located; (3) the total number of buildings; (4) total number of units by bedroom size in each building; (5) the number and bedroom sizes of HUD-VASH PBV units in each building; (6) the target population, if any, of any non HUD-VASH units; (7) a signed certification that the Administrative Plan contains all required PBV policies and the application for HUD-VASH funding under this competition is consistent with the PHA's administrative policies and PHA Plan; and (8) a signed certification from the project owner that the owner will comply with *Housing First* (see section 6 (C)).

5. Target Dates:

Where PHAs are submitting a proposal for a particular project selected prior to this set-aside application, the target date for occupancy of an existing PBV project must be stated in the PHA's application. For new construction and rehabilitation projects, in addition to the target date for occupancy, the PHA must also include the date construction or rehabilitation will begin.

PHAs submitting an application with project selection after award announcement must submit a target date for project selection, which must be within 6 months of award announcement. Further, after selecting the project, the PHA must submit (1) an anticipated target date of occupancy for existing projects or (2) a target date of the start of construction or rehabilitation and the target date of occupancy for new construction or rehabilitation projects.

A. Existing Housing

For any applications for existing housing funded through this set-aside, the PHA must submit a PBV HAP contract (form HUD-52530B) to HUD Headquarters at VASH@hud.gov to verify available occupancy of **at least one unit** in the project within (a) 60 days of award announcement for projects selected prior to application or (b) 60 days after project selection for applicants with project selection after award announcement. The PHA must submit one HAP contract for every project selected.

After the HAP contract is executed for at least one unit, the PHA may add units, up to the number of HUD-VASH PBV units requested under part 4(A)(iii)(a) or 4(B)(iii)(a), until 12 months after award announcement for projects selected prior to application or 12 months after project selection for applicants with project selection after award announcement. At the end of the 12-month deadline, any funds for units above the number of units included on the HAP contract will be rescinded. If a PHA plans to add units through this 12-month period, the PHA must send in a HAP contract 60 days after award announcement confirming that at least one unit is under contract and, 12 months after award announcement, an updated HAP contract reflecting the total number of units. All requested PBV units must be vacant at the time that the unit is added to the HAP contract.

B. New Construction/Rehabilitation

For any funded proposals for new construction or rehabilitation projects, regardless of whether the PHA applied with a particular project or prior to selecting a project, the PHA must sign an AHAP with the project owner for each project within 24 months of award announcement.

- 6. Threshold Factors:** Threshold factors must be met in order for the application to be given further consideration. If the HUD-52515, or any of the threshold items listed below are incomplete or missing, they will be treated as a curable deficiency and HUD may contact an applicant to clarify or request the missing information. Applicants must provide the requested information, in accordance with HUD instructions, within 10 business days from the date of the request or the application will no longer be considered for funding under this notice.

- A.** The application must include a signed letter of support from the Director of the VAMC or Veterans Integrated Service Network (VISN). The letter from VA must confirm the need for the number of vouchers requested in the application. If a project has been selected prior to submission of application for this competition, the letter of support must be specific to the chosen project. If the PHA plans to select a project after award announcement, (1) the letter of support must be general and address the need for additional affordable housing in the PHA's and VAMC's jurisdiction and (2) the PHA must submit a letter of support from the Director of the VAMC or VISN specific to the selected project once the PHA selects the project.

- B.** The application must include a statement that (1) the Administrative Plan contains all required PBV policies and (2) the application for HUD-VASH funding under this competition is consistent with the PHA's administrative policies and PHA Plan. For administrative plan policies, please reference sections 2.a.(1), (2), (3), (6), and (7) of Notice PIH 2011-54 (Guidance on the Project-Based Voucher Program). For the PHA Plan, please reference section 2.b. of that Notice. The signature on the application will serve as a certification of this statement. *For those applications where a project will be selected after awards are announced, PHAs must submit this certification with the notification of the selected project, within six months of award announcement.*
- C.** The application must include a statement that the PHA will enforce compliance with a *Housing First* approach at the project. If a project has been selected prior to the application under this Notice, the application must include a signed statement from the project owner that the project will comply with a Housing First approach. If a project is selected after award announcement, a signed statement from the project owner that the project will comply with a *Housing First* approach must be submitted to HUD within 6 months after award announcement.

Housing First is an approach where homeless persons, usually chronically homeless or especially vulnerable homeless individuals and families, are provided immediate access to housing and then offered the supportive services that may be needed to foster long-term stability and prevent a return to homelessness. This approach removes unnecessary barriers and assumes that supportive services are more effective in addressing needs when the individual or family is housed and the daily stress of being homeless is addressed. Key components of this model include a simple application process, a harm reduction approach, and no conditions of tenancy beyond those included in the lease. *Housing First* specifically does not require sobriety or testing for substance abuse to obtain or sustain tenancy and thus must not be required in the lease. In serving these populations, projects cannot discriminate against families with children. More information on *Housing First* is available at:

<https://www.hudexchange.info/resources/documents/Housing-First-Permanent-Supportive-Housing-Brief.pdf> .

- D.** The PHA applicant must not have any major unresolved program management findings from an Inspector General audit, HUD management review, or Independent Public Accountant (IPA) audit for the PHA's HCV program or other significant program compliance programs that were not resolved or in the process of being resolved (as determined by the local field office) prior to this Notice's application deadline. Major program management findings or significant program compliance problems are those that inhibit the capacity of the applicant to effectively administer a HUD-VASH PBV project. In addition, the PHA must not be involved in litigation that HUD determines may seriously impede the ability of the applicant to administer the HUD-VASH PBV project. The local HUD field office will provide the necessary information on this factor.

E. The PHA must resolve all outstanding civil rights matters prior to the application deadline. Applicants having any of the charges, cause determinations, lawsuits or letters findings referenced in Section V.B.1(a) of the FY2016 General Section of the Notice of Funding Availability that have not been resolved to HUD's satisfaction before or on the application deadline date are ineligible for funding consideration. Examples of actions that may be considered sufficient to resolve such matters can be found in the General Section of the NOFA which can be found at: <http://portal.hud.gov/hudportal/documents/huddoc?id=2016nofa-gensec.pdf>. HUD Headquarters will contact the applicable HUD local field office for this information.

7. Scored Factors: A maximum of 85 points may be awarded.

A. Participation in the Enhanced Use Lease (EUL) Program: In order to receive points under this scored category, applicants must submit a project-specific application. No points under this category will be awarded to applicants that intend to select a project after the award announcement. The PHA must indicate if the project is part of an EUL program. Please note that a PHA's selection of an EUL site meets the alternative competitive selection requirements under 24 CFR 983.51(b)(2). The means of selection must be consistent with the PHA's administrative plan. More information on the EUL program can be found at <http://www.va.gov/AssetManagement/>

25 points: The project is being developed in coordination with the EUL program.

0 points: The project is not associated with the EUL program.

B. Relative Need: Number of Veterans experiencing homelessness. HUD and the VA will rate this factor based on an analysis of homeless veteran data, provided by local CoCs and VAMCs in the geographic area of the proposed or anticipated PBV project. HUD and VA will determine the level of need by the number of homeless veterans, with an emphasis on chronically homeless veterans, in the project's geographic area and the number of permanent supportive housing resources in the area available to address the need. HUD and VA will divide applications into three levels of need based on the available data. **HUD will use the proposed or anticipated project information supplied requisite to part 4(B)(iii)(b) and (c) of this Notice to score this category. If, after receiving an award, the PHA selects a project outside of the CoCs considered under this scoring factor, funds for those units will be rescinded.**

30 points: Very high need is determined

15 points: High need is determined

5 points: Medium need is determined

C. Relative Need: Affordable Housing. HUD and VA will rate this factor based on the availability of affordable housing in the neighborhood of the proposed or anticipated project. HUD and VA will divide applications into three levels of need based on the

rental vacancy rates and rates of cost burden among low income households in the geographic area of the proposed or anticipated project. **HUD will use the proposed or anticipated project information supplied requisite to part 4(B)(iii)(c) of this Notice to score this category. If, after receiving an award, the PHA selects a project outside of the county(ies) considered under this scoring factor, funds for those units will be rescinded.**

30 points: Very high need is determined

15 points: High need is determined

5 points: Medium need is determined

- 8. PBV Requirements.** All projects must be selected (see Section 4 of this notice), developed, and operated in accordance with the PHA's application, PBV program requirements found at 24 CFR part 983, Implementation of the HUD-VASH Program (Operating Requirements) published in the *Federal Register* on March 23, 2012, the requirements found in section 3 of Notice PIH 2015-10 (*Project-basing of HUD-VASH Vouchers*) and Notice PIH 2015-05 (*Guidance on the PBV Program*) or any successor - notices. **If a PHA applicant requires a waiver of any of the requirements noted above, it must submit the waiver request with its application.**
- 9. Nondiscrimination Requirements.** All projects must comply with the nondiscrimination provisions of Federal civil rights laws and requirements, including but not limited to the Fair Housing Act, Section 504 of the Rehabilitation Act, Title VI of the Civil Rights Act, and Titles II or III of the Americans with Disabilities Act, as applicable, and HUD's Equal Access Rule. See 24 CFR § 5.105(a).
- 10. Selection of Applications.** Applications will be jointly reviewed by HUD and VA and selected in order of points awarded until all funding is exhausted. If, at the end of the selection process, two or more applications have tied scores and there is not enough funding to select all of the tied-score applications, selection will be based on this order: (1) Score for Relative Need: Number of Veterans experiencing homelessness; (2) if scores are still tied, the score for Relative Need: Affordable Housing; (3) if the scores are still tied, the score for Participation in the Enhanced Use Lease (EUL) Program. If there are still tied scores remaining after these tiebreakers have been applied, the application/applications selection will be based on a lottery drawing.
- 11. Information Contact.** Inquiries about this notice should be directed vash@hud.gov.

Attachment # 2
Narrative Describing VASH Program

HUD-VASH Vouchers

Overview

The HUD-Veterans Affairs Supportive Housing (HUD-VASH) program combines Housing Choice Voucher (HCV) rental assistance for homeless Veterans with case management and clinical services provided by the Department of Veterans Affairs (VA). VA provides these services for participating Veterans at VA medical centers (VAMCs) and community-based outreach clinics.

Every year since 2008, HUD and VA have awarded HUD-VASH vouchers based on geographic need and public housing agency (PHA) administrative performance. The allocation process for HUD-VASH vouchers is a collaborative approach that relies on three sets of data: HUD's point-in-time data submitted by Continuums of Care (CoCs), VAMC data on the number of contacts with homeless Veterans, and performance data from PHAs and VAMCs. After determining which areas of the country have the highest number of homeless Veterans, the VA Central Office identifies VA facilities in the corresponding communities. HUD then selects PHAs near to the identified VA facilities, taking into consideration the PHAs' administrative performance, and sends the PHAs invitations to apply for the vouchers. There is at least one site in each of the 50 states, in the District of Columbia, Puerto Rico and Guam.

HUD has awarded funding for approximately 10,000 HUD-VASH vouchers each year in 2008-2010 and 2012-2015. Congress appropriated \$50 million in 2011 to serve approximately 7,000 voucher families and \$60 million in 2016 to serve approximately 8,000 families. In addition, HUD has held three competitions, in 2010, 2014, and 2015, to competitively award a total of over 2,600 project-based HUD-VASH vouchers. Since 2008, a total of over 85,000 vouchers have been awarded.

Generally, the HUD-VASH program is administered in accordance with regular HCV program requirements (**24 CFR Section 982**). However, the 2008 Consolidated

Jump to...

- » **Overview**
- » **Related Notices and Guidance**
- » **Webcasts**
- » **Tools and Resources**
- » **HUD-VASH Contact Information**
- » **Helpful Links**

Helpful Tools

Notice PIH 2016-11: Set-Aside Funding Availability for Project-Basing HUD-VASH Vouchers

HUD-VASH Sites 2008-2016 (MS-Excel)

HUD-VASH Webinar, Building Community Partnerships

Webinar Slides

Webinar Video Recording

HUD-VASH Reference Guide Revised HUD-VASH

Operating Requirements, published on March 23, 2012

HUD-VASH Best Practices - Version 1.0

Register for the HUD-VASH listserv by clicking **here**

HUD-VASH 101 Webinar - January 24, 2012

HUD-VASH 101 Slides

Intro to HUD-VASH Video

Appropriations Act (Public Law 110-161) allows HUD to waive or specify alternative requirements for any provision of any statute or regulation affecting the HCV program in order to effectively deliver and administer HUD-VASH voucher assistance. The alternative requirements are established in the HUD-VASH Operating Requirements (including the waivers and alternative requirements from HCV program rules), which were published in the Federal Register on May 6, 2008 and updated March 23, 2012. The operating requirements, notices related to HUD-VASH, and other helpful tools and resources are provided in the sections below.

Related Notices and Guidance

HUD-VASH Operating Requirements: This notice establishes the policies and procedures for the administration for the administration of tenant-based HCV rental assistance under the HUD-VASH program. In this second version of the HUD-VASH Operating Requirements published on March 23, 2012, HUD provides new and clarifying guidance on verification documentation, the addition of family members after the veteran is a participant in the HCV program, PHA termination of assistance, portability moves, reallocation of HUD-VASH vouchers, and Housing Quality Standards (HQS) initial inspections.

Federal Register Notice - June 18, 2014: Technical correction that allows HUD-VASH families to live on the grounds of a VA facility in units developed to house homeless Veterans (waives 24 CFR 982.352(a)(5) and 983.53(a)(2)).

Notice PIH 2015-10: Project-Basing HUD-Veterans Affairs Supportive Housing Vouchers. This Notice provides guidance to PHAs that have been awarded HUD-VASH vouchers and are interested in project-basing a portion or all of those vouchers.

Notice PIH 2011-53: Reporting and Portability Requirements for the HUD-Veterans Affairs Supportive Housing (VASH) Program. The purpose of this notice is to revise and extend **PIH Notice 2010-12**. The revisions occur in section 2 (Operating Requirements) regarding Moving to Work (MTW) agencies, section 2.b. (Leasing and Ongoing Reporting) regarding portability, and section 3.d. (PHA Tracking) regarding Voucher Management System (VMS) reporting.

Portability Attachment: This document may be attached to form

HUD-52665, Family Portability Information, in cases where the HUD-VASH family is moving to another PHA's jurisdiction, but the family's case management services will be provided by the initial PHA's partnering VAMC

PIH 2008-37: Reporting Requirements for the HUD-Veterans Affairs Supportive Housing Program

HUD-VASH Questions and Answers: These Qs & As serve as a supplement to the HUD-VASH Operating Requirements published in the Federal Register on May 6 and 19, 2008.

Federal Register Notice - May 6, 2008

Federal Register Notice - May 19, 2008

HUD-VASH PBV Set-Aside Notices

Notice PIH 2016-11: Set-Aside Funding Availability for Project-Basing HUD-VASH Vouchers: This notice announces the availability of a set-aside of approximately \$15 million in HUD-VASH funding that will support approximately 2,000 units of project-based voucher (PBV) assistance.

