

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. 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 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.



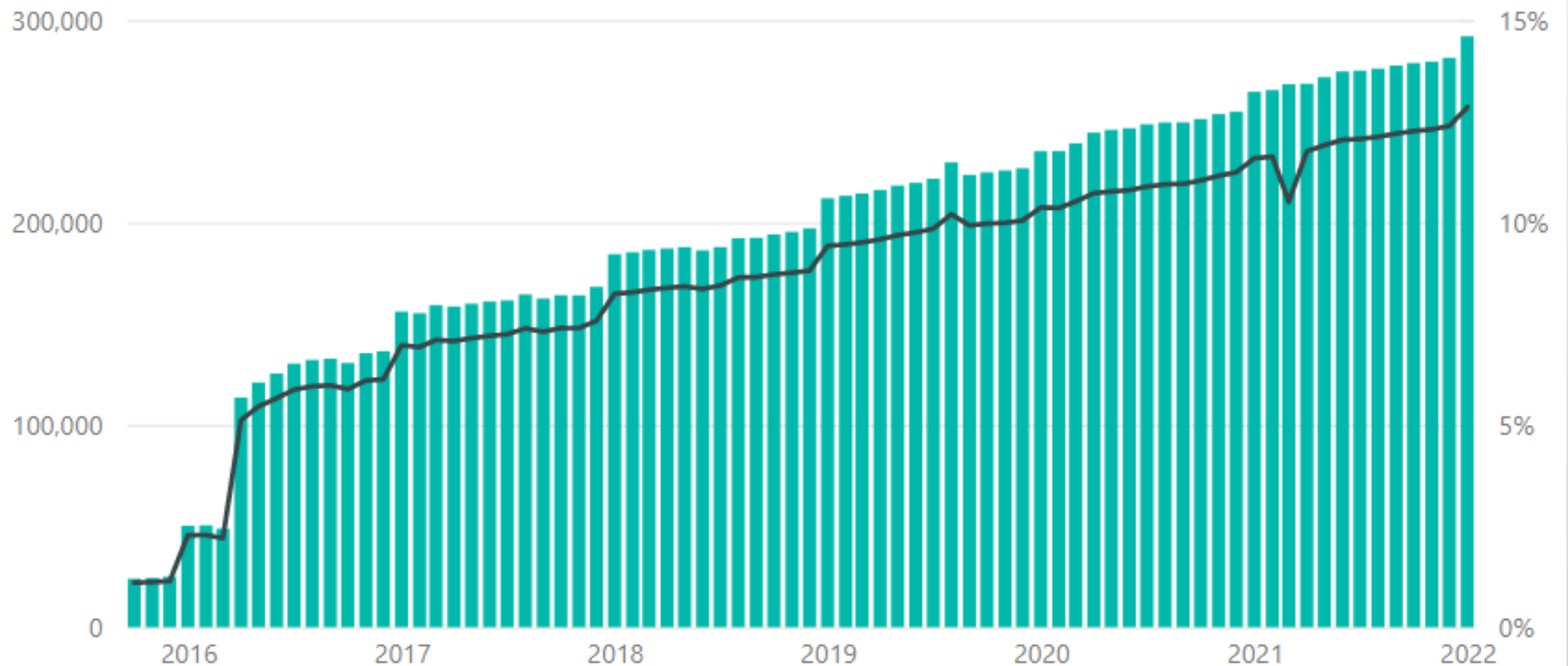
Note: HUD also has a similarly named, but very different, Project Based Rental Assistance (PBRA) program. PBRA is not an element of the HCV program.



