

REFERENCE GUIDE:

Public Housing Agency (PHA) Administrative Flexibilities to Increase Landlord Participation in the Housing Choice Voucher (HCV) Program

HUD has made administrative flexibilities available for PHAs to reduce administrative burden and optimize service provision within their HCV programs. Some of these flexibilities, if adopted by PHAs, may speed up the inspections and lease-up process, increase landlord participation by addressing concerns about fair market rent and tenant screening, and increase coordination between PHAs in neighboring jurisdictions. Adopting these flexibilities also addresses some of the concerns landlords shared during HUD's landlord listening sessions.

Flexibilities Related to the Inspections Process

The inspections process can be time consuming, which can impact the amount of time that it takes for tenants to be allowed to move into a unit. It also increases the amount of time landlords must wait to start receiving housing assistance payments (HAP). There are administrative flexibilities PHAs can adopt to ease the challenge of scheduling and conducting re-inspections, as well as speed up the overall process, making inspections less costly for landlords.

PIH Notice 2013-17 Housing Choice Voucher (HCV) Program – Review of Existing HQS Requirements and the Use of Photos to Improve HQS oversight

PIH Notice 2013-17 provides information on how PHAs can allow landlords to demonstrate that they have fixed items that failed during a Housing Quality Standards (HQS) inspection. Landlords may verify their corrected HQS deficiencies by sending photographic evidence of the correction to the PHA. Taking photographs of corrected deficiencies

and submitting them virtually, for example via email, can be an effective approach for improving HQS oversight. This oversight may include documenting specific HQS deficiency corrections and verifying HQS have been met.

Without adopting this provision, PHAs likely require landlords to be available for a re-inspection, which can be time-consuming for both parties. If a PHA adopts this flexibility, a re-inspection of a unit may not be necessary if the PHA can obtain sufficient verification of the corrected deficiency through other means, such as emailed photographs.

PIH Notice 2017-20 Housing Opportunity Through Modernization Act of 2016 (HOTMA) – Housing Quality Standards (HQS) Implementation Guidance

PIH Notice 2017-20 includes two provisions PHAs can adopt that also address challenges related to inspections.

- 1) Implementing the non-life threatening (NLT) provision: The first provision allows a PHA to approve the assisted tenancy and make HAP on a unit that fails to meet HQS, provided the unit only has NLT deficiencies. The owner must then correct the NLT deficiencies within 30 days.

PHAs that choose to implement this provision must:

- Amend their administrative plans to adopt HUD's definition of NLT as well as life-threatening deficiencies.
- Amend their administrative plans to explain the specific details on how the



provision will be applied. For example, the PHA will apply the NLT provision to all or a portion of their initial inspections.

- Inform owners and families of the new policy and procedures.
 - Notify HUD via email of their choice to implement the provision at least 30 days before implementation.
- 2) Implementing the alternative inspection provision: The second provision allows the PHA to approve an assisted tenancy of a unit prior to the HQS inspection if the property has passed an alternative inspection within the past 24 months. Examples of alternate inspections may include HOME and Low-Income Housing Tax Credit (LIHTC) program inspections. All PHAs that implement this provision must conduct the initial HQS inspection within 15 days of receiving the Request for Tenancy Approval or RFTA (Form HUD-52517). Although the landlord and the PHA will enter into a HAP contract, the landlord will not receive payments until the unit is inspected and determined to meet HQS. At this point, the landlord will receive retroactive HAP for the period prior to the HQS inspection determination. For more information on how this process can work, please review pages 14 and 15 of PIH Notice 2017-20.

PHAs that choose to implement this provision must:

- Amend their administrative plans to include the specific alternative inspection method(s) that will be used.
- Amend their administrative plans to explain how the PHA intends to use the alternative method(s), including details around specific properties or types of properties for which each method will be employed.
- Inform owners and families of the new policy and procedures.
- Notify HUD via email of their choice to

implement the provision at least 30 days before implementation.

24 CFR §§ 982.405, 982.406; 85 Fed. Reg. 11318 (Feb. 27, 2020)

All PHAs are permitted to conduct periodic unit inspections biennially rather than annually. Small rural PHAs may begin conducting periodic unit inspections triennially following the next regularly scheduled inspection after Feb. 27, 2020. Small rural PHAs are PHAs that administer 550 or fewer combined public housing units and vouchers, and predominantly operate in a rural area, as listed on HUD's website. All PHAs are still required to conduct an initial inspection before landlords may receive HAP. See above discussion of PIH Notice 2017-20 for additional information about initial inspections. All PHAs are also required to conduct interim inspections if a family or government official notifies the PHA of a unit's failure to comply with HQS. For more information on adopting biennial inspections, see PIH Notice 2016-05, Attachment K. For more information on adopting triennial inspections, see 85 Fed. Reg. 11318 (Feb. 27, 2020).