Notice PIH 2015-11: Set-Aside Funding Availability for Project-Basing HUD-VASH Vouchers - The purpose of this notice is to announce the availability of set-aside funding that will support project based voucher (PBV) assistance.

Notice PIH 2014-23: Set-Aside Funding Availability for Project-Basing HUD-VASH Vouchers - The purpose of this notice is to announce additional awards under Notice PIH 2014-3 (Set-Aside Funding Availability for Project-Basing HUD-VASH Vouchers).

Notice PIH 2010-40: Set-Aside Funding Availability for Project-Basing HUD-Veterans Affairs Supportive Housing Vouchers

Webcasts

HUD-VASH Webinar, Building Community Partnerships to Effectively Serve Chronically Homeless Veterans: Below are the slides and video recording for the HUD-VASH webinar on September 20, 2012.

Webinar Slides

Webinar Video Recording

HUD-VASH 101 Webinar: Below are the slides and video recording for the HUD-VASH webinar on January 24, 2012.

HUD-VASH 101 Slides

Intro to HUD-VASH Video

HUD-VASH Satellite Broadcast 9-23-2010: Below are the materials related to the HUD-VASH satellite broadcast of September 23, 2010.

HUD and VA presentation (MS-PowerPoint)

HUD-VASH Satellite Broadcast 10-27-2009: Below are the materials discussed during the HUD-VASH satellite broadcast of October 27, 2009

HUD-VASH Operating Requirements (MS-PowerPoint)

HUD-VASH Reporting Requirements (MS-PowerPoint)

HUD-VASH: The VA Perspective (MS-PowerPoint)

HUD-VASH Project Based Vouchers (MS-PowerPoint)

HUD-VASH and HUD's Homeless Prevention and Rapid Re-Housing Program (MS-PowerPoint)

HUD-VASH Satellite Broadcast 02-10-2009: Below are the materials that were discussed during the HUD-VASH satellite broadcast of February 10, 2009.

HUD Presentation (MS-PowerPoint)

VA Presentation (MS-PowerPoint)

Tools and Resources

Letter from Principal Deputy Assistant Secretary Castro

Ramirez - This letter from the Principal Deputy Assistant Secretary gives an overview of tools available to HUD-VASH PHAs to improve HUD-VASH leasing.

HUD-VASH Reference Guide - This two-page document provides an easy-to-read overview of the unique requirements that govern the voucher side of the HUD-VASH program.

HUD-VASH Best Practices - Version 1.0: The purpose of this working document is to spread the word about effective strategies for administering HUD-VASH, as well as highlight the innovation and dedication of HUD-VASH sites and our partners in the field.

It summarizes the most unique and innovative practices submitted by PHAs and VAMCs in response to a request for the submission of best practices sent out via the **HUD-VASH listserv** in the fall of 2011. Other reports and conversations exchanged among federal agencies, PHAs, and community partners also have informed and will continue to inform this best practices list. Because HUD-VASH continues to be a work in progress, we have compiled these best practices into a working document that will be edited when effective new approaches are identified and not-so-helpful ones are discarded.

HUD-VASH Leasing Schedule Templates: The first document below provides leasing schedule templates that partnering PHAs and VAMCs have the option of using for their 12-month leasing schedules. The second document provides template instructions and a glossary of terms used in the templates.

HUD-VASH Leasing Schedule Templates

Leasing Schedule Template Instructions

HUD-VASH listserv: Click [here](#) to sign up for the HUD-VASH listserv in order to receive periodic news and information related to the program

HUD-VASH Resource Guide: The VA has developed this in-depth guide mainly for VA Case Managers. However, the information provided may also be helpful for PHAs and other entities that support the HUD-VASH program. The guide can be found on the VA's HUD-VASH page here:

<http://www.va.gov/HOMELESS/HUD-VASH.asp>.

HUD-VASH Contact Information

HUD-VASH sites 2008 - 2016 (**MS-Excel**) (**PDF**)

National Homeless Veteran Call Center

Helpful Links

The following links to other Federal and community websites may provide additional information on assisting Veterans that are homeless or at-risk of becoming homeless:

HUD's Veteran Information Page

Local Homeless Assistance by State

U.S. Interagency Council on Homelessness (USICH) Veterans Page

Veterans' National Resource Directory

National Coalition for Homeless Veterans

HUD's Homeless Resources Exchange

Department of Health and Human Service's Homeless Resource Center

ATTACHMENT # 3:

REQUIRED FORMS

**HOUSING AUTHORITY OF CHESTER COUNTY
PROJECT-BASED VASH VOUCHER PROPOSAL**

APPLICATION COVER FORM

Number of Units in Existing Development* _____
Number of New Construction Units in Development* _____
Number of Units in Development to Receive Project-Based Vouchers* _____

***If site is not yet selected please provide an estimated number**

Applicant Name _____
Contact Person _____
Business Address Line 1 _____
Business Address Line 2 _____
Telephone (____) _____ Fax (____) _____
E-Mail _____
Tax ID# _____
D/B/A _____

Managing Agent (if other than Applicant) _____
Contact Person _____
Business Address Line 1 _____
Business Address Line 2 _____
Telephone (____) _____ Fax (____) _____
E-Mail _____
Tax ID# _____
D/B/A _____

For New Construction only - Estimated project completion/Certificate of Occupancy

Date _____

HOUSING AUTHORITY OF CHESTER COUNTY
PROJECT-BASED PROPOSAL

Certification Regarding Debarment, Suspension
Ineligibility and voluntary Exclusion

I hereby verify that I meet the following criteria for participation:

- 1) I (we) have not been debarred or suspended by any government agency or subjected to a limited denial of participation under the Debarment and Suspension Rules of the United States Department of Housing and Urban Development (2 CFR Part 2424)
- 2) I (we) have not engaged in any drug-related criminal activity or any violent criminal activity
- 3) Neither the Federal government nor any state or local government has instituted an administrative or judicial against me (us) for violation of the Fair Housing act or other equal opportunity requirements
- 4) No court or administrative agency has determined that I (we) have violated the Fair Housing Act or other equal opportunity requirements
- 5) I (we) have not committed fraud, bribery or any other corrupt or criminal act in connection with any Federal, state or local housing program
- 6) I (we) am not on the U. S. General Service Administration list of parties excluded from Federal procurement and non-procurement programs

Signed: _____ Print Name: _____

Date: _____

ATTACHMENT # 4:

SCORING CRITERIA

**HOUSING AUTHORITY OF CHESTER COUNTY
PROJECT-BASED VASH PROPOSAL**

RATING CRITERIA for Category 1 and Category 2 Submissions:

SITE CONTROL (up to 15 points)

Applicant does not have site control: (0) points

Applicant has purchase contract or option to purchase effective through anticipated closing date, or applicant owns property: (15 points)

LOCATION (up to 20 points)

Proposed units are located in a census tract with a poverty rate of greater than 20% based on the most recent available census date: (0 points)

Proposed units are located in a census tract with a poverty rate of less than 20% based on the most recent available census date: (up to 20 points)

PROJECT DESIGN (up to 20 points)

Site and building design for proposed construction or of existing property does not provide an excellent quality of life for residents and does not contribute to the overall revitalization of the neighborhood: (0 points)

Site and building design for proposed construction or of existing property provides an acceptable quality of life for residents and may or may not contribute to the overall revitalization of the neighborhood: (up to 10 points)

Site and building design for proposed construction or of existing property provides an excellent quality of life for residents and is anticipated to positively enhance the overall revitalization of the neighborhood: (up to 20 points)

FEASIBILITY/VIABILITY (up to 15 points)

Proposed units are unfeasible or not viable based on the proposed development budget or operating budget: (0 points)

Proposed units are feasible and viable based on proposed development and operation budgets (up to 15 points)

DEVELOPMENT AND MANAGEMENT EXPERIENCE (up to 20 points)

Applicant has no affordable rental housing development and management experience: (0 points)

Applicant has some affordable rental housing development and management experience: (up to 10 points)

Applicant has significant affordable rental housing development and management experience (up to 20 points)

DIRECT EXPERIENCE IN PROVIDING AFFORDABLE HOUSING AND/OR SERVICES TO VETERANS (up to 10 points)

No experience providing housing and/or services to veterans: (0 points)

Demonstrated experience providing housing and/or services to veterans: (up to 10 points)

TOTAL POSSIBLE SCORE 100 POINTS

**HOUSING AUTHORITY OF CHESTER COUNTY
PROJECT-BASED VASH PROPOSAL**

RATING CRITERIA for Category 3 Submissions:

CONCEPTUAL PROJECT DESIGN (up to 20 points)

Conceptual building design for proposed construction does not provide an excellent quality of life for residents and does not contribute to the overall revitalization of the neighborhood: (0 points)

Conceptual building design for proposed construction provides an acceptable quality of life for residents and may or may not contribute to the overall revitalization of the neighborhood: (up to 10 points)

Conceptual building design for proposed construction provides an excellent quality of life for residents and is anticipated to positively enhance the overall revitalization of the neighborhood: (up to 20 points)

FEASIBILITY/VIABILITY (up to 15 points)

Proposed project is unfeasible or not viable based on the proposed development budget or operating budget: (0 points)

Proposed project is feasible and viable based on proposed development and operation budgets (up to 15 points)

DEVELOPMENT AND MANAGEMENT EXPERIENCE (up to 50 points)

Applicant has no affordable rental housing development and management experience: (0 points)

Applicant has some affordable rental housing development and management experience: (up to 25 points)

Applicant has significant affordable rental housing development and management experience (up to 50 points)

DIRECT EXPERIENCE IN PROVIDING AFFORDABLE HOUSING AND/OR SERVICES TO VETERANS

(up to 15 points)

No experience providing housing and/or services to veterans: (0 points)

Demonstrated experience providing housing and/or services to veterans: (up to 15 points)

TOTAL POSSIBLE POINTS 100

Attachment # 5
HUD Notice PIH 2011-54
Guidance on Project Based Vouchers



**U.S. Department of Housing and Urban Development
Public and Indian Housing**

Special Attention of:
Directors of HUD Regional and Field
Offices of Public Housing;
Public Housing Agencies that
Administer the Housing Choice
Voucher Program

Notice PIH 2011-54 (HA)

Issued: September 20, 2011

Expires: Effective until amended,
superseded, or rescinded

CORRECTION TO NOTICE: A correction in Section 2.a. (7) regarding the maximum vacancy payment to an owner.

Cross References:

Subject: Guidance on the Project-Based Voucher Program

1. Purpose The purpose of this notice is to clarify certain issues related to the project-based voucher (PBV) program. HUD intends to issue a more in-depth guidebook related to this program. However, this notice is intended to address specific concerns that have come to the attention of the Department recently. Please note that this notice is not inclusive of all requirements related to the PBV program.

2. Implementing a PBV Program If a PHA decides that it wants to implement a PBV program, it must establish various policies and procedures prior to such implementation. Listed below are those policies and procedures that must be addressed in the PHA's Administrative Plan and/or PHA Plan.

a. Administrative Plan The PHA's Administrative Plan must describe the following:

- (1) The procedures for owner submission of PBV proposals and for selection of those proposals, such as method of providing public notice, deadline for submission and selection factors. See 24 CFR 983.51(a), (b) and (c). If the PHA intends to use both competitive and non-competitive procedures, it must describe under what conditions it will use each method of selection. It is acceptable for a PHA to state that it will only use competitive selection procedures when non-competitive selection is not applicable. However, if the PHA intends to use both competitive and non-competitive selection of proposals, the procedures above must be described in the Administrative Plan.
- (2) The standard for deconcentrating poverty and expanding housing and economic opportunities must be described in the Administrative Plan in accordance with 24 CFR 983.57(b)(1). In addition, the PHA must establish its policy for selection of PBV sites and describe how the site selection policy promotes PBV goals.

- (3) If the PHA plans to exceed the 25 percent cap on the number of units in a project that may have PBV attached for non-elderly and non-disabled families, the Administrative Plan must describe the type of services offered to these families for a project to qualify for the exception to the 25 percent cap and the extent to which such services will be provided. Please reference 24 CFR 983.56(b)(2). If the unit is excepted for a family receiving supportive services, the PHA must describe the form and frequency of monitoring the continued receipt of these services and take appropriate action regarding those families that fail without good cause to complete their supportive services requirements.
- (4) Applicants for PBV units must be selected from the PHA's waiting list. The PHA's Administrative Plan must describe how applicants will be selected. There are various options for a PHA in establishing PBV waiting lists. It may use separate lists for tenant-based assistance and PBV assistance or it can use one list for both. The PHA may establish separate waiting lists for different PBV projects or buildings (or for sets of such units). Different preferences may be established for each PBV waiting list. PHAs may take referrals from PBV owners. However, all new applicants and families currently on the PHA's tenant-based waiting list must be provided with the option to have their names placed on all/any open waiting lists that the PHA maintains for assisted housing. See 24 CFR 983.251. Please note that PHAs do not have to notify each family on the tenant-based waiting list by individual notice. A PHA could notify these applicants by the same means it would use in opening its waiting list under 24 CFR §982.206(a). A non-all inclusive list of suggestions are: (1) advertising through local and minority newspapers and the internet; (2) local postings at post offices, libraries, and community centers; and (3) an outreach to social service organizations that may serve the same clientele that will be occupying the PBV units.
- (5) Any tenant screening done by the PHA must be stated in the Administrative Plan. See 24 CFR 983.255(a).
- (6) The PHA must have a policy in its Administrative Plan regarding family occupancy of wrong-size or accessible units. In cases where, after initial tenancy, the family is occupying a wrong-sized unit or a unit that has accessibility features not required by the family, it must describe the form(s) of continued assistance it will offer the family. See 24 CFR 983.259(b).
- (7) At the PHA's discretion, the PBV HAP contract may provide for vacancy payments to the owner. Therefore, the PHA must decide if it will pay such vacancy payments as defined under 24 CFR 983.352. The maximum vacancy payment can be no more than two full months of monthly rent to owner under the assisted lease after the month the family moves out minus any portion of the rental payment received by the owner (including amounts available from the tenant's security deposit). Vacancy payments can only cover the portion of time the unit remains vacant during the period defined.

b. PHA Plan In accordance with Section 7.0 of the PHA Plan Template (form HUD-50075), if the PHA intends to use the PBV program, it must provide the projected number of PBV units, their general locations and how project basing would be consistent with its PHA Plan. Any amendment to the PHA Plan regarding PBVs must be in accordance with 24 CFR 903.7(r)(2)(ii) which requires the PHA to identify the basic criteria for determining a significant amendment or modification to its 5-year or annual PHA Plan. When amending a PHA Plan, the agency must follow 24 CFR 903.21 which, in part, provides for adoption by the board of directors or similar governing body and public notice and comment.