The PBV program has been growing

Total PBVs (Leased & Unleased) and % of Total Leased Units that are PBV Over Time

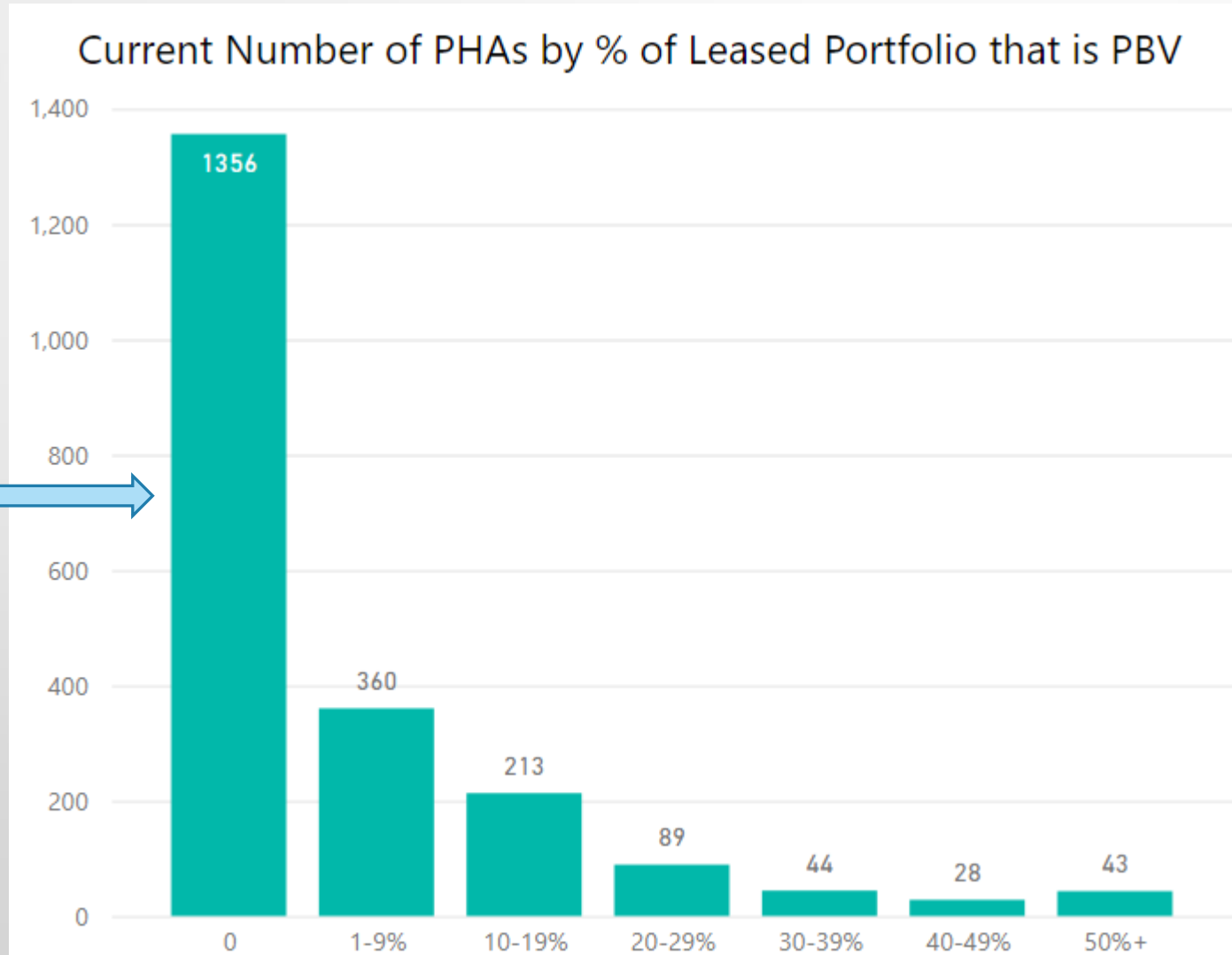
● Total PBVs Leased & Unleased ● % PBV Units





But, most PHAs do not utilize PBV

No PBV



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



Why PBV?

