

Appendix M: Detailed Instructions for Completing the Rental Assistance Assessment Plan

Project-based or Tenant-based Assistance

- A. **General.** The Restructuring Plan must identify whether a project will receive tenant- or project-based Section 8 assistance after restructuring. This decision should be made as early as possible in the process of developing the Restructuring Plan. For some projects, project-based assistance must be renewed; for others, the PAE must develop a Rental Assistance Assessment Plan (RAAP) which briefly explains the PAE's conclusion about the type of assistance.
- B. **Reporting Requirements.** The PAE must report semi-annually to OMHAR on those projects that either:
1. Renew project-based assistance despite tenant support for tenant-based assistance during the tenant consultation process, or
 2. Renew with tenant-based assistance.
- C. **Mandatory Project-Based Assistance.** There are three situations in which renewal of project-based Section 8 assistance is mandatory:
1. Projects in tight rental markets. The market-wide vacancy rate is 6 percent or below.
 - a) If the project is in a city that is included in the Census Bureau statistics on rental vacancy rates for the 75 largest metropolitan areas, then the annual rate published on the Internet by the Census Bureau will be used to determine if the project is located in a tight rental market.
 - b) If the city is not included in one of the 75 largest metropolitan areas, then the Census Bureau statistics on rental vacancy rates for the state in which the project is located will be used to make this determination.
 - c) The Census Bureau annual statistics are published in February for the preceding year. The 1998 annual statistics are included in Appendices T and U. The PAE will use the most recent annual information available when making the determination of the rental vacancy rate. Quarterly reports published by the Census Bureau will not be considered. To find the needed statistics on the Internet, go to:
 - i) web address <http://www.census.gov/hhes/www/hvs.html>
 - ii) choose "Annual Statistics 1999," or other years as they become available, and
 - iii) select Table 5 for the Rental Vacancy Rates of the 75 largest metropolitan areas direct link <http://www.census.gov/hhes/www/housing/hvs/annual99/ann99t5.html> or Table 3 for the Rental Vacancy Rates by State direct link <http://www.census.gov/hhes/www/housing/hvs/annual99/ann99t3.html>.

2. Projects predominantly occupied by elderly or disabled families. At least 50% of units are occupied by the elderly or by disabled families.
 - a) “Elderly” is defined as a family whose head, spouse, or sole member is a person who is at least 62 years of age; or two or more persons who are at least 62 years of age living together; or one or more persons who are at least 62 years of age living with one or more live-in aides.
 - b) A household is considered a “disabled family” in accordance with the Section 8 program’s definitions.
3. Cooperative housing projects. The project is owned by a nonprofit cooperative ownership housing corporation or nonprofit cooperative housing trust.

D. Rental Assistance Assessment Plan. The PAE must develop a Rental Assistance Assessment Plan (RAAP) for projects that do not qualify for mandatory renewal of project-based Section 8 assistance. The PAE determines whether to renew project-based assistance, provide residents with tenant-based assistance, or renew a portion of the units with project-based assistance and convert the remaining units to tenant-based vouchers. The PAE makes this decision only after consulting with the affected residents, the project owner and local government officials. The PAE may allow up to five years for conversion to tenant-based assistance, if a transition period is needed for the project’s financial viability. The RAAP must assess how converting to tenant-based assistance or extending project-based assistance will impact each of the eight factors listed below. A **brief** narrative description of the comments received and the PAE’s analysis must be included in the Restructuring Plan. The importance of each factor should be determined in the context of each project.

1. Tenants' ability to find adequate, available, decent, comparable, and affordable housing in the local market. Even if the market-wide vacancy rate is 6.0% or higher, the vacancy rate in the affordable housing sub-market may be below 6.0%.
2. The types of tenants residing in the project. A project may not meet the definition of elderly and disabled housing but because it has a large minority of elderly and disabled residents it may be advisable to maintain its project-based status. In addition, the property may serve large families or families with children in an area where there may be a shortage of that particular type of rental unit.
3. Local housing needs identified in the Community Development Block Grant Consolidated Plan and local market vacancy trends. Any relevant excerpts from the Consolidated Plan should be attached to the RAAP. It will indicate whether the community is experiencing a shortage of affordable housing alternatives.
4. The cost of providing assistance. Compare the Section 8 cost per unit assisted using the tenant-based payment standard to the Section 8 cost per unit assisted using project-based Section 8.
5. The project's long-term financial stability. Consider what impact the future loss of rental assistance caused by existing residents moving from the property will have on the owner’s ability

to generate enough cash flow to adequately maintain the property, fund any required operating deficit account, and support the property's overall debt obligation.

6. Residents' ability to make reasonable choices about their individual living situations. As a general guideline, tenant-based Section 8 assistance should provide project residents with adequate affordable housing choices if at least 30% of the standard quality rental units in the relevant local housing submarket have rents less than the applicable FMR. The FMR is set so that 40% of the standard quality units cost less for rent and utilities than the local FMR for the applicable metropolitan area or non-metropolitan county. This guideline adds a neighborhood or submarket dimension to assessing the ability of residents to make housing choices using tenant-based assistance.
7. Neighborhood quality. Consider both the impact of the stability of the project's tenancy with project-based assistance, and the tenants' desire and ability to pursue other housing options. Consider the impact of the housing stock in areas with low poverty rates (e.g., less than 20%) and where the project promotes housing opportunities for minorities.
8. The project's ability to compete in the marketplace. Consider how the inability to provide rental assistance to tenants might impact the owner's ability to market the property to future replacement tenants.