3. Proposal Selection Process The Department is aware that developers of low-income housing tax credit (LIHTC) units often approach the local PHA seeking a commitment of PBVs. A PHA **cannot** commit PBVs until or unless it has followed the proposal selection requirements defined in 24 CFR 983.51. The only time a PHA does not have to do its own competitive selection of proposals is when the units were selected under a similar federal, state or local competition within three years from the PHA's selection date of the units for PBV assistance as stated in 24 CFR 983.5(1)(b). A LIHTC competition can only be considered in this regard if no PBVs were committed by the local PHA because such a commitment gives that applicant an advantage in the LIHTC competition and, therefore, would not serve as a fair comparable competitive selection.

4. PHA-Owned Units PHA-owned units are eligible for the PBV program. A PHA-owned unit is defined in 24 CFR 983.3 as, "a dwelling unit owned by the PHA that administers the voucher program. PHA-owned means that the PHA or its officers, employees or agents hold a direct or indirect interest in the building in which the unit is located, including an interest as titleholder or lessee, or as a stockholder, member or general or limited partner, or member of a limited liability corporation, or an entity that holds any such direct or indirect interest." However, the HUD field office or HUD-approved independent entity must review the selection process and determine that the PHA-owned units were appropriately selected based on the selection procedures specified in the PHA's Administrative Plan. Please reference 24 CFR 983.51(e). Non-competitive selections must also be reviewed to ensure that the selection was done properly particularly in regard to LIHTC project applications not receiving the benefit of a commitment of PBVs by the PHA and that the comparable competition was held within three years of project selection. See 24 CFR 983.51(b)(2). For other requirements related to PHA-owned units such as rent reasonableness determinations and inspections see 24 CFR 983.59. These functions are also required to be done by the HUD-approved independent entity.

5. Agreement to Enter into a Housing Assistance Payments (AHAP) Contract For any projects involving new construction or rehabilitation, an AHAP must be executed **prior** to the start of any construction or rehabilitation. An AHAP is not required for existing units. The requirements regarding an AHAP are detailed in 24 CFR 983.152. However, a PHA may not execute an AHAP until a subsidy layering review and an environmental review are completed.

6. Subsidy Layering Review (SLR) These reviews are only required for projects involving new construction and rehabilitation. The purpose of this review is to avoid excess subsidy. See 24 CFR 983.55. Pursuant to the passage of the Housing and Economic Recovery Act

(HERA) of 2008 and in accordance with the *Federal Register* notice, *Administrative Guidelines: Subsidy Layering Reviews for Proposed Section 8 Project-Based Voucher Housing Assistance Payments Contracts*, issued on July 9, 2010, housing credit agencies can submit a notice of intent to conduct SLRs rather than the Department since they are qualified agencies. State housing credit agencies are encouraged to submit such a notice to Headquarters, if they have not already done so, since these agencies are already performing SLRs for LIHTC projects. Otherwise, Headquarters is still required to do them. No AHAP may be executed until a SLR is completed by the appropriate agency.

7. Environmental Review In accordance with 24 CFR 983.58, an environmental review is required for all PBV units including existing units. A PHA, an owner, or its contractors may not acquire, rehabilitate, convert, lease, repair, dispose of, demolish, or construct real property or commit or expend program or local funds for PBV activities until an environmental review is completed. Specifically, no AHAP for rehabilitated or new construction units may be executed until the environmental review is complete and no housing assistance payments (HAP) contract may be executed for existing units until the environmental review is completed. As PHAs are aware, the Housing and Economic Recovery Act (HERA) added a section 8(o)(13)(M) of the U.S. Housing Act of 1937 and paragraph (ii) of that new section relieves a PHA from undertaking an environmental review for an existing structure, except to the extent such a review is otherwise required by law or regulation. This new statutory section was discussed in the *Federal Register* notice entitled “The Housing and Economic Recovery Act of 2008 Applicability to HUD Public Housing, Section 8 Tenant-Based Voucher and Section 8 Project-Based Voucher Programs,” published on November 24, 2008, at 73 FR 71037. In that notice, HUD advised that under 24 CFR part 58, federal environmental reviews are undertaken by a Responsible Entities (usually units of general local governments), not PHAs. In addition, any federally required environmental review is required by law or regulation, so there do not appear to be any federally required environmental reviews that would be eliminated by this provision.

8. Physical Accessibility PBV projects must meet program accessibility requirements of 24 CFR 983.102. A PHA must ensure that the percentage of accessible dwelling units complies with HUD requirements and that design and construction requirements, as applicable, are met.

9. Equal Opportunity Requirements A PBV program must comply with all applicable equal opportunity and nondiscrimination requirements and the PHA Plan’s certification to comply with civil rights laws and to affirmatively further fair Housing as required by 24 CFR 983.8.

10. Information Contact Inquiries about this notice should be directed to Phyllis Smelkinson, Housing Voucher Management and Operations Division, Office of Public Housing and Voucher Programs, at (202) 402-4138 or Phyllis.Smelkinson@hud.gov.

11. Paperwork Reduction Act The information collection requirements contained in this notice have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C 3520). In accordance with the PRA, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number. The following active information collections contained in this notice have been approved under the PRA-OMB Control Number 2577-0169.

/s/

Sandra B. Henriquez, Assistant Secretary
for Public and Indian Housing

ATTACHMENT # 6:

CHAPTER 17 PROJECT BASED VOUCHERS
HACC SECTION 8 ADMINISTRATIVE PLAN

Chapter 17

PROJECT-BASED VOUCHERS

INTRODUCTION

This chapter describes HUD regulations and PHA policies related to the project-based voucher (PBV) program in nine parts:

Part I: General Requirements. This part describes general provisions of the PBV program including maximum budget authority requirements, relocation requirements, and equal opportunity requirements.

Part II: PBV Owner Proposals. This part includes policies related to the submission and selection of owner proposals for PBV assistance. It describes the factors the PHA will consider when selecting proposals, the type of housing that is eligible to receive PBV assistance, the cap on assistance at projects receiving PBV assistance, subsidy layering requirements, site selection standards, and environmental review requirements.

Part III: Dwelling Units. This part describes requirements related to housing quality standards, the type and frequency of inspections, and housing accessibility for persons with disabilities.

Part IV: Rehabilitated and Newly Constructed Units. This part describes requirements and policies related to the development and completion of rehabilitated and newly constructed housing units that will be receiving PBV assistance.

Part V: Housing Assistance Payments Contract. This part discusses HAP contract requirements and policies including the execution, term, and termination of the HAP contract. In addition, it describes how the HAP contract may be amended and identifies provisions that may be added to the HAP contract at the PHA's discretion.

Part VI: Selection of PBV Program Participants. This part describes the requirements and policies governing how the PHA and the owner will select a family to receive PBV assistance.

Part VII: Occupancy. This part discusses occupancy requirements related to the lease, and describes under what conditions families are allowed or required to move. In addition, exceptions to the occupancy cap (which limits PBV assistance to 25 percent of the units in any project) are also discussed.

Part VIII: Determining Rent to Owner. This part describes how the initial rent to owner is determined, and how rent will be redetermined throughout the life of the HAP contract. Rent reasonableness requirements are also discussed.

Part IX: Payments to Owner. This part describes the types of payments owners may receive under this program.

PART I: GENERAL REQUIREMENTS

17-I.A. OVERVIEW [24 CFR 983.5]

The project-based voucher (PBV) program allows PHAs that already administer a tenant-based voucher program under an annual contributions contract (ACC) with HUD to take up to 20 percent of its voucher program budget authority and attach the funding to specific units rather than using it for tenant-based assistance [24 CFR 983.6]. PHAs may only operate a PBV program if doing so is consistent with the PHA's Annual Plan, and the goal of deconcentrating poverty and expanding housing and economic opportunities [42 U.S.C. 1437f(o)(13)].

HACC Policy

The HACC will operate a project-based voucher program using up to 20 percent of its budget authority for project-based assistance.

PBV assistance may be attached to existing housing or newly constructed or rehabilitated housing [24 CFR 983.52]. If PBV units are already selected for project-based assistance either under an agreement to enter into HAP Contract (Agreement) or a HAP contract, the PHA is not required to reduce the number of these units if the amount of budget authority is subsequently reduced. However, the PHA is responsible for determining the amount of budget authority that is available for project-based vouchers and ensuring that the amount of assistance that is attached to units is within the amounts available under the ACC [24 CFR 983.6].

17-I.B. TENANT-BASED VS. PROJECT-BASED VOUCHER ASSISTANCE [24 CFR 983.2]

Much of the tenant-based voucher program regulations also apply to the PBV program. Consequently, many of the PHA policies related to tenant-based assistance also apply to PBV assistance. The provisions of the tenant-based voucher regulations that do not apply to the PBV program are listed at 24 CFR 983.2.

HACC Policy

Except as otherwise noted in this chapter, or unless specifically prohibited by PBV program regulations, the HACC policies for the tenant-based voucher program contained in this administrative plan also apply to the PBV program and its participants.

17-I.C. RELOCATION REQUIREMENTS [24 CFR 983.7]

Any persons displaced as a result of implementation of the PBV program must be provided relocation assistance in accordance with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA)[42 U.S.C. 4201-4655] and implementing regulations at 49 CFR part 24.

The cost of required relocation assistance may be paid with funds provided by the owner, local public funds, or funds available from other sources. PHAs may not use voucher program funds to cover relocation costs, except that PHAs may use their administrative fee reserve to pay for relocation expenses after all other program administrative expenses are satisfied, and provided that payment of the relocation benefits is consistent with state and local law. Use of the administrative fee for these purposes must also be consistent with other legal and regulatory requirements, including the requirement in 24 CFR 982.155 and other official HUD issuances.

The acquisition of real property for a PBV project is subject to the URA and 49 CFR part 24, subpart B. It is the responsibility of the PHA to ensure the owner complies with these requirements.

17-I.D. EQUAL OPPORTUNITY REQUIREMENTS [24 CFR 983.8]

The PHA must comply with all equal opportunity requirements under federal law and regulations in its implementation of the PBV program. This includes the requirements and authorities cited at 24 CFR 5.105(a). In addition, the PHA must comply with the PHA Plan certification on civil rights and affirmatively furthering fair housing, submitted in accordance with 24 CFR 903.7(o).

PART II: PBV OWNER PROPOSALS

17-II.A. OVERVIEW

The PHA must describe the procedures for owner submission of PBV proposals and for PHA selection of PBV proposals [24 CFR 983.51]. Before selecting a PBV proposal, the PHA must determine that the PBV proposal complies with HUD program regulations and requirements, including a determination that the property is eligible housing [24 CFR 983.53 and 983.54], complies with the cap on the number of PBV units per project [24 CFR 983.56], and meets the site selection standards [24 CFR 983.57]. The PHA may not commit PBVs until or unless it has followed the proposal selection requirements defined in 24 CFR 983.51 [Notice PIH 2011-54].

17-II.B. OWNER PROPOSAL SELECTION PROCEDURES [24 CFR 983.51(b)]

The PHA must select PBV proposals in accordance with the selection procedures in the PHA administrative plan. The PHA must select PBV proposals by either of the following two methods.

- PHA request for PBV Proposals. The PHA may solicit proposals by using a request for proposals to select proposals on a competitive basis in response to the PHA request. The PHA may not limit proposals to a single site or impose restrictions that explicitly or practically preclude owner submission of proposals for PBV housing on different sites.
- The PHA may select proposal that were previously selected based on a competition. This may include selection of a proposal for housing assisted under a federal, state, or local government housing assistance program that was subject to a competition in accordance with the requirements of the applicable program, community development program, or supportive services program that requires competitive selection of proposals (e.g., HOME, and units for which competitively awarded LIHTCs have been provided), where the proposal has been selected in accordance with such program's competitive selection requirements within three years of the PBV proposal selection date, and the earlier competitive selection proposal did not involve any consideration that the project would receive PBV assistance. The PHA need not conduct another competition.

Solicitation and Selection of PBV Proposals [24 CFR 983.51(c)]

PHA procedures for selecting PBV proposals must be designed and actually operated to provide broad public notice of the opportunity to offer PBV proposals for consideration by the PHA. The public notice procedures may include publication of the public notice in a local newspaper of general circulation and other means designed and actually operated to provide broad public notice. The public notice of the PHA request for PBV proposals must specify the submission deadline. Detailed application and selection information must be provided at the request of interested parties.

HACC Policy

HACC Request for Proposals for Rehabilitated and Newly Constructed Units

The HACC will advertise its request for proposals (RFP) for rehabilitated and newly constructed housing in the following newspaper:

Chester County Daily Local News Newspaper

In addition, the HACC will post the RFP and proposal submission and rating and ranking procedures on its electronic web site.

The HACC will publish its advertisement in the newspapers and trade journals mentioned above for at least one day per week for three consecutive weeks. The advertisement will specify the number of units the HACC estimates that it will be able to assist under the funding the HACC is making available. Proposals will be due in the HACC office by close of business 30 calendar days from the date of the last publication.

In order for the proposal to be considered, the owner must submit the proposal to the HACC by the published deadline date, and the proposal must respond to all requirements as outlined in the RFP. Incomplete proposals will not be reviewed.

The HACC will rate and rank proposals for rehabilitated and newly constructed housing using the following criteria:

- Owner experience and capability to build or rehabilitate housing as identified in the RFP;

- Experience as an owner in the tenant-based voucher program and owner compliance with the owner's obligations under the tenant based program;

- Extent to which the project furthers the HACC's goal of deconcentrating poverty, expanding housing and economic opportunities and ending homelessness in Chester County.

- Location of the Project in a Revitalization Area as defined by HUD

- Compliance with all HUD Equal Opportunity and Civil Rights requirements including Section 504, Fair Housing and Section 3.

- If applicable, the extent to which services for special populations are provided on site or in the immediate area for occupants of the property; and

- Projects with less than 25 percent of the units assisted will be rated higher than projects with 25 percent of the units assisted. In the case of projects for

occupancy by the elderly, persons with disabilities or families needing other services, the HACC will rate partially assisted projects on the percent of units assisted. Projects with the lowest percent of assisted units will receive the highest score.

HACC Requests for Proposals for Existing Housing Units

The HACC will advertise its request for proposals (RFP) for existing housing in the following newspaper:

Chester County Daily News Newspaper In addition, the HACC will post the notice inviting such proposal submission and the rating and ranking procedures on its electronic web site.

The HACC will periodically publish its advertisement in the newspapers and trade journals mentioned above for at least one day per week for three consecutive weeks. The advertisement will specify the number of units the HACC estimates that it will be able to assist under the funding the HACC is making available. Owner proposals will be accepted on a first-come first-served basis and will be evaluated using the following criteria:

Experience as an owner in the tenant-based voucher program and owner compliance with the owner's obligations under the tenant-based program;

Experience as an owner in the tenant-based voucher program and owner compliance with the owner's obligations under the tenant based program;

Extent to which the project furthers the HACC goal of deconcentrating poverty, expanding housing economic opportunities and ending homelessness in Chester County.

Location of the Project in a Revitalization Area as defined by HUD

Compliance with all HUD Equal Opportunity and Civil Rights requirements including Section 504, Fair Housing and Section 3.

