

CHAPTER 2

CHAPTER 2. ACTIONS PRIOR TO INVITATIONS

2-1. SECTION 8 CONTRACT AND BUDGET AUTHORITY ALLOCATIONS.

- a. Headquarters will make "fair share" allocations of fiscal year Section 8 contract and budget authority for metropolitan and nonmetropolitan areas to Regional Offices, in accordance with Section 213(d) of the HCD Act, on Form HUD-185, Regional Fund and Contract Authority Assignment.
- b. Each Regional Office will make "fair share" sub-assignments to its Field Offices, separately for metropolitan and nonmetropolitan areas, utilizing Form HUD-185.1, Regional Fund and Contract Authority Sub-Assignment, in accordance with Central Office guidelines.

2-2. SUMMARY OF FIELD OFFICE ACTIONS PRIOR TO INVITATIONS.

- a. Prior to inviting applications for Section 8 Existing Housing programs, the Field Office shall:
 - (1) Develop a preliminary estimate of the amount of funds to be made available to each county out of its fiscal year sub-assignment, pursuant to a statistical "fair share" computation.
 - (2) Establish allocation areas.
 - (3) For each allocation area, adjust the statistical "fair share" computation on the basis of current data and establish the housing type (new construction, substantial rehabilitation, existing) and household type (elderly and handicapped, family and non-elderly individuals, large families) distribution.
 - (4) Establish a schedule for inviting applications.
- b. The Field Office shall utilize information contained in Housing Assistance Plans (HAPs) and Areawide Housing Opportunity Plans (AHOPs) in adjusting "fair share" computations, establishing housing types and household type distributions, and establishing its schedule for inviting applications.

2-3. "FAIR SHARE" COUNTY ESTIMATES.

- a. The EMAD shall compute a "fair share" percentage for each county in the Field Office jurisdiction, utilizing statistical tables provided by Headquarters for counties, metropolitan areas, and certain other geographic areas.
- b. The EMAD shall determine each county's "fair share" allocation of Section 8 contract authority sub-assigned to the Field Office by applying the statistical "fair share" percentage for each metropolitan county to the funds assigned for use in SMSAs, and for each nonmetropolitan county to the funds assigned for non-SMSA use.
- c. The EMAD shall estimate the approximate range of units that each county's "fair share" allocation could support by:
 - (1) Assuming that all assisted units would be two-bedroom existing dwellings and using the average two-bedroom Fair Market Rent (FMR) for Existing Housing.
 - (2) Assuming that all assisted units would be two-bedroom newly constructed dwellings and using the average two-bedroom FMR for New Construction/Substantial Rehabilitation.
- d. In areas with an Areawide Planning Organization (APO) having an approved Areawide Housing Opportunity Plan, the Field Office Director shall:
 - (1) Notify the APO of the total amount of contract and budget authority by program available to jurisdictions within the Plan area;
 - (2) Identify any statutory constraints on the use or distribution of the funds (e.g., metropolitan vs. nonmetropolitan distribution, etc.); and
 - (3) Request that the APO submit recommendations for the distribution of this authority among jurisdictions in accordance with the goals in the Approved Plan within fifteen days of the notification.

2-4. ESTABLISHING ALLOCATION AREAS.

- a. The EMAD shall establish proposed allocation areas so that the number of units which can be supported by the statistical "fair share" for all the counties comprising each allocation area is large enough to approve viable Section 8 programs.

- (1) For existing housing, programs of 100 units or more are more likely to be economically feasible and administratively efficient than smaller programs.

(2)The Field Office Director shall, so far as practicable, establish the central city of an SMSA as a separate allocation area. The Field Office Director, in making a determination as to whether the central city "fair share" of contract authority will support feasible projects, shall consider:

(a)The proportion of newly constructed, substantially rehabilitated and existing housing units, and

(b)The household type as set forth in the applicable three year HAP goals.

Generally, a central city with a population of 150,000 will be necessary to establish a separate allocation area; however, where appropriate the Field Office Director may establish a separate allocation area for cities with a smaller population.

(3)Other factors to be considered in establishing allocation areas include:

(a)State, areawide, or other planning district boundaries.

(b)Topographical barriers.

b.The EMAD shall review HAPs, APOs and State Housing Plans, related community development activities, special housing needs such as natural disaster recovery programs, and other available data for consistency with the National Census data. If the review indicates an inconsistency, the "fair share" allocation factors shall be modified to reflect local rental housing needs, provided that any increase or decrease does not exceed 10 percent for any one allocation area.

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- c. The EMAD recommendations for allocation areas and contract authority to be allocated to each shall be submitted to the Field Office Director, together with the calculations used in computing the "fair share" percentages and the basis for any proposed adjustments to "fair share" computations, within fifteen calendar days of receipt of the fiscal year contract authority sub-assignment. For those Insuring Offices authorized

to approve Section 8 programs which lack EMAD staffs, the Regional Office shall assure that the EMAD responsibilities are performed by the appropriate Area Office or by the Regional Office.

d. The Field Office Director shall review and approve the proposed allocation areas and contract allocations, consulting with the Directors of HD, CPD, FH&EO, HM, and EMAD, as necessary.

e. The Field Office Director shall consider whether to provide a "set-aside" of Section 8 contract authority for a state Housing Finance and Development Agency (HFDA) which has qualified for participation under the Section 883 regulations.