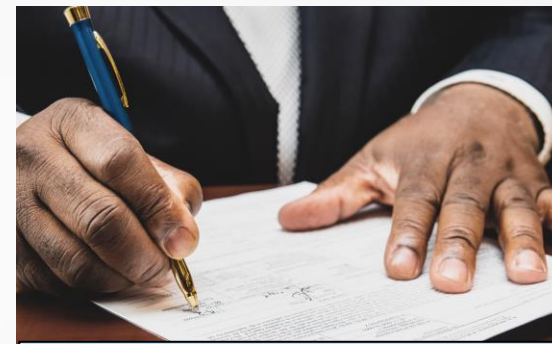
EXPAND OPPORTUNITY



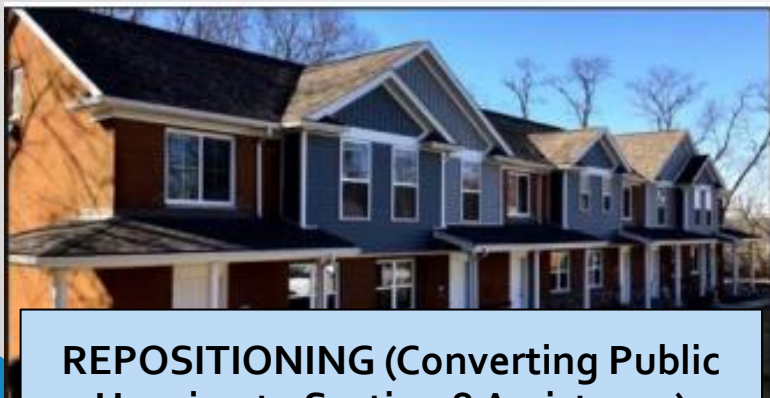
ENSURE UNIT AVAILABILITY
(particularly in tight markets)



LONG-TERM CONTRACT



REPOSITIONING (Converting Public Housing to Section 8 Assistance)



SUPPORTIVE SERVICES



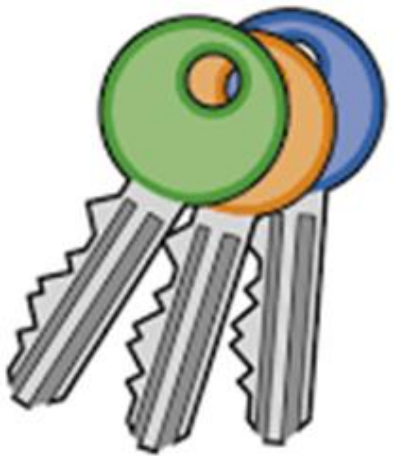
ACCESSIBILITY FEATURES





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

These require an Agreement to Enter into a Housing Assistance Payment Contract (AHAP), then a HAP Contract when the units meet HQS.

Newly Constructed



Units do not exist



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)

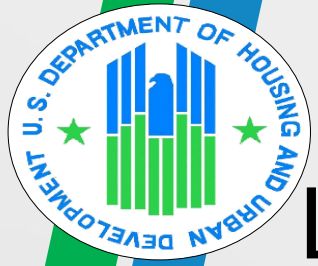


PHAs may PBV 20-30% of their HCV Program



- **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 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.



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 (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