If applicable, extent to which services for special populations are provided on site or in the immediate area for occupants of the property; and

Extent to which units are occupied by families that are eligible to participate in the PBV program.

HACC Selection of Proposals Subject to a Previous Competition under a Federal, State, or Local Housing Assistance Program

The HACC will accept proposals for PBV assistance from owners that were competitively selected under another federal, state or local housing assistance program, including projects that were competitively awarded Low-Income Housing Tax Credits from the Pennsylvania Housing Finance Agency on an ongoing basis.

The HACC may periodically advertise that it is accepting proposals, in the following newspaper:

Chester County Daily Local News

In addition to, or in place of advertising, the HACC may also directly contact specific owners that have already been selected for Federal, state, or local housing assistance based on a previously held competition, to inform them of available PBV assistance.

Proposals will be reviewed on a first-come first-served basis. The HACC will evaluate each proposal on its merits using the following factors:

- Owner experience and capability to build or rehabilitate multifamily housing

- Experience as an owner in the tenant-based voucher program and owner compliance with the owner's obligations under the tenant-based program.

- Extent to which the project furthers the HACC goal of deconcentrating poverty and expanding housing and economic opportunities; and

- Extent to which the proposal complements other local activities such as the redevelopment of a public housing site under the HOPE VI program, the HOME program, CDBG activities, other development activities in a HUD-designated Enterprise Zone, Economic Community, or Renewal Community And the County's efforts to end homelessness within ten year.

- Location of the Project in a Revitalization Area as defined by HUD

- Compliance with all HUD Equal Opportunity and Civil Rights requirements including Section 504, Fair Housing and Section 3.

HACC-Owned Units [24 CFR 983.51(e) and 983.59]

A PHA-owned unit may be assisted under the PBV program only if the HUD field office or HUD-approved independent entity reviews the selection process and determines that the PHA-owned units were appropriately selected based on the selection procedures specified in the PHA administrative plan. If the PHA selects a proposal for housing that is owned or controlled by the PHA, the PHA must identify the entity that will review the PHA proposal selection process and perform specific functions with respect to rent determinations and inspections.

In the case of PHA-owned units, the initial contract rent must be approved by an independent entity. In addition, housing quality standards inspections must be conducted by an independent entity.

The independent entity that performs these program services may be the unit of general local government for the PHA jurisdiction (unless the PHA is itself the unit of general local

government or an agency of such government) or another HUD-approved public or private independent entity.

HACC Policy

The HACC may submit a proposal for project-based housing that is owned or controlled by the HACC. If the proposal for HACC-owned housing is selected, the HACC will use the Chester County Department of Community Development and the Wilmington Housing Authority to review the HACC selection and to approve contract rents on an annual basis. HACC will contract out the inspection function of approved PBV units to a third party contractor..

The HACC may only compensate the independent entity from PHA ongoing administrative fee income (including amounts credited to the administrative fee reserve). The HACC may not use other program receipts to compensate the independent entity for its services. The HACC and independent entity may not charge the family any fee for the appraisal or the services provided by the independent entity.

PHA Notice of Owner Selection [24 CFR 983.51(d)]

The PHA must give prompt written notice to the party that submitted a selected proposal and must also give prompt public notice of such selection. Public notice procedures may include publication of public notice in a local newspaper of general circulation and other means designed and actually operated to provide broad public notice.

HACC Policy

Within 10 business days of the HACC making the selection, the HACC will notify the selected owner in writing of the owner's selection for the PBV program. The HACC will also notify in writing all owners that submitted proposals that were not selected and advise such owners of the name of the selected owner.

In addition, the HACC will publish its notice for selection of PBV proposals for two consecutive days in the same newspapers and trade journals the HACC used to solicit the proposals. The announcement will include the name of the owner that was selected for the PBV program. The HACC will also post the notice of owner selection on its electronic web site.

The HACC will make available to any interested party its rating and ranking sheets and documents that identify the HACC basis for selecting the proposal. These documents will be available for review by the public and other interested parties for one month after publication of the notice of owner selection. The HACC will not make available sensitive owner information that is privileged, such as financial statements and similar information about the owner.

The HACC will make these documents available for review at the HACC during normal business hours. The cost for reproduction of allowable documents will be \$.25 per page.

17-ILC. HOUSING TYPE [24 CFR 983.52]

The PHA may attach PBV assistance for units in existing housing or for newly constructed or rehabilitated housing developed under and in accordance with an agreement to enter into a housing assistance payments contract that was executed prior to the start of construction. A

housing unit is considered an existing unit for purposes of the PBV program, if, at the time of notice of PHA selection, the units substantially comply with HQS. Units for which new construction or rehabilitation began after the owner's proposal submission but prior to the execution of the HAP do not subsequently qualify as existing housing. Units that were newly constructed or rehabilitated in violation of program requirements also do not qualify as existing housing.

The PHA must decide what housing type, new construction, rehabilitation, or existing housing, will be used to develop project-based housing. The PHA choice of housing type must be reflected in its solicitation for proposals.

17-IL.D. PROHIBITION OF ASSISTANCE FOR CERTAIN UNITS

Ineligible Housing Types [24 CFR 983.53]

The PHA may not attach or pay PBV assistance to shared housing units; units on the grounds of a penal reformatory, medical, mental, or similar public or private institution; nursing homes or facilities providing continuous psychiatric, medical, nursing services, board and care, or intermediate care (except that assistance may be provided in assisted living facilities); units that are owned or controlled by an educational institution or its affiliate and are designated for occupancy by students; manufactured homes; and transitional housing. In addition, the PHA may not attach or pay PBV assistance for a unit occupied by an owner and the PHA may not select or enter into an agreement to enter into a HAP contract or HAP contract for a unit occupied by a family ineligible for participation in the PBV program. A member of a cooperative who owns shares in the project assisted under the PBV program is not considered an owner for purposes of participation in the PBV program. Finally, PBV assistance may not be attached to units for which construction or rehabilitation has started after the proposal submission and prior to the execution of an AHAP.

Subsidized Housing [24 CFR 983.54]

A PHA may not attach or pay PBV assistance to units in any of the following types of subsidized housing:

- A public housing unit;
- A unit subsidized with any other form of Section 8 assistance;
- A unit subsidized with any governmental rent subsidy;
- A unit subsidized with any governmental subsidy that covers all or any part of the operating costs of the housing;
- A unit subsidized with Section 236 rental assistance payments (except that a PHA may attach assistance to a unit subsidized with Section 236 interest reduction payments);
- A Section 202 project for non-elderly with disabilities;
- Section 811 project-based supportive housing for persons with disabilities;
- Section 202 supportive housing for the elderly;
- A Section 101 rent supplement project;

- A unit subsidized with any form of tenant-based rental assistance;
- A unit with any other duplicative federal, state, or local housing subsidy, as determined by HUD or the PHA in accordance with HUD requirements.

17-II.E. SUBSIDY LAYERING REQUIREMENTS [24 CFR 983.55, FR Notice 11/24/08, FR Notice 7/9/10, and FR Notice 6/25/14]

The PHA may provide PBV assistance only in accordance with HUD subsidy layering regulations [24 CFR 4.13] and other requirements.

The subsidy layering review is intended to prevent excessive public assistance by combining (layering) housing assistance payment subsidy under the PBV program with other governmental housing assistance from federal, state, or local agencies, including assistance such as tax concessions or tax credits.

Subsidy layering requirements do not apply to existing housing. A further subsidy layering review is not required for new construction or rehabilitation if HUD's designee has conducted a review that included a review of PBV assistance in accordance with the PBV subsidy layering guidelines.

The PHA must submit the necessary documentation to HUD for a subsidy layering review. Except in cases noted above, the PHA may not enter into an agreement to enter into a HAP contract or a HAP contract until HUD, or a HUD-approved housing credit agency (HCA), has conducted any required subsidy layering review and determined that the PBV assistance is in accordance with HUD subsidy layering requirements. However, in order to satisfy applicable requirements, HCAs must conduct subsidy layering reviews in compliance with the guidelines set forth in the *Federal Register* notice published July 9, 2010.

The HAP contract must contain the owner's certification that the project has not received and will not receive (before or during the term of the HAP contract) any public assistance for acquisition, development, or operation of the housing other than assistance disclosed in the subsidy layering review in accordance with HUD requirements.

17-II.F. CAP ON NUMBER OF PBV UNITS IN EACH PROJECT

25 Percent per Project Cap [24 CFR 983.56]

In general, the PHA may not select a proposal to provide PBV assistance for units in a project or enter into an agreement to enter into a HAP or a HAP contract to provide PBV assistance for units in a project, if the total number of dwelling units in the project that will receive PBV assistance during the term of the PBV HAP contract is more than 25 percent of the number of dwelling units (assisted or unassisted) in the project.

Exceptions to 25 Percent per Project Cap [24 CFR 983.56(b)]

Exceptions are allowed and PBV units are not counted against the 25 percent per project cap if:

- The units are in a single-family building (one to four units);
- The units are *excepted units* in a multifamily project because they are specifically made available for elderly and/or disabled families or families receiving supportive services (also known as *qualifying families*).

PHAs must include in the PHA administrative plan the type of services offered to families for a project to qualify for the exception and the extent to which such services will be provided. It is not necessary that the services be provided at or by the project, if they are approved services. To qualify, a family must have at least one member receiving at least one qualifying supportive service. A PHA may not require participation in medical or disability-related services other than drug and alcohol treatment in the case of current abusers as a condition of living in an excepted unit, although such services may be offered.

If a family at the time of initial tenancy is receiving, and while the resident of an excepted unit has received, FSS supportive services or any other supportive services as defined in the PHA administrative plan, and successfully completes the FSS contract of participation or the supportive services requirement, the unit continues to count as an excepted unit for as long as the family resides in the unit.

The PHA must monitor the excepted family's continued receipt of supportive services and take appropriate action regarding those families that fail without good cause to complete their supportive services requirement. The PHA administrative plan must state the form and frequency of such monitoring.

HACC Policy

The HACC will provide PBV assistance for excepted units. Additionally, The HACC will utilize the PA Housing Finance Agency's annual review for any PBV assisted properties also receiving LIHTC to determine if families are receiving adequate supportive services. For any properties not receiving LIHTC, the PHA will review the adequacy of supportive services being provided on an annual basis.

Promoting Partially-Assisted Projects [24 CFR 983.56(c)]

A HACC may establish local requirements designed to promote PBV assistance in partially assisted projects. A *partially assisted project* is a project in which there are fewer units covered by a HAP contract than residential units [24 CFR 983.3].

A HACC may establish a per-project cap on the number of units that will receive PBV assistance or other project-based assistance in a multifamily project containing excepted units or in a single-family building. A HACC may also determine not to provide PBV assistance for excepted units, or the HACC may establish a per-project cap of less than 25 percent.

HACC Policy:

The HACC will provide assistance for excepted units. Beyond that, the HACC will not impose any further cap on the number of PBV units assisted per project.

17-II.G. SITE SELECTION STANDARDS

Compliance with PBV Goals, Civil Rights Requirements, and HQS Site Standards [24 CFR 983.57(b)]

The PHA may not select a proposal for existing, newly constructed, or rehabilitated PBV housing on a site or enter into an agreement to enter into a HAP contract or HAP contract for units on the site, unless the PHA has determined that PBV assistance for housing at the selected site is consistent with the goal of deconcentrating poverty and expanding housing and economic opportunities. The standard for deconcentrating poverty and expanding housing and economic opportunities must be consistent with the PHA Plan under 24 CFR 903 and the PHA administrative plan.

In addition, prior to selecting a proposal, the PHA must determine that the site is suitable from the standpoint of facilitating and furthering full compliance with the applicable Civil Rights Laws, regulations, and Executive Orders, and that the site meets the HQS site and neighborhood standards at 24 CFR 982.401(l).

HACC Policy

It is the HACC goal to select sites for PBV housing that provide for deconcentrating poverty and expanding housing and economic opportunities. In complying with this goal the HACC will limit approval of sites for PBV housing in census tracts that have poverty concentrations of 20 percent or less. Additionally, the HACC will utilize the same criteria utilized by the PA Housing Finance Agency in the Quality Assurance Plan (QAP).

However, the HACC will grant exceptions to the 20 percent standard where the HACC determines that the PBV assistance will complement other local redevelopment activities designed to deconcentrate poverty and expand housing and economic opportunities in census tracts with poverty concentrations greater than 20 percent, such as sites in:

A census tract in which the proposed PBV development will be located in a HUD-designated Enterprise Zone, Economic Community, or Renewal Community;

A census tract where the concentration of assisted units will be or has decreased as a result of public housing demolition and HOPE VI redevelopment;

A census tract in which the proposed PBV development will be located is undergoing significant revitalization as a result of state, local, or federal dollars invested in the area;

A census tract where new market rate units are being developed where such market rate units will positively impact the poverty rate in the area;

A census tract where there has been an overall decline in the poverty rate within the past five years; or

A census tract where there are meaningful opportunities for educational and economic advancement.

Existing and Rehabilitated Housing Site and Neighborhood Standards [24 CFR 983.57(d)]

The HACC may not enter into an agreement to enter into a HAP contract nor enter into a HAP contract for existing or rehabilitated housing until it has determined that the site complies with the HUD required site and neighborhood standards. The site must:

- Be adequate in size, exposure, and contour to accommodate the number and type of units proposed;
- Have adequate utilities and streets available to service the site;
- Promote a greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons;
- Be accessible to social, recreational, educational, commercial, and health facilities and services and other municipal facilities and services equivalent to those found in neighborhoods consisting largely of unassisted similar units; and
- Be located so that travel time and cost via public transportation or private automobile from the neighborhood to places of employment is not excessive.

New Construction Site and Neighborhood Standards [24 CFR 983.57(e)]

In order to be selected for PBV assistance, a site for newly constructed housing must meet the following HUD required site and neighborhood standards:

- The site must be adequate in size, exposure, and contour to accommodate the number and type of units proposed;
- The site must have adequate utilities and streets available to service the site;
- The site must not be located in an area of minority concentration unless the HACC determines that sufficient, comparable opportunities exist for housing for minority families in the income range to be served by the proposed project outside areas of minority concentration or that the project is necessary to meet overriding housing needs that cannot be met in that housing market area;
- The site must not be located in a racially mixed area if the project will cause a significant increase in the proportion of minority to non-minority residents in the area.
- The site must promote a greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons;
- The neighborhood must not be one that is seriously detrimental to family life or in which substandard dwellings or other undesirable conditions predominate;
- The housing must be accessible to social, recreational, educational, commercial, and health facilities and services and other municipal facilities and services equivalent to those found in neighborhoods consisting largely of unassisted similar units; and
- Except for housing designed for elderly persons, the housing must be located so that travel time and cost via public transportation or private automobile from the neighborhood to places of employment is not excessive.

17-II.H. ENVIRONMENTAL REVIEW [24 CFR 983.58]

The HACC activities under the PBV program are subject to HUD environmental regulations in 24 CFR parts 50 and 58. The *responsible entity* is responsible for performing the federal environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.). The HACC may not enter into an agreement to enter into a HAP contract nor enter into a HAP contract until it has complied with the environmental review requirements.