(1) In making this determination, consideration shall be given to budget authority limitations, operating plan goals, current Headquarters guidelines, and the financing and staff capacity of the HFDA.

(2) The Field Office Director shall receive and review requests for set-asides, in accordance with Handbook 7420.4, and recommend the amount of any set-aside to the Regional Administrator, who shall determine the specific set-aside amount.

(3) If a set-aside is to be authorized, the Field Office Director shall arrange a meeting with the HFDA to develop a coordinated effort to ensure an equitable distribution of housing assistance funds. The Field Office and the HFDA shall determine the amount of Section 8 contract authority the HFDA shall make available to each allocation area; if necessary, allocation areas shall be adjusted to assure viable program size. The total amount of contract authority to be made available by the Field Office and the HFDA to any allocation area shall, to the extent feasible, equal the fair share allocation as adjusted pursuant to paragraph 2-4(b) above.

f. The Field Office Director shall publicize the Section 8 fund allocations for metro and nonmetro areas and the approximate number of new construction or existing housing units the contract authority could support. If the Field Office Director will be making a "set-aside" for an HFDA, such amount shall also be publicized.

g. The Field Office shall assist localities in the preparation of HAPs by providing timely information regarding the total amount of housing assistance funds that could reasonably be expected to

be made available to the allocation area of which a locality is a part during the funding year covered by the CDBG application.

h. Immediately upon completion of the allocation plan, the Field Office Director shall forward a copy of the plan to the Deputy Assistant Secretary for Assisted Housing.

2-5. HOUSING TYPE AND HOUSEHOLD TYPE DISTRIBUTION.

a. The EMAD shall recommend the housing type (new construction, substantial rehabilitation, existing) and household type (elderly and handicapped, family and nonelderly individuals, large families) distribution of units for every allocation area.

(1) For allocation areas or portions of allocation areas covered by approved HAPs, the EMAD shall assure that assistance is provided by household type and housing type in the same proportion as the three year goals specified in the HAPs.

(a) Where a HAP has been submitted to but not formally approved by the Field Office, the proposed HAP and any preliminary reviewer comments should be considered.

(b) If it is reasonably expected that the housing type or household type distribution contained in a previously approved HAP will be changed prior to issuance of invitations in the current fiscal year, such changes should be anticipated to the extent possible. In such a case, any invitation which is not consistent with the previously approved HAP must be delayed until the new HAP is approved.

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(2) For allocation areas that include localities without approved HAPs, EMAD shall consider:

(a) Census data, recent Section 701 Comprehensive Planning reports, local or national housing studies, state or area housing plans, and other relevant data sources.

(b) Information provided by HM on HUD-assisted and HUD-insured projects; e.g., number of units subsidized by bedroom size, vacancies, waiting lists, rent-up or marketing problems and trends, condition and age of dwellings, over or under utilization of unit size capacity, anticipated decrease in the amount of assisted housing due to demolition or expiration of ACCs for public housing and Section 23 leased housing,

or other reasons. The HM Division Director should ensure that in the provision of information to EMAD, care is taken to provide a well-rounded and accurate picture of the current HUD-assisted and HUD-insured housing situation.

(3)Where an Areawide Planning Organization submits recommendations pursuant to paragraph 2-3d(3), the EMAD shall consider these recommendations in the distribution of units by housing type and household type among jurisdictions within the Approved Plan area.

(4)In those localities where there exists a less than adequate vacancy rate in housing units resulting in an insufficient number of vacant, standard, available units of appropriate size, cost, and type to meet the housing assistance needs of lower-income households, a program of new construction and/or substantial rehabilitation of rental units shall be emphasized. For example, in a community with a significant number of lower-income households expected to reside in the community and a less than adequate rental vacancy rate, new construction should be emphasized. However, the Existing program may be used to address the needs of households currently residing in the community if this program is used in conjunction with a new construction and/or substantial rehabilitation program.

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(5)In those localities where there exists an adequate vacancy rate in standard housing units creating a sufficient number of vacant, available units of appropriate size, cost, and type to meet the housing assistance needs of lower income persons, the use of existing housing shall be emphasized.

(6)The housing type may include Recently Completed Housing (see Section 882.120 of the Regulations in Appendix 12) for localities which have an adequate vacancy rate for such units and one of the following exists:

(a)The housing needs of lower-income families cannot be addressed by use of older existing dwellings at or below the FMRs for Existing Housing because of an inadequate vacancy rate.

(b)The special housing needs of one or more particular housing types (e.g., handicapped or large families) cannot be met by use of older existing dwellings because appropriate units are only available in the newer housing stock. In such a case, Recently

Completed Housing may only be authorized for certain unit sizes.

b. EMAD recommendations concerning housing type and household type distributions shall be forwarded to the HD Director.

c. The HD Director shall prepare for the Field Office Director a proposed housing type distribution for all allocation areas within the Field Office jurisdiction. Subsequent invitations for Existing Housing Program applications within any allocation area must be consistent with the housing type approved by the Field Office Director for that allocation area.

2-6. ESTABLISHING A SCHEDULE FOR INVITATIONS. The Field Office Director, in consultation with the HD, FH&EO, HM and EMAD Directors, shall establish an appropriate schedule for inviting applications for Section 8 Existing Housing programs. The resulting workload should be manageable in terms of established processing time standards and the impact on staff resources. Consideration shall be given to such factors as operating goals, urgency of need, linkage with Community Development Block Grant activities, HFDA plans, and the likelihood of receiving PHA applications.