#1 →

#4 →

#2 →

#3 →

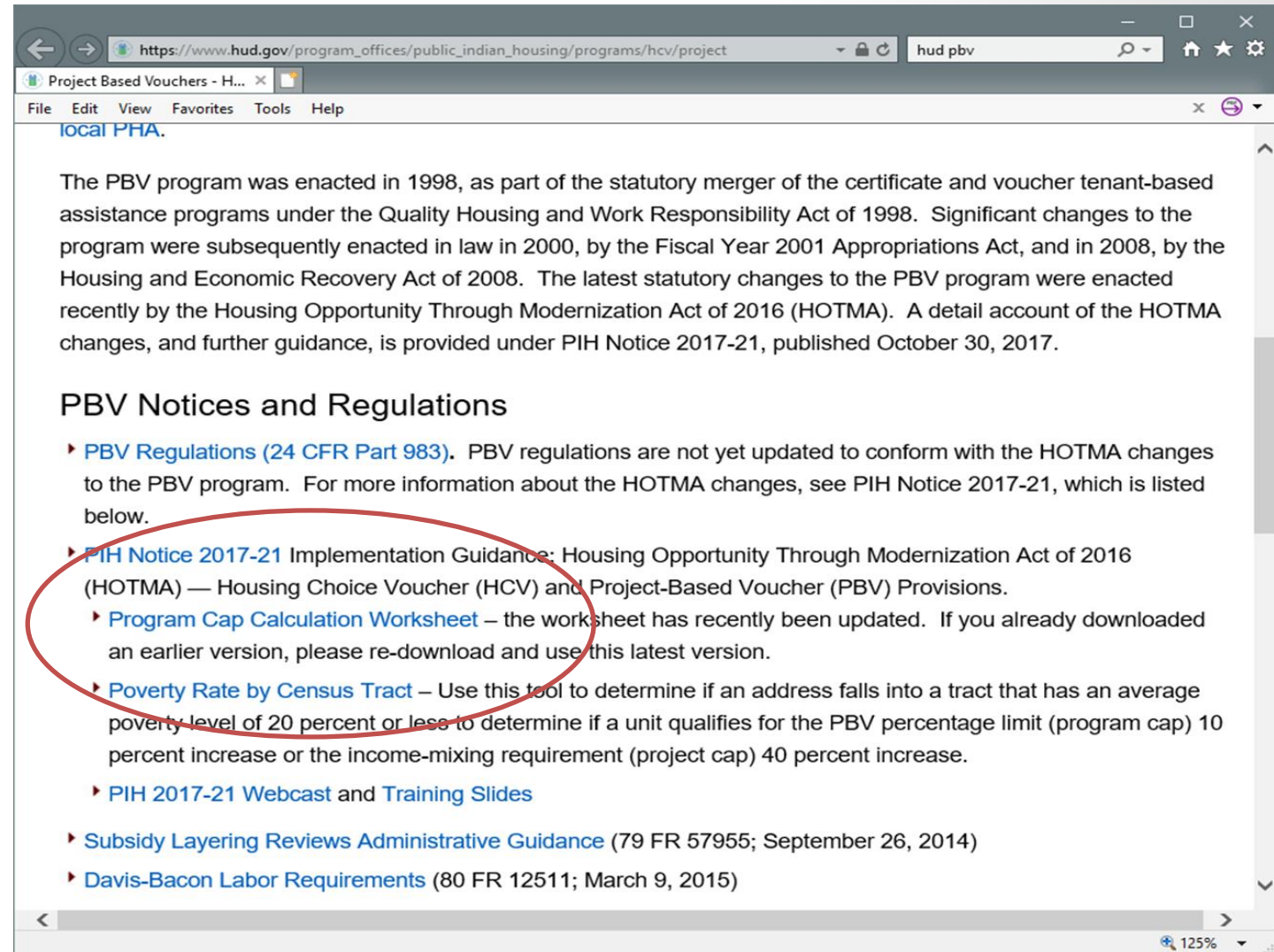
#5 →

HUD Evaluation of Program Cap

A c t u a l	Pre-Exemption Baseline			
	ACC Authorized Units (populated)	693		693
	Tentative ACCs to add (in case of exempt PBV proposed - see Line 26)	0		
	PBV Commitments (Includes Exemptions and 10% units)			
	PBV Under HAP Occupied (VMS)			
	PBV Under HAP Not Occupied (VMS)			
	PBV under AHAP (VMS)			
	PBV in Pipeline - from RFPs			
	Total PBV Commitments	0		0
	Exemptions (Part of PBV Commitments)			
	RAD Component 1 (populated)	0		
	RAD Component 2 (populated)	0		
	HUD Awarded VASH PBV (populated)	0		
	Formerly federally-subsidized non-RAD PBV eff on/after 4/18/2017			
	Total exemptions from Baseline	0		0
	10% Prior Units (Part of PBV Commitments, EXCLUDE Exemptions) with HAP contract dates >= 4/18/2017			
	(10%) PBV made available to homeless (Not Awarded PBV VASH)			
	(10%) PBV made available for Veterans (Not Awarded PBV VASH)			
	(10%) PBV with supportive Housing for Elderly or Disabled			
	(10%) PBV in Census Tracts below 20% poverty rate			
	Total 10% Prior Units	0		0
P r o p o s e d	PROPOSED			
	Exempt PBV (see Rows 14-17 for categories)		0	
	(10%) PBV made available to homeless (Not Awarded PBV VASH)		0	
	(10%) PBV made available for Veterans (Not Awarded PBV VASH)		0	
	(10%) PBV with supportive Housing for Elderly or Disabled		0	
	(10%) PBV in Census Tracts below 20% poverty rate		0	
	Regular PBV	138	138	
	Total Exempt	0		0
	Total 10%	0		0
	Total Regular	138		138
	TOTAL	138		138
S u m m a r y	Summary			
	Post Exemption Baseline	693		693
	PBV Unit Cap	139		139
	PBV Unit Cap %	20.00%		20.00%
	Remaining against Limit	0.09%		0.09%
	Status?	OK		OK

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

Grants	Increments	Units
Vouchers	1	100
Total	1	100

Section 8 inventory information provided from HUD's Central Accounting an

17

Step 1: Number of ACC Authorized Units (Baseline) from IMS/PIC

100

19	Step 2: PBV Units that Previously Received any of the Following Long-Term HUD Housing Subsidies, or Subject to a Rent Restriction as a Result of the Following HUD Loan Insurance Programs (For PBV HAP Contracts that First Became Effective on or After April 18, 2017):	HUD Approved	Proposed