In the case of existing housing, the responsible entity that is responsible for the environmental review under 24 CFR part 58 must determine whether or not PBV assistance is categorically excluded from review under the National Environmental Policy Act and whether or not the assistance is subject to review under the laws and authorities listed in 24 CFR 58.5.

The HACC may not enter into an agreement to enter into a HAP contract or a HAP contract with an owner, and the HACC, the owner, and its contractors may not acquire, rehabilitate, convert, lease, repair, dispose of, demolish, or construct real property or commit or expend program or local funds for PBV activities under this part, until the environmental review is completed.

The HACC must supply all available, relevant information necessary for the responsible entity to perform any required environmental review for any site. The HACC must require the owner to carry out mitigating measures required by the responsible entity (or HUD, if applicable) as a result of the environmental review.

PART III: DWELLING UNITS

17-III.A. OVERVIEW

This part identifies the special housing quality standards that apply to the PBV program, housing accessibility for persons with disabilities, and special procedures for conducting housing quality standards inspections.

17-III.B. HOUSING QUALITY STANDARDS [24 CFR 983.101]

The housing quality standards (HQS) for the tenant-based program, including those for special housing types, generally apply to the PBV program. HQS requirements for shared housing, manufactured home space rental, and the homeownership option do not apply because these housing types are not assisted under the PBV program.

The physical condition standards at 24 CFR 5.703 do not apply to the PBV program.

Lead-based Paint [24 CFR 983.101(c)]

The lead-based paint requirements for the tenant-based voucher program do not apply to the PBV program. Instead, The Lead-based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations at 24 CFR part 35, subparts A, B, H, and R, apply to the PBV program.

17-III.C. HOUSING ACCESSIBILITY FOR PERSONS WITH DISABILITIES

The housing must comply with program accessibility requirements of section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR part 8. The

HACC must ensure that the percentage of accessible dwelling units complies with the requirements of section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), as implemented by HUD's regulations at 24 CFR 8, subpart C.

Housing first occupied after March 13, 1991, must comply with design and construction requirements of the Fair Housing Amendments Act of 1988 and implementing regulations at 24 CFR 100.205, as applicable. (24 CFR 983.102)

17-III.D. INSPECTING UNITS

Pre-selection Inspection [24 CFR 983.103(a)]

The HACC must examine the proposed site before the proposal selection date. If the units to be assisted already exist, the HACC must inspect all the units before the proposal selection date, and must determine whether the units substantially comply with HQS. To qualify as existing housing, units must substantially comply with HQS on the proposal selection date. However, the HACC may not execute the HAP contract until the units fully comply with HQS.

Pre-HAP Contract Inspections [24 CFR 983.103(b)]

The HACC must inspect each contract unit before execution of the HAP contract. The HACC may not enter into a HAP contract covering a unit until the unit fully complies with HQS.

Turnover Inspections [24 CFR 983.103(c)]

Before providing assistance to a new family in a contract unit, the HACC must inspect the unit. The HACC may not provide assistance on behalf of the family until the unit fully complies with HQS.

Annual/Biennial Inspections [24 CFR 983.103(d); FR Notice 6/25/14]

At least once every 24 months during the term of the HAP contract, the HACC must inspect a random sample consisting of at least 20 percent of the contract units in each building to determine if the contract units and the premises are maintained in accordance with HQS. Turnover inspections are not counted toward meeting this inspection requirement.

HACC Policy

The HACC will inspect once every 24 months a random sample consisting of at least 20 percent of the contract units in each building to determine if the contract units and the premises are maintained in accordance with HQS.

If more than 20 percent of the sample of inspected contract units in a building fail the initial inspection, the HACC must reinspect 100 percent of the contract units in the building.

Other Inspections [24 CFR 983.103(e)]

The HACC must inspect contract units whenever needed to determine that the contract units comply with HQS and that the owner is providing maintenance, utilities, and other services in accordance with the HAP contract. The HACC must take into account complaints and any other information coming to its attention in scheduling inspections.

The HACC must conduct follow-up inspections needed to determine if the owner (or, if applicable, the family) has corrected an HQS violation, and must conduct inspections to

determine the basis for exercise of contractual and other remedies for owner or family violation of HQS.

In conducting HACC supervisory quality control HQS inspections, the HACC should include a representative sample of both tenant-based and project-based units.

Inspecting HACC-Owned Units [24 CFR 983.103(f)]

In the case of HACC-owned units, the inspections must be performed by an independent agency designated by the HACC and approved by HUD. The independent entity must furnish a copy of each inspection report to the HACC and to the HUD field office where the project is located. The HACC must take all necessary actions in response to inspection reports from the independent agency, including exercise of contractual remedies for violation of the HAP contract by the HACC-owner.

PART IV: REHABILITATED AND NEWLY CONSTRUCTED UNITS

17-IV.A. OVERVIEW [24 CFR 983.151]

There are specific requirements that apply to PBV assistance for newly constructed or rehabilitated housing that do not apply to PBV assistance in existing housing. This part describes the requirements unique to this type of assistance.

Housing selected for this type of assistance may not at a later date be selected for PBV assistance as existing housing.

17-IV.B. AGREEMENT TO ENTER INTO HAP CONTRACT

In order to offer PBV assistance in rehabilitated or newly constructed units, the PHA must enter into an agreement to enter into HAP contract (Agreement) with the owner of the property. The Agreement must be in the form required by HUD [24 CFR 983.152(b)]. The PHA may not enter into an Agreement if construction or rehabilitation has started after proposal submission [24 CFR 983.152(c)]. Construction begins when excavation or site preparation (including clearing of the land) begins for the housing. Rehabilitation begins with the physical commencement of rehabilitation activity on the housing.

In the Agreement the owner agrees to develop the PBV contract units to comply with HQS, and the PHA agrees that upon timely completion of such development in accordance with the terms of the Agreement, the PHA will enter into a HAP contract with the owner for the contract units [24 CFR 983.152(a)].

Content of the Agreement [24 CFR 983.152(d)]

At a minimum, the Agreement must describe the following features of the housing to be developed and assisted under the PBV program:

- Site and the location of the contract units;
- Number of contract units by area (size) and number of bedrooms and bathrooms;
- Services, maintenance, or equipment to be supplied by the owner without charges in addition to the rent;

- Utilities available to the contract units, including a specification of utility services to be paid by the owner and utility services to be paid by the tenant;
- An indication of whether or not the design and construction requirements of the Fair Housing Act and section 504 of the Rehabilitation Act of 1973 apply to units under the Agreement. If applicable, any required work item resulting from these requirements must be included in the description of work to be performed under the Agreement;
- Estimated initial rents to owner for the contract units;
- Description of the work to be performed under the Agreement. For rehabilitated units, the description must include the rehabilitation work write up and, where determined necessary by the HACC, specifications and plans. For new construction units, the description must include the working drawings and specifications.
- Any additional requirements for quality, architecture, or design over and above HQS.

Execution of the Agreement [24 CFR 983.153]

The Agreement must be executed promptly after PHA notice of proposal selection to the selected owner. The PHA may not enter into the Agreement if construction or rehabilitation has started after proposal submission. Generally, the PHA may not enter into the Agreement with the owner until the subsidy layering review is completed. Likewise, the PHA may not enter into the Agreement until the environmental review is completed and the PHA has received environmental approval. However, the PHA does not need to conduct a subsidy layering review in the case of a HAP contract for existing housing or if the applicable state or local agency has conducted such a review. Similarly, environmental reviews are not required for existing structures unless otherwise required by law or regulation.

HACC Policy

The HACC will enter into the Agreement with the owner within 10 business days of receiving both environmental approval and notice that subsidy layering requirements have been met, and before construction or rehabilitation work is started.

17-IV.C. CONDUCT OF DEVELOPMENT WORK

Labor Standards [24 CFR 983.154(b)]

If an Agreement covers the development of nine or more contract units (whether or not completed in stages), the owner and the owner's contractors and subcontractors must pay Davis-Bacon wages to laborers and mechanics employed in the development of housing. The HUD-prescribed form of the Agreement will include the labor standards clauses required by HUD, such as those involving Davis-Bacon wage rates.

The owner, contractors, and subcontractors must also comply with the Contract Work Hours and Safety Standards Act, Department of Labor regulations in 29 CFR part 5, and other applicable federal labor relations laws and regulations. The HACC must monitor compliance with labor standards.

Equal Opportunity [24 CFR 983.154(c)]

The owner must comply with Section 3 of the Housing and Urban Development Act of 1968 and the implementing regulations at 24 CFR part 135. The owner must also comply with federal equal employment opportunity requirements.

Owner Disclosure [24 CFR 983.154(d) and (e)]

The Agreement and HAP contract must include a certification by the owner that the owner and other project principals are not on the U.S. General Services Administration list of parties excluded from federal procurement and non-procurement programs.

The owner must also disclose any possible conflict of interest that would be a violation of the Agreement, the HAP contract, or HUD regulations.

17-IV.D. COMPLETION OF HOUSING

The Agreement must specify the deadlines for completion of the housing, and the owner must develop and complete the housing in accordance with these deadlines. The Agreement must also specify the deadline for submission by the owner of the required evidence of completion.

Evidence of Completion [24 CFR 983.155(b)]

At a minimum, the owner must submit the following evidence of completion to the HACC in the form and manner required by the HACC:

- Owner certification that the work has been completed in accordance with HQS and all requirements of the Agreement; and
- Owner certification that the owner has complied with labor standards and equal opportunity requirements in development of the housing.

At the HACC's discretion, the Agreement may specify additional documentation that must be submitted by the owner as evidence of housing completion.

HACC Policy

The HACC will determine the need for the owner to submit additional documentation as evidence of housing completion on a case-by-case basis depending on the nature of the PBV project. The HACC will specify any additional documentation requirements in the Agreement to enter into HAP contract.

HACC Acceptance of Completed Units [24 CFR 983.156]

Upon notice from the owner that the housing is completed, the HACC must inspect to determine if the housing has been completed in accordance with the Agreement, including compliance with HQS and any additional requirements imposed under the Agreement. The HACC must also determine if the owner has submitted all required evidence of completion.

If the work has not been completed in accordance with the Agreement, the HACC must not enter into the HAP contract.

If the HACC determines the work has been completed in accordance with the Agreement and that the owner has submitted all required evidence of completion, the HACC must submit the HAP contract for execution by the owner and must then execute the HAP contract.

PART V: HOUSING ASSISTANCE PAYMENTS CONTRACT (HAP)

17-V.A. OVERVIEW

The HACC must enter into a HAP contract with an owner for units that are receiving PBV assistance. The purpose of the HAP contract is to provide housing assistance payments for eligible families. Housing assistance is paid for contract units leased and occupied by eligible families during the HAP contract term. With the exception of single-family scattered-site projects, a HAP contract shall cover a single project. If multiple projects exist, each project is covered by a separate HAP contract. The HAP contract must be in the form required by HUD [24 CFR 983.202(a)].

17-V.B. HAP CONTRACT REQUIREMENTS

Contract Information [24 CFR 983.203]

The HAP contract must specify the following information:

- The total number of contract units by number of bedrooms;
- The project's name, street address, city or county, state and zip code, block and lot number (if known), and any other information necessary to clearly identify the site and the building;
- The number of contract units in each building, the location of each contract unit, the area of each contract unit, and the number of bedrooms and bathrooms in each contract unit;
- Services, maintenance, and equipment to be supplied by the owner and included in the rent to owner;
- Utilities available to the contract units, including a specification of utility services to be paid by the owner (included in rent) and utility services to be paid by the tenant;
- Features provided to comply with program accessibility requirements of Section 504 of the Rehabilitation Act of 1973 and implementing regulations at 24 CFR part 8;
- The HAP contract term;
- The number of units in any project that will exceed the 25 percent per project cap, which will be set aside for occupancy by qualifying families (elderly and/or disabled families and families receiving supportive services); and
- The initial rent to owner for the first 12 months of the HAP contract term.

Execution of the HAP Contract [24 CFR 983.204]

The PHA may not enter into a HAP contract until each contract unit has been inspected and the PHA has determined that the unit complies with the Housing Quality Standards (HQS). For existing housing, the HAP contract must be executed promptly after the PHA selects the owner proposal and inspects the housing units. For newly constructed or rehabilitated housing the HAP contract must be executed after the PHA has inspected the completed units and has determined that the units have been completed in accordance with the agreement to enter into HAP, and the owner furnishes all required evidence of completion.

HACC Policy

For existing housing, the HAP contract will be executed within 10 business days of the HACC determining that all units pass HQS.

For rehabilitated or newly constructed housing, the HAP contract will be executed within 10 business days of the HACC determining that the units have been completed in accordance with the agreement to enter into HAP, all units meet HQS, and the owner has submitted all required evidence of completion.

Term of HAP Contract [24 CFR 983.205]

The PHA may enter into a HAP contract with an owner for an initial term of no less than one year and no more than 15 years for each contract unit. The length of the term of the HAP contract for any contract unit may not be less than one year, nor more than 15 years. In the case of PHA-owned units, the term of the HAP contract must be agreed upon by the PHA and the independent entity approved by HUD [24 CFR 983.59(b)(2)].

HACC Policy

The term of all PBV HAP contracts will be negotiated with the owner on a case-by-case basis.

At the time of the initial HAP contract term or any time before expiration of the HAP contract, the HACC may extend the term of the contract for an additional term of up to 15 years if the HACC determines an extension is appropriate to continue providing affordable housing for low-income families. A HAP contract extension may not exceed 15 years. HACC may provide for multiple extensions; however, in no circumstances may such extensions exceed 15 years, cumulatively. Extensions after the initial extension are allowed at the end of any extension term, provided that not more than 24 months prior to the expiration of the previous extension contract the HACC agrees to extend the term, and that such extension is appropriate to continue providing affordable housing for low-income families or to expand housing opportunities. Extensions after the initial extension term shall not begin prior to the expiration date of the previous extension term. Subsequent extensions are subject to the same limitations. All extensions must be on the form and subject to the conditions prescribed by HUD at the time of the extension. In the case of HACC-owned units, any extension of the term of the HAP contract must be agreed upon by the HACC and the independent entity approved by HUD [24 CFR 983.59(b)(2)].

HACC Policy

When determining whether or not to extend an expiring PBV contract, the HACC will consider several factors including, but not limited to:

The cost of extending the contract and the amount of available budget authority;

The condition of the contract units;

The owner's record of compliance with obligations under the HAP contract and lease(s);

Whether the location of the units continues to support the goals of deconcentrating poverty and expanding housing opportunities; and

Whether the funding could be used more appropriately for tenant-based assistance.

Termination by HACC [24 CFR 983.205(c)]

The HAP contract must provide that the term of the HACC's contractual commitment is subject to the availability of sufficient appropriated funding as determined by HUD or by the HACC in accordance with HUD instructions. For these purposes, sufficient funding means the availability of appropriations, and of funding under the ACC from such appropriations, to make full payment of housing assistance payments payable to the owner for any contract year in accordance with the terms of the HAP contract.

