HCV Utilization Webinar: Considering Project-Based Vouchers

April 21, 2022
Welcome!

• **Today's webinar is being recorded.** The recording and PowerPoint will be posted to the ”Webinars and Trainings” section of [www.hud.gov/hcv](http://www.hud.gov/hcv). In about a week.

• **We are looking for more HCV Utilization Webinar topics.** Please enter any topic ideas or other suggestions for how we can make these webinars useful to you in the chat.

• **Stay connected** by visiting [www.hud.gov/hcv](http://www.hud.gov/hcv) and subscribing to the HCV Connect Newsletter.
Agenda

1. Background and general principles of PBV
2. Experiences from the field (Butte, CA and Boston, MA)
3. How to get started with PBV
4. Where to find more information
What are Project-Based Vouchers (PBVs)

PBVs are used by a PHA to attach HCV units to a specific property, usually using a long-term contract.

Note: HUD also has a similarly named, but very different, Project Based Rental Assistance (PBRA) program. PBRA is not an element of the HCV program.
The PBV program has been growing
But, most PHAs do not utilize PBV

Reminder: You can find this data on the HCV Data Dashboard at www.hud.gov/hcv.
Why PBV?

- **EXPAND OPPORTUNITY**
- **ENSURE UNIT AVAILABILITY** (particularly in tight markets)
- **LONG-TERM CONTRACT**
- **REPOSITIONING (Converting Public Housing to Section 8 Assistance)**
- **SUPPORTIVE SERVICES**
- **ACCESSIBILITY FEATURES**
Key Principals of PBV

- Newly constructed, rehabilitated or existing housing with subsidy tied to the property.
- PBV Contracts must be awarded competitively - (with exceptions)
- Limits on share of HCV program that can be PBV, (with exceptions)
- Limits on share of units in property that can be subsidized (with exceptions)
- Mobility
Three Routes to PBV

**Existing**
Units substantially comply with HQS (HUD Housing Quality Standards)
PHA may establish PBV Housing Assistance Payment (HAP) Contract

**Rehabilitated**
Units exist but do not substantially comply with HQS

**Newly Constructed**
Units do not exist
These require an Agreement to Enter into a Housing Assistance Payment Contract (AHAP), then a HAP Contract when the units meet HQS.
Competitive Selection of PBV Units

General rule: request proposals (RFP)

Exception: previous competition
- PBVs not considered in previous competition
- Prior selection occurred within 3 years of PBV selection

Exception: no competition
- HCV PHA has any ownership interest
- Improve, develop, or replace a public housing property/site ($25k cost threshold if new/rehab)
PHAs may PBV 20-30% of their HCV Program

- **PHAs may PBV 20 percent** of authorized HCV units
- **Plus, an additional 10 percent** for special situations (low-poverty census tracts; elderly/disabled supportive housing; housing for veterans, foster youth, or homeless)
- Certain units (e.g., RAD or certain formerly federally subsidized, and VASH units awarded as PBV) are exempt from the cap.

Note: Most PHAs are well below their cap, and the policy regarding the caps can get complicated. PHAs should visit [www.hud.gov](http://www.hud.gov) for more information.
Limits on the Share of PBV Units at a Property

Limited to greater of 25 units or 25% of units within a project, with certain exceptions for:

- Units in low-poverty census tracts
- Units for elderly families, foster youth, families eligible for supportive services
- Units previously under certain federal rent restrictions or long-term housing subsidies (e.g., Public Housing)

This is just a high-level summary. For more information visit [www.hud.gov/hcv](http://www.hud.gov/hcv).
What do the voucher holders get out of it?

• No searching for a unit on the private market.

• Mobility: The right to priority for tenant-based assistance after one year.
What do the property owners get out of it?

- A long-term contract with a steady supply of tenants. (Maximum initial contract is 20 years; extensions permitted.)
- PHAs may offer up to two months of vacancy payments in the PBV HAP contract.
- Rents are established based on lower of reasonable rent, owner-requested rent, or a PHA-determined amount up to 110% of applicable Fair Market Rent or Exception Payment Standard, minus utility allowance.
For Additional Details Visit

• [www.hud.gov/hcv](http://www.hud.gov/hcv) (PBV section)
• Statute: 42 U.S.C. § 1437f(o)(13)
• Regulation: 24 C.F.R. Part 983
  • See the website for important information about changes!
• PIH Notice: 2017-21
PBV from the PHA perspective

Ed Mayer
Executive Director
Housing Authority of the County of Butte
PBV from the PHA perspective

Andrew Gouldson
Housing Choice Compliance Officer
Boston Housing Authority
PBV Timeline Overview