20	Public Housing Capital or Operating Funds where the public housing project underwent voluntary conversion or disposition.		4
21	Project-Based Rental Assistance (Section 8) (including SRO, and Mod-Rehab).		
22	Housing for the Elderly (section 202).		
23	Housing for Persons with Disabilities (section 811).	8	
24	Rent Supplement (Rent Supp).		
25	Rental Assistance Program (RAP) (Section 236).		
26	Flexible Subsidy Program (section 201)		
27	Section 236		
28	Section 221(d)(3) or (d)(4)		
29	Total (lines 20-28)	8	4
30			
31	Step 3: Other Units Excluded from Program Cap	HUD Approved	Proposed
32	Total RAD PBV Component 1 units with HAP funding		
33	Total RAD PBV Component 2 units with HAP funding		
34	Total HUD-VASH PBV allocation	12	
35	Total (lines 32-34)	12	

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

Summary Table							
*Do not enter information in this table							
		Total HUD Approved Units	Total Units Proposed	Total HUD Approved and Proposed Units	Percent Used (including proposed)	Percent Available	
10	Revised Baseline	80					
11	20% Program Cap Limit (20% of Revised Baseline)	16	0	0	0.0%	20.00%	
12	10% Program Cap Limit (10% of Revised Baseline)	8	0	0	0.0%	10.00%	
13	Total PBV Maximum (20% and 10% Program Cap)	24	0	0	0.0%	30.00%	
14	Total PBV (including exceptions)		20	4	24		
<p>*Enter information in the fields below (as applicable). See Appendix I of PIH 2017-21 for accompanying instructions. Note that the data included below is an example only. Please clear all of the information below before entering your information. Also, use only one category for units that qualify under more than one exception.</p>							
17	Step 1: Number of ACC Authorized Units (Baseline) from IMS/PIC					100	

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

37	Step 4: PBV Units Categorized Under 10% Program Cap (For PBV HAP Contracts First Executed On or After April 18, 2017).	HUD Approved	Proposed
38	Total PBV units made specifically available to homeless. (Exclusive of HUD-VASH PBV allocation).		
39	Total PBV units made specifically available to veterans. (Exclusive of HUD-VASH PBV allocation)		3
40	Total PBV units that provide supportive housing to persons with disabilities or to elderly persons	5	
41	Total units located in a census tract with a poverty rate of 20 percent or less		
42	Total (lines 38-41)	5	3