If it is determined that there may not be sufficient funding to continue housing assistance payments for all contract units and for the full term of the HAP contract, the HACC may terminate the HAP contract by notice to the owner. The termination must be implemented in accordance with HUD instructions.

Termination by Owner [24 CFR 983.205(d)]

If in accordance with program requirements the amount of rent to an owner for any contract unit is reduced below the amount of the rent to owner at the beginning of the HAP contract term, the owner may terminate the HAP contract by giving notice to the HACC. In this case, families living in the contract units must be offered tenant-based assistance.

Statutory Notice Requirements: Contract Termination or Expiration [24 CFR 983.206]

Not less than one year before the HAP contract terminates, or if the owner refuses to renew the HAP contract, the owner must notify the HACC and assisted tenants of the termination. The notice must be provided in the form prescribed by HUD. If the owner does not give timely notice, the owner must permit the tenants in assisted units to remain in their units for the required notice period with no increase in the tenant portion of their rent, and with no eviction as a result of the owner's inability to collect an increased tenant portion of rent. An owner may renew the terminating contract for a period of time sufficient to give tenants one-year advance notice under such terms as HUD may require.

Remedies for HQS Violations [24 CFR 983.208(b)]

The HACC may not make any HAP payment to the owner for a contract unit during any period in which the unit does not comply with HQS. If the HACC determines that a contract does not comply with HQS, the HACC may exercise any of its remedies under the HAP contract, for any or all of the contract units. Available remedies include termination of housing assistance payments, abatement or reduction of housing assistance payments, reduction of contract units, and termination of the HAP contract.

HACC Policy

The PHA will abate the HAP for up to 120 days. If the owner fails to make repairs to the unit within that time frame, the unit will be removed from the PBV Contract. If the owner continues to be in non-compliance for any assisted units with HACC, the HACC may terminate the PBV Contract.

17-V.C. AMENDMENTS TO THE HAP CONTRACT

Substitution of Contract Units [24 CFR 983.207(a)]

At the PHA's discretion and subject to all PBV requirements, the HAP contract may be amended to substitute a different unit with the same number of bedrooms in the same project for a previously covered contract unit. Before any such substitution can take place, the PHA must inspect the proposed unit and determine the reasonable rent for the unit.

Addition of Contract Units [24 CFR 983.207(b)]

At the PHA's discretion and subject to the restrictions on the number of dwelling units that can receive PBV assistance per project and on the overall size of the PHA's PBV program, a HAP contract may be amended during the three-year period following the execution date of the HAP contract to add additional PBV units in the same project. This type of amendment is subject to all PBV program requirements except that a new PBV proposal is not required.

HACC Policy

The HACC will consider adding contract units to the HAP contract when the HACC determines that additional housing is needed to serve eligible low-income families. Circumstances may include, but are not limited to:

The local housing inventory is reduced due to a disaster (either due to loss of housing units, or an influx of displaced families); and

Voucher holders are having difficulty finding units that meet program requirements.

17-V.D. HAP CONTRACT YEAR, ANNIVERSARY AND EXPIRATION DATES [24 CFR 983.207(b) and 983.302(e)]

The HAP contract year is the period of 12 calendar months preceding each annual anniversary of the HAP contract during the HAP contract term. The initial contract year is calculated from the first day of the first calendar month of the HAP contract term.

The annual anniversary of the HAP contract is the first day of the first calendar month after the end of the preceding contract year.

There is a single annual anniversary and expiration date for all units under a particular HAP contract, even in cases where contract units are placed under the HAP contract in stages (on different dates) or units are added by amendment. The anniversary and expiration dates for all units coincide with the dates for the contract units that were originally placed under contract.

17-V.E. OWNER RESPONSIBILITIES UNDER THE HAP [24 CFR 983.210]

When the owner executes the HAP contract she/he certifies that at such execution and at all times during the term of the HAP contract:

- All contract units are in good condition and the owner is maintaining the premises and contract units in accordance with HQS;
- The owner is providing all services, maintenance, equipment and utilities as agreed to under the HAP contract and the leases;

- Each contract unit for which the owner is receiving HAP, is leased to an eligible family referred by the PHA, and the lease is in accordance with the HAP contract and HUD requirements;
- To the best of the owner's knowledge the family resides in the contract unit for which the owner is receiving HAP, and the unit is the family's only residence;
- The owner (including a principal or other interested party) is not the spouse, parent, child, grandparent, grandchild, sister, or brother of any member of a family residing in a contract unit;
- The amount of the HAP the owner is receiving is correct under the HAP contract;
- The rent for contract units does not exceed rents charged by the owner for comparable unassisted units;
- Except for HAP and tenant rent, the owner has not received and will not receive any other payment or consideration for rental of the contract unit;
- The family does not own or have any interest in the contract unit (does not apply to family's membership in a cooperative); and
- Repair work on the project selected as an existing project that is performed after HAP execution within such post-execution period as specified by HUD may constitute development activity, and if determined to be development activity, the repair work undertaken shall be in compliance with Davis-Bacon wage requirements.

17-V.F. ADDITIONAL HAP REQUIREMENTS

Housing Quality and Design Requirements [24 CFR 983.101(e) and 983.208(a)]

The owner is required to maintain and operate the contract units and premises in accordance with HQS, including performance of ordinary and extraordinary maintenance. The owner must provide all the services, maintenance, equipment, and utilities specified in the HAP contract with the PHA and in the lease with each assisted family. In addition, maintenance, replacement and redecoration must be in accordance with the standard practice for the building as established by the owner.

The PHA may elect to establish additional requirements for quality, architecture, or design of PBV housing. Any such additional requirements must be specified in the Agreement to enter into a HAP contract and the HAP contract. These requirements must be in addition to, not in place of, compliance with HQS.

HACC Policy

The HACC will use the same HQS requirements as those used for the tenant-based HCV requirements as outlined in Chapter 8.

Vacancy Payments [24 CFR 983.352(b)]

At the discretion of the HACC, the HAP contract may provide for vacancy payments to the owner for a HACC-determined period of vacancy extending from the beginning of the first calendar month after the move-out month for a period not exceeding two full months following the move-out month. The amount of the vacancy payment will be determined by the HACC and

cannot exceed the monthly rent to owner under the assisted lease, minus any portion of the rental payment received by the owner (including amounts available from the tenant's security deposit).

HACC Policy

No Vacancy Payment

PART VI: SELECTION OF PBV PROGRAM PARTICIPANTS

17-VI.A. OVERVIEW

Many of the provisions of the tenant-based voucher regulations [24 CFR 982] also apply to the PBV program. This includes requirements related to determining eligibility and selecting applicants from the waiting list. Even with these similarities, there are requirements that are unique to the PBV program. This part describes the requirements and policies related to eligibility and admission to the PBV program.

17-VI.B. ELIGIBILITY FOR PBV ASSISTANCE [24 CFR 983.251(a) and (b)]

The PHA may select families for the PBV program from those who are participants in the PHA's tenant-based voucher program and from those who have applied for admission to the voucher program. For voucher participants, eligibility was determined at original admission to the voucher program and does not need to be redetermined at the commencement of PBV assistance. For all others, eligibility for admission must be determined at the commencement of PBV assistance.

Applicants for PBV assistance must meet the same eligibility requirements as applicants for the tenant-based voucher program. Applicants must qualify as a family as defined by HUD and the PHA, have income at or below HUD-specified income limits, and qualify on the basis of citizenship or the eligible immigration status of family members [24 CFR 982.201(a) and 24 CFR 983.2(a)]. In addition, an applicant family must provide social security information for family members [24 CFR 5.216 and 5.218] and consent to the PHA's collection and use of family information regarding income, expenses, and family composition [24 CFR 5.230]. The PHA may also not approve a tenancy if the owner (including a principal or other interested party) of the unit is the parent, child, grandparent, grandchild, sister, or brother of any member of the family, unless needed as a reasonable accommodation. An applicant family must also meet HUD requirements related to current or past criminal activity.

HACC Policy

The HACC will determine an applicant family's eligibility for the PBV program in accordance with the policies in Chapter 3.

In-Place Families [24 CFR 983.251(b)]

An eligible family residing in a proposed PBV contract unit on the date the proposal is selected by the PHA is considered an "in-place family." These families are afforded protection from displacement under the PBV rule. If a unit to be placed under contract (either an existing unit or a unit requiring rehabilitation) is occupied by an eligible family on the date the proposal is selected, the in-place family must be placed on the PHA's waiting list. Once the family's continued eligibility is determined (the PHA may deny assistance to an in-place family for the grounds specified in 24 CFR 982.552 and 982.553), the family must be given an absolute

selection preference and the PHA must refer these families to the project owner for an appropriately sized PBV unit in the project. Admission of eligible in-place families is not subject to income targeting requirements.

This regulatory protection from displacement does not apply to families that are not eligible to participate in the program on the proposal selection date.

17-VI.C. ORGANIZATION OF THE WAITING LIST [24 CFR 983.251(c)]

The PHA may establish a separate waiting list for PBV units or it may use the same waiting list for both tenant-based and PBV assistance. The PHA may also merge the PBV waiting list with a waiting list for other assisted housing programs offered by the PHA. If the PHA chooses to offer a separate waiting list for PBV assistance, the PHA must offer to place applicants who are listed on the tenant-based waiting list on the waiting list for PBV assistance.

If a PHA decides to establish a separate PBV waiting list, the PHA may use a single waiting list for the PHA’s whole PBV program, or it may establish separate waiting lists for PBV units in particular projects or buildings or for sets of such units.

HACC Policy

When a new PBV project is available, the HACC will notify all families on the existing HCV waiting list and give the family an opportunity to apply to any new or existing PBV list. The PBV waiting list will remain open and families have an opportunity to apply at any time.

The HACC will establish and manage separate waiting lists for individual projects or buildings that are receiving PBV assistance. The HACC currently has waiting lists for the following PBV projects:

PBV Contract Number	Project Name
PA046PB0001	Oxford Hotel
PA046PB0002	Liberty House
PA046PB0003	Denney Reyburn (WCSA)
PA046PB0005	Downtown Revival
PA046PB0006	City Clock
PA046PB0007	N 2 ND Avenue
PA046PB0008	Ash Park/Wash House (WTA)
PA046PB0009	Parkesburg School Apts
PA046PB0010	Roymar Apts.
PA046PB0011	Hickman (Mary Taylor House)

17-VI.D. SELECTION FROM THE WAITING LIST [24 CFR 983.251(c)]

Applicants who will occupy units with PBV assistance must be selected from the HACC's waiting list. The HACC may establish selection criteria or preferences for occupancy of particular PBV units. The HACC may place families referred by the PBV owner on its PBV waiting list.

Income Targeting [24 CFR 983.251(c)(6)]

At least 75 percent of the families admitted to the HACC's tenant-based and project-based voucher programs during the HACC fiscal year from the waiting list must be extremely-low income families. The income targeting requirement applies to the total of admissions to both programs.

Units with Accessibility Features [24 CFR 983.251(c)(7)]

When selecting families to occupy PBV units that have special accessibility features for persons with disabilities, the HACC must first refer families who require such features to the owner.

Preferences [24 CFR 983.251(d), FR Notice 11/24/08]

The PHA may use the same selection preferences that are used for the tenant-based voucher program, establish selection criteria or preferences for the PBV program as a whole, or for occupancy of particular PBV developments or units. The PHA must provide an absolute selection preference for eligible in-place families as described in Section 17-VI.B. above.

Although the PHA is prohibited from granting preferences to persons with a specific disability, the PHA may give preference to disabled families who need services offered at a particular project or site if the preference is limited to families (including individuals):

- With disabilities that significantly interfere with their ability to obtain and maintain themselves in housing;
- Who, without appropriate supportive services, will not be able to obtain or maintain themselves in housing; and
- For whom such services cannot be provided in a non-segregated setting.

In advertising such a project, the owner may advertise the project as offering services for a particular type of disability; however, the project must be open to all otherwise eligible disabled persons who may benefit from services provided in the project. In these projects, disabled residents may not be required to accept the particular services offered as a condition of occupancy.

If the PHA has projects with more than 25 percent of the units receiving project-based assistance because those projects include "excepted units" (units specifically made available for elderly or disabled families, or families receiving supportive services), the PHA must give preference to such families when referring families to these units [24 CFR 983.261(b)].

HACC Policy

The HACC utilizes the PBV project preferences and then the local preferences as indicated in Chapter 3 – Eligibility. The following additional preferences have been established for the following PBV projects:

PBV Contract Number	Project Name	Age Restriction
PA046PB0001	Oxford Hotel	Near-elderly (55+)
PA046PB0002	Liberty House	Referred from SRO
PA046PB0003	Denney Reyburn (WCSA)	Elderly (62+)
PA046PB0005	Downtown Revival	N/A
PA046PB0006	City Clock	Near-elderly (55+)
PA046PB0007	N 2 ND Avenue	Near-elderly (55+)
PA046PB0008	Ash Park/Wash House (WTA)	Near-elderly (55+)
PA046PB0009	Parkesburg School Apts	Near-elderly (55+)
PA046PB0010	Roymar Apts.	Near-elderly (55+)
PA046PB0011	Hickman (Mary Taylor House)	

17-VI.E. OFFER OF PBV ASSISTANCE

Refusal of Offer [24 CFR 983.251(e)(3)]

The PHA is prohibited from taking any of the following actions against a family who has applied for, received, or refused an offer of PBV assistance:

- Refuse to list the applicant on the waiting list for tenant-based voucher assistance;
- Deny any admission preference for which the applicant qualifies;
- Change the applicant's place on the waiting list based on preference, date, and time of application, or other factors affecting selection under the PHA's selection policy;
- Remove the applicant from the tenant-based voucher waiting list.

Disapproval by Landlord [24 CFR 983.251(e)(2)]

If a PBV owner rejects a family for admission to the owner's units, such rejection may not affect the family's position on the tenant-based voucher waiting list.

Acceptance of Offer [24 CFR 983.252]

Family Briefing

When a family accepts an offer for PBV assistance, the PHA must give the family an oral briefing. The briefing must include information on how the program works and the responsibilities of the family and owner. In addition to the oral briefing, the PHA must provide a briefing packet that explains how the PHA determines the total tenant payment for a family, the family obligations under the program, and applicable fair housing information.

Persons with Disabilities

If an applicant family's head or spouse is disabled, the PHA must assure effective communication, in accordance with 24 CFR 8.6, in conducting the oral briefing and in providing the written information packet. This may include making alternative formats available (see Chapter 2). In addition, the PHA must have a mechanism for referring a family that includes a member with a mobility impairment to an appropriate accessible PBV unit.

Persons with Limited English Proficiency

The PHA should take reasonable steps to assure meaningful access by persons with limited English proficiency in accordance with Title VI of the Civil Rights Act of 1964 and Executive Order 13166 (see Chapter 2).