**Step 1:**
Update Plans
- PHA Plan
- Administrative Plan

**Step 2:**
Notify HUD

**Step 3:**
Selection of Proposal (RFP)

**Step 4:**
Required HUD approvals
- Subsidy Layering Review (if required)
- Environmental Review

**Step 5:**
Execute AHAP and Start Construction
(Only for New/Rehab)

**Step 6:**
Execute Housing Assistance Payment Contract (HAP)

*Note:* simplified overview for illustration
Step 1: Update your Plans

- Describe PBV activities in PHA Plan
- Administrative Plan PBV policies must be in place before a PHA begins PBV process

**Administrative Plan**
- Competition procedures
- Site selection standards
- Supportive services policy
- Waiting list structure/tenant selection policy
- Tenant screening procedures
- Vacancy payment policy
- Transfer policies
- HQS policies
- Small Area Fair Market Rent (SAFMR) policy
- HAP Contract termination
Step 2: Notify HUD

Program Limitation (Program Cap) HUD review and Notice requirements

- Email the PIH Notice 2017-21 required items or the optional calculation worksheet (or both) to pbvsubmissions@hud.gov

- Submit at least 14 days prior to:
  - Issuing a request for proposal (RFP)
  - Selecting a project based on previous competition
  - If applicable, selecting a project without following a competitive process

- Program cap review is not project specific, and can be submitted any time after the PHA Plan and PHA Administrative Plan are approved
Program Limitation (Program Cap) HUD review and Notice requirements

Page 18 of the PIH Notice 2017-21 requires PHAs to identify:

• (1) Total number of authorized ACC units

• (2) Total number of PBV units entirely excluded from the program limitation (Att F)

• (3) Number of units under 10% program cap exception category(ies) (Att D)

• (4) Total number of units currently committed to PBV – including under HAP, AHAP, and a notice of selection

• (5) Number of new units to which the PHA is proposing to attach PBVs through an RFP or selection
## HUD Evaluation of Program Cap

<table>
<thead>
<tr>
<th>Pre-Exemption Baseline</th>
<th></th>
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<tbody>
<tr>
<td>ACC Authorized Units (populated)</td>
<td>693</td>
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<tr>
<td>Tenative ACCs to add (in case of exempt PBV proposed - see Line 29)</td>
<td>0</td>
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<tr>
<td>PBV Commitments (Includes Exemptions and 10% units)</td>
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</tr>
<tr>
<td>PBV Under HAP Occupied (VVS)</td>
<td></td>
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<tr>
<td>PBV Under HAP Not Occupied (VVS)</td>
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<tr>
<td>PBV under AHAP (VVS)</td>
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<tr>
<td>PBV in Pipeline - from RHPS</td>
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<tr>
<td>Total PBV Commitments</td>
<td>0</td>
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<tr>
<td></td>
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<tr>
<td>Exemptions (Part of PBV Commitments)</td>
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<td>RAD Component 1 (populated)</td>
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<tr>
<td>RAD Component 2 (populated)</td>
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<tr>
<td>HUD Awarded VASH PBV (populated)</td>
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<tr>
<td>Formerly federally subsidized non-RAD PBV off/on after 4/18/2017</td>
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<tr>
<td>Total exemptions from Baseline</td>
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<td></td>
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<tr>
<td>10% Prior Units (Part of PBV Commitments, EXCLUDE Exemptions) with HAP contract dates &gt;= 4/18/2017</td>
<td></td>
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<tr>
<td>(10%) PBV made available to homeless (Not Awarded PBV VASH)</td>
<td></td>
</tr>
<tr>
<td>(10%) PBV made available for Veterans (Not Awarded PBV VASH)</td>
<td></td>
</tr>
<tr>
<td>(10%) PBV with supportive Housing for Elderly or Disabled</td>
<td></td>
</tr>
<tr>
<td>(10%) PBV in Census Tracts below 20% poverty rate</td>
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<tr>
<td>Total 10% Prior Units</td>
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<tr>
<td></td>
<td></td>
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<tr>
<td>PROPOSED</td>
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<tr>
<td>Exempt PBV (see rows 14-17 for categories)</td>
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<tr>
<td>(10%) PBV made available to homeless (Not Awarded PBV VASH)</td>
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</tr>
<tr>
<td>(10%) PBV made available for Veterans (Not Awarded PBV VASH)</td>
<td>0</td>
</tr>
<tr>
<td>(10%) PBV with supportive Housing for Elderly or Disabled</td>
<td>0</td>
</tr>
<tr>
<td>(10%) PBV in Census Tracts below 20% poverty rate</td>
<td>0</td>
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<tr>
<td>Regular PBV</td>
<td>138</td>
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<tr>
<td>Total Exempt</td>
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<tr>
<td>Total 10%</td>
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<tr>
<td>Total Regular</td>
<td>138</td>
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<tr>
<td>TOTAL</td>
<td>138</td>
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<tr>
<td></td>
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<tr>
<td>Summary</td>
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<tr>
<td>Post Exemption Baseline</td>
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<tr>
<td>PBV Unit Cap</td>
<td>139</td>
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<tr>
<td>PBV Unit Cap %</td>
<td>20.00%</td>
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<tr>
<td>Remaining against Limit</td>
<td>0.09%</td>
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<td>Status?</td>
<td>OK</td>
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Program Cap Calculation Worksheet