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

8	Summary Table					
	*Do not enter information in this table					
9		Total HUD Approved Units	Total Units Proposed	Total HUD Approved and Proposed Units	Percent Used (including proposed)	Percent Available
10	Revised Baseline	80				
11	20% Program Cap Limit (20% of Revised Baseline)	16	0	0	0.0%	20.00%
12	10% Program Cap Limit (10% of Revised Baseline)	8	5	3	10.0%	0.00%
13	Total PBV Maximum (20% and 10% Program Cap)	24	5	3	10.0%	20.00%
14	Total PBV (including exceptions)		25	7	32	

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

44	Step 5: Total PBVs not Meeting an Exception (not contained in steps 2-4 above)	HUD Approved	Proposed
45	Total PBV (under HAP Contract, AHAP, or notice of selection)	10	
46	Total PBV proposed in this submission		

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

8	Summary Table					
	*Do not enter information in this table					
9		Total HUD Approved Units	Total Units Proposed	Total HUD Approved and Proposed Units	Percent Used (including proposed)	Percent Available
10	Revised Baseline	80				
11	20% Program Cap Limit (20% of Revised Baseline)	16	10	0	10	12.5%
12	10% Program Cap Limit (10% of Revised Baseline)	8	5	3	8	10.0%
13	Total PBV Maximum (20% and 10% Program Cap)	24	15	3	18	22.5%
14	Total PBV (including exceptions)		35	7	42	7.50%

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



Reminder of Existing PBV Resources

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



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

A screenshot of the HUD website's Project Based Vouchers (PBV) section. The page has a dark blue header with the HUD logo and navigation links. Below the header is a breadcrumb trail: "Home / Program Offices / Public and Indian Housing / PIH / Office of Housing Choice Vouchers / Project Based Vouchers". The main heading is "PROJECT BASED VOUCHERS". To the right of the heading is a "Jump to..." section with links to "Overview", "PBV Notices and Regulations", "PBV Forms", and "Related Programs". The "Overview" section contains text explaining that PBVs are a component of a public housing agency's (PHA's) Housing Choice Voucher (HCV) program. It states that PHAs are not allocated additional funding for PBV units; the PHA uses its tenant-based voucher funding to allocate project-based units to a project. Projects are typically selected for PBVs through a competitive process managed by the PHA; although in certain cases projects may be selected non-competitively. It also mentions that a PHA can use up to 20 percent of its authorized voucher units to project-base units in a specific project if the owner agrees to either rehabilitate or construct the units, or the owner agrees to set-aside a portion of the units in an existing development. In certain cases, the PHA may use an additional 10 percent of its authorized voucher units for PBV assistance. Information as to whether a PHA manages the PBV program may be found by contacting the local PHA. The PBV program was enacted in 1998, as part of the statutory merger of the certificate and voucher tenant-based assistance programs under the Quality Housing and Work Responsibility Act of 1998. Significant changes to the program were subsequently enacted in law in 2000, by the Fiscal Year 2001 Appropriations Act, and in 2008, by the Housing and Economic Recovery Act of 2008. The latest statutory changes to the PBV program were enacted recently by the Housing Opportunity Through Modernization Act of 2016 (HOTMA). A detail account of the HOTMA changes, and further guidance, is provided under PIH Notice 2017-21, published October 30, 2017. The "PBV Guidance and Regulations" section lists several links: "(Updated) PBV Repositioning FAQs (PDF)", "HOTMA Implementation Proposed Rule Slides for PBV, HQS, and Utility Allowances", "HOTMA Implementation Proposed Rule Webinar for PBV, HQS, and Utility Allowances (mp4) Google Chrome is Preferred Web Browser to view", and "PBV Regulations (24 CFR Part 983). PBV regulations are not yet updated to conform with the HOTMA changes to the PBV program. For more information about the HOTMA changes, see PIH Notice 2017-21, which is listed below."

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?