17-VI.F. OWNER SELECTION OF TENANTS

The owner is responsible for developing written tenant selection procedures that are consistent with the purpose of improving housing opportunities for very low-income families and reasonably related to program eligibility and an applicant's ability to fulfill their obligations under the lease. An owner must promptly notify in writing any rejected applicant of the grounds for any rejection [24 CFR 983.253(a)(2) and (a)(3)].

Leasing [24 CFR 983.253(a)]

During the term of the HAP contract, the owner must lease contract units to eligible families that are selected and referred by the PHA from the PHA's waiting list. The contract unit leased to the family must be the appropriate size unit for the size of the family, based on the PHA's subsidy standards.

Filling Vacancies [24 CFR 983.254(a)]

The owner must promptly notify the PHA of any vacancy or expected vacancy in a contract unit. After receiving such notice, the PHA must make every reasonable effort to promptly refer a sufficient number of families for the owner to fill such vacancies. The PHA and the owner must make reasonable efforts to minimize the likelihood and length of any vacancy.

HACC Policy

The owner must notify the HACC in writing (mail, fax, or e-mail) within 5 business days of learning about any vacancy or expected vacancy.

The HACC will make every reasonable effort to refer families to the owner within 10 business days of receiving such notice from the owner

Reduction in HAP Contract Units Due to Vacancies [24 CFR 983.254(b)]

If any contract units have been vacant for 120 or more days since owner notice of the vacancy, the PHA may give notice to the owner amending the HAP contract to reduce the number of contract units by subtracting the number of contract units (according to the bedroom size) that have been vacant for this period.

HACC Policy

If any contract units have been vacant for 120 days, the HACC will give notice to the owner that the HAP contract will be amended to reduce the number of contract units that have been vacant for this period. The HACC will provide the notice to the owner within 10 business days of the 120th day of the vacancy. The amendment to the HAP contract will be effective the 1st day of the month following the date of the HACC's notice.

17-VI.G. TENANT SCREENING [24 CFR 983.255]

HACC Responsibility

The HACC is not responsible or liable to the owner or any other person for the family's behavior or suitability for tenancy. However, the HACC may opt to screen applicants for family behavior or suitability for tenancy and may deny applicants based on such screening.

HACC Policy

The HACC will not conduct screening to determine a PBV applicant family's suitability for tenancy.

The HACC must provide the owner with an applicant family's current and prior address (as shown in HACC records) and the name and address (if known by the HACC) of the family's current landlord and any prior landlords.

In addition, the HACC may offer the owner other information the HACC may have about a family, including information about the tenancy history of family members or about drug trafficking and criminal activity by family members. The HACC must provide applicant families a description of the HACC policy on providing information to owners, and the HACC must give the same types of information to all owners.

The HACC may not disclose to the owner any confidential information provided in response to a request for documentation of domestic violence, dating violence, sexual assault, or stalking except at the written request or with the written consent of the individual providing the documentation [24 CFR 5.2007(a)(4)].

HACC Policy

The HACC will inform owners of their responsibility to screen prospective tenants, and will provide owners with the required known name and address information, if requested, at the time of the turnover HQS inspection or before. The HACC will not provide any additional information to the owner, such as tenancy history, criminal history, etc.

Owner Responsibility

The owner is responsible for screening and selection of the family to occupy the owner's unit. When screening families the owner may consider a family's background with respect to the following factors:

- Payment of rent and utility bills;
- Caring for a unit and premises;
- Respecting the rights of other residents to the peaceful enjoyment of their housing;
- Drug-related criminal activity or other criminal activity that is a threat to the health, safety, or property of others; and
- Compliance with other essential conditions of tenancy.

PART VII: OCCUPANCY

17-VII.A. OVERVIEW

After an applicant has been selected from the waiting list, determined eligible by the PHA, referred to an owner and determined suitable by the owner, the family will sign the lease and occupancy of the unit will begin.

17-VII.B. LEASE [24 CFR 983.256]

The tenant must have legal capacity to enter a lease under state and local law. *Legal capacity* means that the tenant is bound by the terms of the lease and may enforce the terms of the lease against the owner.

Form of Lease [24 CFR 983.256(b)]

The tenant and the owner must enter into a written lease agreement that is signed by both parties. If an owner uses a standard lease form for rental units to unassisted tenants in the locality or premises, the same lease must be used for assisted tenants, except that the lease must include a HUD-required tenancy addendum. The tenancy addendum must include, word-for-word, all provisions required by HUD.

If the owner does not use a standard lease form for rental to unassisted tenants, the owner may use another form of lease, such as a PHA model lease.

The PHA may review the owner's lease form to determine if the lease complies with state and local law. If the PHA determines that the lease does not comply with state or local law, the PHA may decline to approve the tenancy.

HACC Policy

The HACC will review the proposed lease when executing the PBV HAP Contract.

The assisted dwelling lease must contain all of the required information as listed below:

- The names of the owner and the tenant;
- The unit rented (address, apartment number, and any other information needed to identify the contract unit)
- The term of the lease (initial term and any provisions for renewal)
- The amount of the monthly rent to owner
- A specification of what utilities and appliances are to be supplied by the owner, and what utilities and appliances are to be supplied by the family

Changes to the dwelling leased used by PBV owners should be forwarded to HACC for review.

Lease Requirements [24 CFR 983.256(c)]

The lease for a PBV unit must specify all of the following information:

- The names of the owner and the tenant;
- The unit rented (address, apartment number, if any, and any other information needed to identify the leased contract unit);
- The term of the lease (initial term and any provision for renewal);
- The amount of the tenant rent to owner, which is subject to change during the term of the lease in accordance with HUD requirements;
- A specification of the services, maintenance, equipment, and utilities that will be provide by the owner; and
- The amount of any charges for food, furniture, or supportive services.

Tenancy Addendum [24 CFR 983.256(d)]

The tenancy addendum in the lease must state:

- The program tenancy requirements;
- The composition of the household as approved by the PHA (the names of family members and any PHA-approved live-in aide);
- All provisions in the HUD-required tenancy addendum must be included in the lease. The terms of the tenancy addendum prevail over other provisions of the lease.

Initial Term and Lease Renewal [24 CFR 983.256(f)]

The initial lease term must be for at least one year. The lease must provide for automatic renewal after the initial term of the lease in either successive definitive terms (e.g. month-to-month or year-to-year) or an automatic indefinite extension of the lease term. For automatic indefinite extension of the lease term, the lease terminates if any of the following occur:

- The owner terminates the lease for good cause
- The tenant terminates the lease
- The owner and tenant agree to terminate the lease
- The PHA terminates the HAP contract
- The PHA terminates assistance for the family

Changes in the Lease [24 CFR 983.256(e)]

If the tenant and owner agree to any change in the lease, the change must be in writing, and the owner must immediately give the PHA a copy of all changes.

The owner must notify the PHA in advance of any proposed change in the lease regarding the allocation of tenant and owner responsibilities for utilities. Such changes may only be made if approved by the PHA and in accordance with the terms of the lease relating to its amendment. The PHA must redetermine reasonable rent, in accordance with program requirements, based on

any change in the allocation of the responsibility for utilities between the owner and the tenant. The redetermined reasonable rent will be used in calculation of the rent to owner from the effective date of the change.

Owner Termination of Tenancy [24 CFR 983.257]

With two exceptions, the owner of a PBV unit may terminate tenancy for the same reasons an owner may in the tenant-based voucher program (see Section 12-III.B. and 24 CFR 982.310). In the PBV program, terminating tenancy for “good cause” does not include doing so for a business or economic reason, or a desire to use the unit for personal or family use or other non-residential purpose.

Non-Compliance with Supportive Services Requirement [24 CFR 983.257(c), FR Notice 11/24/08]

If a family is living in a project-based unit that is excepted from the 25 percent per project cap on project-basing because of participation in a supportive services program (e.g., Family Self-Sufficiency), and the family fails to complete its supportive services requirement without good cause, such failure is grounds for lease termination by the owner.

Tenant Absence from the Unit [24 CFR 983.256(g) and 982.312(a)]

The lease may specify a maximum period of family absence from the unit that may be shorter than the maximum period permitted by PHA policy. According to program requirements, the family’s assistance must be terminated if they are absent from the unit for more than 180 consecutive days. PHA termination of assistance actions due to family absence from the unit are subject to 24 CFR 981.312, except that the unit is not terminated from the HAP contract if the family is absent for longer than the maximum period permitted.

Continuation of Housing Assistance Payments [24 CFR 982.258]

Housing assistance payments shall continue until the tenant rent equals the rent to owner. The cessation of housing assistance payments at such point will not affect the family's other rights under its lease, nor will such cessation preclude the resumption of payments as a result of later changes in income, rents, or other relevant circumstances if such changes occur within 180 days following the date of the last housing assistance payment by the PHA. After the 180-day period, the unit shall be removed from the HAP contract pursuant to 24 CFR 983.211.

HACC Policy

If a participating family receiving zero assistance experiences a change in circumstances that would result in a HAP payment to the owner, the family must notify the HACC of the change and request an interim reexamination before the expiration of the 180-day period.

Security Deposits [24 CFR 983.259]

The owner may collect a security deposit from the tenant. The HACC may prohibit security deposits in excess of private market practice, or in excess of amounts charged by the owner to unassisted tenants.

HACC Policy

The security deposit may not exceed two months contract rent and not be more than charged to families in unassisted units. When the tenant moves out of a contract unit, the owner, subject to state and local law, may use the security deposit, including any interest on the deposit, in accordance with the lease, as reimbursement for any unpaid tenant rent, damages to the unit, or other amounts owed by the tenant under the lease.

The owner must give the tenant a written list of all items charged against the security deposit and the amount of each item. After deducting the amount used to reimburse the owner, the owner must promptly refund the full amount of the balance to the tenant.

If the security deposit does not cover the amount owed by the tenant under the lease, the owner may seek to collect the balance from the tenant. The HACC has no liability or responsibility for payment of any amount owed by the family to the owner.

17-VII.C. MOVES

Overcrowded, Under-Occupied, and Accessible Units [24 CFR 983.260]

If the HACC determines that a family is occupying a wrong size unit, based on the HACC's subsidy standards, or a unit with accessibility features that the family does not require, and the unit is needed by a family that does require the features, the HACC must promptly notify the family and the owner of this determination, and the HACC must offer the family the opportunity to receive continued housing assistance in another unit.

HACC Policy

The HACC will notify the family and the owner of the family's need to move based on the occupancy of a wrong-size or accessible unit within 10 business days of the HACC's determination. The HACC will offer the family the following types of continued assistance in the following order, based on the availability of assistance:

PBV assistance in the same building or project;

PBV assistance in another project; and

Tenant-based voucher assistance.

If the HACC offers the family a tenant-based voucher, the HACC must terminate the housing assistance payments for a wrong-sized or accessible unit at the earlier of the expiration of the term of the family's voucher (including any extension granted by the HACC) or the date upon which the family vacates the unit. If the family does not move out of the wrong-sized unit or accessible unit by the expiration of the term of the family's voucher, the HACC must remove the unit from the HAP contract.

If the HACC offers the family another form of assistance that is not a tenant-based voucher, and the family does not accept the offer, does not move out of the PBV unit within a reasonable time as determined by the HACC, or both, the HACC must terminate the housing assistance payments for the unit at the expiration of a reasonable period as determined by the HACC and remove the unit from the HAP contract.

HACC Policy

When the PHA offers a family another form of assistance that is not a tenant-based voucher, the family will be given 60 days from the date of the offer to accept the offer and move out of the PBV unit. If the family does not move out within this 60 day time frame, the PHA will terminate the housing assistance payments at the expiration of this 60 day period.

The PHA may make exceptions to this 60 day period if needed for reasons beyond the family's control such as death, serious illness, or other medical emergency of a family member.

Family Right to Move [24 CFR 983.261]

The family may terminate the lease at any time after the first year of occupancy. The family must give advance written notice to the owner in accordance with the lease and provide a copy of such notice to the PHA. If the family wishes to move with continued tenant-based assistance, the family must contact the PHA to request the rental assistance prior to providing notice to terminate the lease.

If the family terminates the lease in accordance with these requirements, the PHA is required to offer the family the opportunity for continued tenant-based assistance, in the form of a voucher or other comparable tenant-based rental assistance. If voucher or other comparable tenant-based assistance is not immediately available upon termination of the family's lease in the PBV unit, the PHA must give the family priority to receive the next available opportunity for continued tenant-based assistance.

If the family terminates the assisted lease before the end of the first year, the family relinquishes the opportunity for continued tenant-based assistance.

17-VII.D. EXCEPTIONS TO THE OCCUPANCY CAP [24 CFR 983.262]

The PHA may not pay housing assistance under a PBV HAP contract for more than 25 percent of the number of dwelling units in a project unless the units are [24 CFR 983.56]:

- In a single-family building;
- Specifically made available for elderly and/or disabled families; or
- Specifically made available for families receiving supportive services as defined by the PHA. At least one member must be receiving at least one qualifying supportive service.

If a family at the time of initial tenancy is receiving and while the resident of an excepted unit has received Family Self-Sufficiency (FSS) supportive services or any other service as defined by the PHA and successfully completes the FSS contract of participation or the supportive services requirement, the unit continues to count as an excepted unit for as long as the family resides in the unit.

A family (or remaining members of a family) residing in an excepted unit that no longer meets the criteria for a "qualifying family" in connection with the 25 percent per project cap exception (e.g. a family that does not successfully complete its FSS contract of participation or supportive services requirements, or a family that is no longer elderly or disabled due to a change in family composition where the PHA does not exercise discretion to allow the family to remain in the excepted unit), must vacate the unit within a reasonable period of time established by the PHA, and the PHA must cease paying housing assistance payments on behalf of the non-qualifying family.

If the family fails to vacate the unit within the established time, the unit must be removed from the HAP contract unless the project is partially assisted, and it is possible for the HAP contract to be amended to substitute a different unit in the building in accordance with program requirements; or the owner terminates the lease and evicts the family. The housing assistance payments for a family residing in an excepted unit that is not in compliance with its family obligations to comply with supportive services requirements must be terminated by the PHA.

The PHA may allow a family that initially qualified for occupancy of an excepted unit based on elderly or disabled family status to continue to reside in a unit, where through circumstances beyond the control of the family (e.g., death of the elderly or disabled family member or long-term or permanent hospitalization or nursing care), the elderly or disabled family member no longer resides in the unit. In this case, the unit may continue to be counted as an excepted unit for as long as the family resides in that unit. Once the family vacates the unit, in order to continue as an excepted unit under the HAP contract, the unit must be made available to and occupied by a qualified family.

HACC Policy

The HACC will provide PBV assistance for excepted units.

PART VIII: DETERMINING RENT TO OWNER

17-VIII.A. OVERVIEW

The amount of the initial rent to an owner of units receiving PBV assistance is established at the beginning of the HAP contract term. Although for rehabilitated or newly constructed housing, the agreement to enter into HAP Contract (Agreement) states the estimated amount of the initial rent to owner, the actual amount of the initial rent to owner is established at the beginning of the HAP contract term.