- https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/project
- Instructions: PIH Notice 2017-21, Appendix I
Add number of authorized units to line 17

- In PIC, select “Housing Agency” in the “Housing Inventory” section
- In the “Housing Authority” tab, select “Inventory” to view the “Inventory Detail”
- Add number of authorized units to line 17 of the Program Cap Calculation Worksheet
Add PBV units that meet the requirements of PIH Notice 2017-21, Attachment F to lines 20-35

In this example:

- HUD previously approved an initial notification Sample HA submitted to project-base 8 vouchers in a former Section 811 project (contract expired in 2015); the PBV HAP Contract was first effective 1/1/2018
- Sample HA is now submitting an initial notification to project-base 4 vouchers in a project that received Public Housing funds until it underwent a disposition in 2018
- HUD awarded Sample HA 12 vouchers it applied for under a VASH PBV Set-Aside notice
Effect of adding PBV units to lines 20-35

In this example:

- The worksheet automatically subtracts the 20 HUD-Approved units entered on lines 20-35 from the baseline. These units are not counted toward Sample HA’s program caps.
Add PBV units that meet the requirements of PIH Notice 2017-21, Attachment D to lines 37-42

In this example:

• HUD previously approved an initial notification Sample HA submitted to project-base 5 vouchers in a project that provides supportive housing to elderly persons; the PBV HAP Contract was first effective 5/1/2017

• Sample HA is now submitting an initial notification to project-base 3 of its regular VASH vouchers in the future
Effect of adding PBV units to lines 37-42

In this example:
- The worksheet automatically calculates that the 8 HUD-Approved and Proposed units entered on lines 37-42 equal the maximum number of units that can be project-based under the 10% program cap.
Add all other HUD-Approved or Proposed PBV units to lines 45-46

In this example:

- HUD previously approved an initial notification Sample HA submitted to project-base 10 vouchers in two projects for families receiving supportive services, both with HAP Contract effective dates of 4/1/17
Effect of adding PBV units to lines 45-46

In this example:

- The worksheet automatically calculates that the 10 HUD-Approved units entered on lines 45-46 equal 12.5% of units that can be project-based under the 20% program cap.
- Sample HA has 7.5% of authorized units (6 units) still available to be project-based; these may be any type of PBV since Sample HA has room under its 20% cap.

<table>
<thead>
<tr>
<th>Summary Table</th>
<th>*Do not enter information in this table</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Total HUD Approved Units</td>
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<tr>
<td>Revised Baseline</td>
<td>80</td>
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<tr>
<td>20% Program Cap Limit [20% of Revised Baseline]</td>
<td>16</td>
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<tr>
<td>10% Program Cap Limit [10% of Revised Baseline]</td>
<td>8</td>
</tr>
<tr>
<td>Total PBV Maximum [20% and 10% Program Cap]</td>
<td>24</td>
</tr>
<tr>
<td>Total PBV [including exceptions]</td>
<td></td>
</tr>
</tbody>
</table>

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Reminder of Existing PBV Resources

Here you can find:
✓ Status of rule changes
✓ Guidance on program caps, PHA-owned units, and other issues
✓ Program cap calculation worksheet
✓ HUD PBV Forms (AHAP and HAP Contracts)
✓ PBV Webcasts

Check out the PBV section of www.hud.gov/hcv.
Case Study

- Sample HA has 100 authorized vouchers
- HUD previously approved an initial notification Sample HA submitted to project-base 15 vouchers in a former section 202 project; Sample HA executed the project’s PBV HAP Contract effective 1/1/15
- HUD previously approved an initial notification Sample HA submitted to project-base 5 vouchers in a project open to all families
- Sample HA is proposing to project-base 10 of its regular VASH vouchers

1. Can Sample HA project-base the 10 VASH vouchers in its proposal?
2. What percent of Sample HA’s Maximum Program Cap will be available to be project-based if Sample HA project-bases the 10 VASH vouchers?