All PHAs may rely upon alternative inspection methods, such as those conducted under the LIHTC or HOME programs or performed by HUD, to meet the periodic unit inspections requirement. A PHA that uses alternative inspection methods for periodic inspections must amend its administrative plan prior to employing this option. For more information on adopting this flexibility, see PIH Notice 2016-05, Attachment K.

Flexibilities to Match Local Rental Markets

PHAs may have difficulties recruiting and retaining landlords for participation in the HCV program in communities where the Fair Market Rents (FMRs) may lag behind current market rents. PHAs having difficulty with achieving market-based rents may want to consider



adopting payment standard increases in high opportunity areas or adjusting the method in which rent reasonableness is calculated.

24 CFR § 982.503(b)(1)(iii), (c)(2)

PHAs may adopt, or request to adopt, exception payment standards for desirable areas in the jurisdiction, in order to reflect the market cost of rental housing and enable voucher-holders to lease units in those area(s). Under 24 CFR § 982.503(c)(2), a PHA may adopt an exception payment standard above 110 percent (up to 120 percent) of the published Metropolitan Area FMR for an area, upon approval from the local HUD field office. Under 24 CFR § 982.503(b)(1)(iii), a PHA may establish an exception payment standard for a ZIP code area of up to 110 percent of the Small Area Fair Market Rent (SAFMR) for that ZIP code area. HUD approval is not required; the PHA must simply send an email to SAFMRs@hud.gov. PHAs that have SAFMRs may be eligible for exception payment standards under 24 CFR § 982.503(b)(1)(iv), subject to HUD guidance. For more information on adopting these flexibilities, see PIH Notice 2018-01 § 4(d).

24 CFR § 888.113(c)

SAFMRs are FMRs established at the ZIP code–area level as opposed to the metropolitan statistical area (MSA) level. They are a tool for PHAs to tailor their payment standards within their jurisdiction to reflect the market cost of rental housing in specific area(s). PHAs that administer vouchers in metropolitan areas where the adoption of SAFMRs are not required may inform HUD that they will adopt SAFMRs, following the procedures in PIH Notice 2018-01 § 5. SAFMRs are intended to provide local families access to high opportunity (low poverty) areas by allowing higher rents to reflect differences in neighborhood rental pricing.

24 CFR § 982.54(d)(15)

PHA policy sets the method of determining that the rent paid to the owner is reasonable, as compared to rent for similar unassisted units in the marketplace. PHAs have the flexibility

to adjust the method so it is appropriate to the local market in order to safeguard against HCV rents to owner being inappropriately low. For more information, see the HCV Guidebook Rent Reasonableness Chapter § 3.

Flexibility to Screen HCV Tenants

PHA may opt to screen applicants for family behavior or suitability for tenancy, and the PHA may offer the owner information in the PHA's possession (24 CFR § 982.307). These efforts may be helpful in addressing landlords' concerns about whether HCV tenants will be good tenants.

24 CFR § 982.307

While screening and accepting tenants is ultimately the role of individual landlords, some landlords may have misconceptions about voucher holders. PHAs may decide to implement some screening activities to minimize concerns about HCV tenants, thus improving landlord retention in the program. PHAs must screen in accordance with their administrative plan and must inform the landlords that they are still responsible for screening and selecting tenants.

Flexibility to Coordinate with Neighboring PHAs

Landlords may own properties in multiple PHA jurisdictions and, therefore, may need to work with multiple PHAs when participating in the HCV program. When those PHAs require different forms or procedures from one another, landlords experience confusion and frustration that may lead to dissatisfaction with the HCV program. The flexibility below can be used to enable PHAs to align certain policies or procedures, possibly resulting in less confusion for landlords working with multiple PHAs.



PIH Notice 2012-15
Streamlining Administrative Practices
in the Housing Choice Voucher Program-
Consolidation of Administrative Tasks

PHAs who are in the same geographical area can consolidate administrative functions, for example, one agency may have a strong group of inspectors while another agency has a strong landlord relations staff. These agencies could divide tasks, which may address landlords' concerns about a lack of consistent policies and procedures between PHAs with overlapping jurisdictions.