During the term of the HAP contract, the rent to owner is redetermined at the owner's request in accordance with program requirements, and at such time that there is a five percent or greater decrease in the published FMR.

17-VIII.B. RENT LIMITS [24 CFR 983.301]

Except for certain tax credit units (discussed below), the rent to owner must not exceed the lowest of the following amounts:

- An amount determined by the PHA, not to exceed 110 percent of the applicable fair market rent (or any HUD-approved exception payment standard) for the unit bedroom size minus any utility allowance;
- The reasonable rent; or
- The rent requested by the owner.

Certain Tax Credit Units [24 CFR 983.301(c)]

For certain tax credit units, the rent limits are determined differently than for other PBV units. Different limits apply to contract units that meet all of the following criteria:

- The contract unit receives a low-income housing tax credit under the Internal Revenue Code of 1986;
- The contract unit is not located in a qualified census tract;
- There are comparable tax credit units of the same bedroom size as the contract unit in the same project, and the comparable tax credit units do not have any form of rental assistance other than the tax credit; and
- The tax credit rent exceeds 110 percent of the fair market rent or any approved exception payment standard;

For contract units that meet all of these criteria, the rent to owner must not exceed the lowest of:

- The tax credit rent minus any utility allowance;
- The reasonable rent; or
- The rent requested by the owner.

Definitions

A *qualified census tract* is any census tract (or equivalent geographic area defined by the Bureau of the Census) in which at least 50 percent of households have an income of less than 60 percent of Area Median Gross Income (AMGI), or where the poverty rate is at least 25 percent and where the census tract is designated as a qualified census tract by HUD.

Tax credit rent is the rent charged for comparable units of the same bedroom size in the project that also receive the low-income housing tax credit but do not have any additional rental assistance (e.g., tenant-based voucher assistance).

Reasonable Rent [24 CFR 983.301(e) and 983.302(c)(2)]

The PHA must determine reasonable rent in accordance with 24 CFR 983.303. The rent to owner for each contract unit may at no time exceed the reasonable rent, except in cases where the PHA has elected within the HAP contract not to reduce rents below the initial rent to owner and, upon redetermination of the rent to owner, the reasonable rent would result in a rent below the initial rent. However, the rent to owner must be reduced in the following cases:

- To correct errors in calculations in accordance with HUD requirements
- If additional housing assistance has been combined with PBV assistance after the execution of the initial HAP contract and a rent decrease is required pursuant to 24 CFR 983.55
- If a decrease in rent to owner is required based on changes in the allocation of the responsibility for utilities between owner and tenant

If the PHA has not elected within the HAP contract to establish the initial rent to owner as the rent floor, the rent to owner shall not at any time exceed the reasonable rent.

HACC Policy

The HACC will elect within the HAP contract not to reduce rents below the initial level, with the exception of circumstances listed in 24 CFR 983.302(c)(2). If, upon

redetermination of the rent to owner, the reasonable rent would result in a rent below the initial rent, the HACC will use the higher initial rent to owner amount.

Use of FMRs, Exception Payment Standards, and Utility Allowances [24 CFR 983.301(f)]

When determining the initial rent to owner, the PHA must use the most recently published FMR in effect and the utility allowance schedule in effect at execution of the HAP contract. When redetermining the rent to owner, the PHA must use the most recently published FMR and the utility allowance schedule in effect at the time of redetermination. At its discretion, the PHA may for initial rent, use the amounts in effect at any time during the 30-day period immediately before the beginning date of the HAP contract, or for redeterminations of rent, the 30-day period immediately before the redetermination date.

Any HUD-approved exception payment standard amount under the tenant-based voucher program also applies to the project-based voucher program. HUD will not approve a different exception payment stand amount for use in the PBV program.

Likewise, the HACC may not establish or apply different utility allowance amounts for the PBV program. The same utility allowance schedule applies to both the tenant-based and project-based voucher programs.

HACC Policy

Upon written request by the owner, the HACC will consider using the FMR or utility allowances in effect during the 30-day period before the start date of the HAP, or redetermination of rent. The owner must explain the need to use the previous FMRs or utility allowances and include documentation in support of the request. The HACC will review and make a decision based on the circumstances and merit of each request.

In addition to considering a written request from an owner, the HACC may decide to use the FMR or utility allowances in effect during the 30-day period before the start date of the HAP, or redetermination of rent, if the HACC determines it is necessary due to HACC budgetary constraints.

Redetermination of Rent [24 CFR 983.302]

The HACC must redetermine the rent to owner upon the owner's request or when there is a five percent or greater decrease in the published FMR.

Rent Increase

If an owner wishes to request an increase in the rent to owner from the PHA, it must be requested at the annual anniversary of the HAP contract (see Section 17-V.D.). The request must be in writing and in the form and manner required by the PHA. The PHA may only make rent increases in accordance with the rent limits described previously. There are no provisions in the PBV program for special adjustments (e.g., adjustments that reflect increases in the actual and necessary expenses of owning and maintaining the units which have resulted from substantial general increases in real property taxes, utility rates, or similar costs).

HACC Policy

An owner's request for a rent increase must be submitted to the HACC 60 days prior to the anniversary date of the HAP contract, and must include the new rent amount the owner is proposing.

The HACC may not approve and the owner may not receive any increase of rent to owner until and unless the owner has complied with requirements of the HAP contract, including compliance with HQS. The owner may not receive any retroactive increase of rent for any period of noncompliance.

Rent Decrease

If there is a decrease in the rent to owner, as established in accordance with program requirements such as a change in the FMR or exception payment standard, or reasonable rent amount, the rent to owner must be decreased regardless of whether the owner requested a rent adjustment, except where the PHA has elected within the HAP contract to not reduce rents below the initial rent under the initial HAP contract.

Notice of Rent Change

The rent to owner is redetermined by written notice by the PHA to the owner specifying the amount of the redetermined rent. The PHA notice of rent adjustment constitutes an amendment of the rent to owner specified in the HAP contract. The adjusted amount of rent to owner applies for the period of 12 calendar months from the annual anniversary of the HAP contract.

HACC Policy

The HACC will provide the owner with at least 30 days written notice of any change in the amount of rent to owner.

HACC-Owned Units [24 CFR 983.301(g)]

For HACC-owned PBV units, the initial rent to owner and the annual redetermination of rent at the anniversary of the HAP contract are determined by the independent entity approved by HUD. The HACC must use the rent to owner established by the independent entity.

17-VIII.C. REASONABLE RENT [24 CFR 983.303]

At the time the initial rent is established and all times during the term of the HAP contract, the rent to owner for a contract unit may not exceed the reasonable rent for the unit as determined by the PHA, except where the PHA has elected within the HAP contract to not reduce rents below the initial rent under the initial HAP contract.

When Rent Reasonable Determinations Are Required

The HACC must redetermine the reasonable rent for a unit receiving PBV assistance whenever any of the following occur:

- There is a five percent or greater decrease in the published FMR in effect 60 days before the contract anniversary (for the unit sizes specified in the HAP contract) as compared with the FMR that was in effect one year before the contract anniversary date;
- The HACC approves a change in the allocation of responsibility for utilities between the owner and the tenant;
- The HAP contract is amended to substitute a different contract unit in the same building or project; or
- There is any other change that may substantially affect the reasonable rent.

How to Determine Reasonable Rent

The reasonable rent of a unit receiving PBV assistance must be determined by comparison to rent for other comparable unassisted units. When making this determination, the PHA must consider factors that affect market rent. Such factors include the location, quality, size, type and age of the unit, as well as the amenities, housing services maintenance, and utilities to be provided by the owner.

Comparability Analysis

For each unit, the comparability analysis must use at least three comparable units in the private unassisted market. This may include units in the premises or project that is receiving project-based assistance. The analysis must show how the reasonable rent was determined, including major differences between the contract units and comparable unassisted units, and must be retained by the PHA. The comparability analysis may be performed by PHA staff or by another qualified person or entity. Those who conduct these analyses or are involved in determining the housing assistance payment based on the analyses may not have any direct or indirect interest in the property.

HACC-Owned Units

For HACC-owned units, the amount of the reasonable rent must be determined by an independent agency approved by HUD in accordance with PBV program requirements. The independent entity must provide a copy of the determination of reasonable rent for HACC-owned units to the HACC and to the HUD field office where the project is located.

Owner Certification of Reasonable Rent

By accepting each monthly housing assistance payment, the owner certifies that the rent to owner is not more than rent charged by the owner for other comparable unassisted units in the premises. At any time, the HACC may require the owner to submit information on rents charged by the owner for other units in the premises or elsewhere.

17-VIII.D. EFFECT OF OTHER SUBSIDY AND RENT CONTROL

In addition to the rent limits discussed in Section 17-VIII.B above, other restrictions may limit the amount of rent to owner in a PBV unit. In addition, certain types of subsidized housing are not even eligible to receive PBV assistance (see Section 17-II.D).

Other Subsidy [24 CFR 983.304]

To comply with HUD subsidy layering requirements, at the discretion of HUD or its designee, a HACC shall reduce the rent to owner because of other governmental subsidies, including tax credits or tax exemptions, grants, or other subsidized funding.

For units receiving assistance under the HOME program, rents may not exceed rent limits as required by that program.

For units in any of the following types of federally subsidized projects, the rent to owner may not exceed the subsidized rent (basic rent) or tax credit rent as determined in accordance with requirements for the applicable federal program:

- An insured or non-insured Section 236 project;

- A formerly insured or non-insured Section 236 project that continues to receive Interest Reduction Payment following a decoupling action;
- A Section 221(d)(3) below market interest rate (BMIR) project;
- A Section 515 project of the Rural Housing Service;
- Any other type of federally subsidized project specified by HUD.

Combining Subsidy

Rent to owner may not exceed any limitation required to comply with HUD subsidy layering requirements.

Rent Control [24 CFR 983.305]

In addition to the rent limits set by PBV program regulations, the amount of rent to owner may also be subject to rent control or other limits under local, state, or federal law.

PART IX: PAYMENTS TO OWNER

17-IX.A. HOUSING ASSISTANCE PAYMENTS [24 CFR 983.351]

During the term of the HAP contract, the PHA must make housing assistance payments to the owner in accordance with the terms of the HAP contract. During the term of the HAP contract, payments must be made for each month that a contract unit complies with HQS and is leased to and occupied by an eligible family. The housing assistance payment must be paid to the owner on or about the first day of the month for which payment is due, unless the owner and the PHA agree on a later date.

Except for discretionary vacancy payments, the PHA may not make any housing assistance payment to the owner for any month after the month when the family moves out of the unit (even if household goods or property are left in the unit).

The amount of the housing assistance payment by the PHA is the rent to owner minus the tenant rent (total tenant payment minus the utility allowance).

In order to receive housing assistance payments, the owner must comply with all provisions of the HAP contract. Unless the owner complies with all provisions of the HAP contract, the owner does not have a right to receive housing assistance payments.

17-IX.B. VACANCY PAYMENTS [24 CFR 983.352]

If an assisted family moves out of the unit, the owner may keep the housing assistance payment for the calendar month when the family moves out. However, the owner may not keep the payment if the PHA determines that the vacancy is the owner's fault.

HACC Policy

If the HACC determines that the owner is responsible for a vacancy and, as a result, is not entitled to the keep the housing assistance payment, the HACC will notify the landlord of the amount of housing assistance payment that the owner must repay. The HACC will require the owner to repay the amount owed in accordance with the policies in Section 16-IV.B.

At the discretion of the HACC, the HAP contract may provide for vacancy payments to the owner. The HACC may only make vacancy payments if:

- The owner gives the HACC prompt, written notice certifying that the family has vacated the unit and identifies the date when the family moved out (to the best of the owner's knowledge);
- The owner certifies that the vacancy is not the fault of the owner and that the unit was vacant during the period for which payment is claimed;
- The owner certifies that it has taken every reasonable action to minimize the likelihood and length of vacancy; and
- The owner provides any additional information required and requested by the HACC to verify that the owner is entitled to the vacancy payment.

The owner must submit a request for vacancy payments in the form and manner required by the HACC and must provide any information or substantiation required by the HACC to determine the amount of any vacancy payment.

HACC Policy

If an owner's HAP contract calls for vacancy payments to be made, and the owner wishes to receive vacancy payments, the owner must have properly notified the HACC of the vacancy in accordance with the policy in Section 17-VI.F. regarding filling vacancies.

In order for a vacancy payment request to be considered, it must be made within 10 business days of the end of the period for which the owner is requesting the vacancy payment. The request must include the required owner certifications and the HACC may require the owner to provide documentation to support the request. If the owner does not provide the information requested by the HACC within 10 business days of the HACC's request, no vacancy payments will be made.

17-IX.C. TENANT RENT TO OWNER [24 CFR 983.353]

The tenant rent is the portion of the rent to owner paid by the family. The amount of tenant rent is determined by the PHA in accordance with HUD requirements. Any changes in the amount of tenant rent will be effective on the date stated in the PHA notice to the family and owner.

The family is responsible for paying the tenant rent (total tenant payment minus the utility allowance). The amount of the tenant rent determined by the PHA is the maximum amount the owner may charge the family for rental of a contract unit. The tenant rent covers all housing services, maintenance, equipment, and utilities to be provided by the owner. The owner may not demand or accept any rent payment from the tenant in excess of the tenant rent as determined by the PHA. The owner must immediately return any excess payment to the tenant.

Tenant and PHA Responsibilities

The family is not responsible for the portion of rent to owner that is covered by the housing assistance payment and the owner may not terminate the tenancy of an assisted family for nonpayment by the PHA.

Likewise, the PHA is responsible only for making the housing assistance payment to the owner in accordance with the HAP contract. The PHA is not responsible for paying tenant rent, or any other claim by the owner, including damage to the unit. The PHA may not use housing assistance payments or other program funds (including administrative fee reserves) to pay any part of the tenant rent or other claim by the owner.

Utility Reimbursements

If the amount of the utility allowance exceeds the total tenant payment, the PHA must pay the amount of such excess to the tenant as a reimbursement for tenant-paid utilities, and the tenant rent to the owner must be zero.

The PHA may pay the utility reimbursement directly to the family or to the utility supplier on behalf of the family. If the PHA chooses to pay the utility supplier directly, the PHA must notify the family of the amount paid to the utility supplier.

HACC Policy

The HACC will make utility reimbursements to the family.

17-IX.D. OTHER FEES AND CHARGES [24 CFR 983.354]

Meals and Supportive Services

With the exception of PBV assistance in assisted living developments, the owner may not require the tenant to pay charges for meals or supportive services. Non-payment of such charges is not grounds for termination of tenancy.

In assisted living developments receiving PBV assistance, the owner may charge for meals or supportive services. These charges may not be included in the rent to owner, nor may the value of meals and supportive services be included in the calculation of the reasonable rent. However, non-payment of such charges is grounds for termination of the lease by the owner in an assisted living development.

Other Charges by Owner

The owner may not charge extra amounts for items customarily included in rent in the locality or provided at no additional cost to unsubsidized tenants in the premises.