Subject: Set-Aside Funding Availability for Project-Basing HUD-VASH Vouchers

1. **Purpose.** This notice announces the availability of a set-aside of approximately $15 million in HUD-VASH funding that will support approximately 2,000 units of project-based voucher (PBV) assistance. These PBVs will enable homeless veterans and their families to access affordable housing with an array of supportive services. The vouchers are being made available from a set-aside from the Consolidated Appropriations Act, 2016 (the Act) (Public Law 114-113), enacted December 18, 2015, that provided approximately $60 million dollars of funding for HUD-VASH vouchers as authorized under section 8(o)(19) of the United Stated Housing Act of 1937.

2. **Maximum Awards.** Any PHA that administers a Housing Choice Voucher program may apply for up to 150 units to be placed under PBV housing assistance payments (HAP) contract(s). In order to receive any project-based voucher (PBV) funding under this set-aside, a PHA must either be operating a PBV program or establish one in accordance with the program regulations in 24 CFR part 983.

   PHAs must submit separate applications for each project and may request no more than 75 PBVs for a single project. ¹ If a PHA selects a project with both existing and new construction/rehab housing types, the PHA must submit a separate application for each type of housing. These applications will be scored separately, which may result in only part of the total project receiving funding (for example, the units that fall under existing

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¹ Under the PBV program, a “project” is defined as a single building, multiple contiguous buildings, or multiple buildings on contiguous parcels of land. Under PBV regulations at 24 CFR 983.202, a HAP contract covers only one project.
projects may be funded while the new construction may not be funded). Please note that no more than a total of 75 units per project will be awarded.

The maximum number of vouchers requested by each PHA must be within the 20 percent maximum budget authority that may be allocated to PBV assistance in accordance with 24 CFR 983.6(a), or in accordance with a HUD-approved exception granted under Moving to Work (MTW) or HUD-VASH statutory waiver authority.

3. **Application Due Date.** Applications (form HUD-52515,) must be transmitted no later than midnight in the time zone of the PHA on September 9, 2016. All applications must be submitted electronically to VASH@hud.gov. Applications not received on time will not be processed and no extensions will be granted. Faxes and hard copy submissions will not be accepted.

4. **Application Requirements.** In order to apply for this set-aside, PHAs may submit (1) applications for specific project(s) selected in accordance with program regulations at 24 CFR 983.51, or (2) an application indicating the PHA’s intention to select one or more PBV projects in accordance with program regulations at 24 CFR 983.51. PHAs may only submit one application for up to 75 units for project(s) the PHA intends to select after award announcement.

PHAs must have selection policies for PBV units in its Administrative Plan prior to selecting units and must select proposals in accordance with such policies. PHAs must select proposals using either of the following two methods: (1) issue a request for PBV proposals that does not limit proposals to a single site or impose restrictions that explicitly or practically preclude owner submission of proposals for PBV housing on different sites, or (2) select a proposal based on a previous competition under a federal, state, or local government housing assistance, community development, or supportive services program, provided that the competition occurred within three years of the PHA’s PBV proposal selection date and the earlier competitive selection proposal did not contemplate PBV assistance.

A. **Applications with project selection prior to application submission under this Notice**

   i. The selection of the PBV proposal must be conditional and subject to the successful award of funding pursuant to this Notice, unless a PHA has sufficient available voucher funding in its regular voucher program and/or HUD-VASH program to fulfill the PBV commitment notwithstanding this set-aside.

   ii. If the project is accepted as an existing project, the selection must be conditional on the completion of an environmental review as outlined at 24

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2 Or, if applicable, in accordance with a HUD-approved exception granted under MTW waiver authority.
CFR 983.58 prior to the execution of a Housing Assistance Payments (HAP) contract. The written notice given to the project owner that the proposal was selected must state that the selection is conditional on a favorable environmental review in accordance with 24 CFR 983.58 and that the selectee may not take any action prohibited under 24 CFR 983.58(d) until the environmental process is completed.

If the project is selected as new construction or rehabilitation, the selection must also be conditioned on the completion of an environmental review in accordance with 24 CFR 983.58 and subsidy layering review prior to the execution of an Agreement to Enter into a Housing Assistance Payments contract (AHAP). The written notice given to the project owner that the proposal was selected must state that the selection is conditional on favorable subsidy layering and environmental reviews in accordance with 24 CFR 983.55 and 24 CFR 983.58, respectively, and that the selectee may not take any action prohibited under 24 CFR 983.58(d) until the environmental process is completed.

iii. The PHA must submit form HUD-52515, Funding Application, Section 8 Tenant-Based Assistance, Rental Certificate Program, Rental Voucher Program for each project that the PHA submits for the competition. This form may be downloaded from the following website: http://portal.hud.gov/hudportal/documents/huddoc?id=52515.pdf. When completing this form, include the five-digit PHA code (e.g. AL001) along with the name and mailing address of the PHA. Only complete the box for total dwelling units under vouchers in section B. Do not complete sections A or C. In section D of the form you do not have to address Need for Housing Assistance. Rather, the PHA applicant must provide the following information for each project that the PHA submits for the competition, for which you may attach extra paper:

a. The number of PBVs requested, which may not exceed 75 for each application.

b. A description of the proposed project including: (1) the address; (2) the county and Continuum of Care (CoC) in which the project is located; (3) the VA Medical Center (VAMC) name and station number associated with the project; (4) the total number of buildings; (5) total number of units by bedroom size in each building; (6) the number and bedroom sizes of HUD-VASH units in each building; and (7) the target population, if any, of any non

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3 Under 24 CFR 983.57(d), the PHA may not enter into an AHAP or HAP contract with an owner and the PHA, the owner, and its contractors may not acquire, rehabilitate, convert, lease, repair, dispose of, demolish, or construct real property or commit or expend program or local funds for PBV activities until the environmental process is complete.
HUD-VASH units.

c. Information regarding the threshold and scored factors, outlined in sections 6 and 7 of this Notice, on which the application will be assessed and scored.

iv. The form HUD-52515 must be signed by the Executive Director of the PHA or designated official when the PHA does not have an Executive Director.

B. Applications with project selection after award announcement

i. PHAs that receive an award based on an application for project(s) to be selected after award announcement must promptly initiate a project selection process using one of the two methods outlined in Section 4 of this Notice. All PBV projects must be selected in accordance with HUD regulations and the PHA’s Administrative Plan. MTW PHAs must follow the HUD-VASH operating requirements and applicable regulations unless HUD grants a waiver to the agency to apply MTW flexibilities to the HUD-VASH vouchers.

ii. PHAs that are awarded funds based on applications submitted prior to project selection must follow regulations at 24 CFR 983.58 to complete an environmental review and must not take any action prohibited under 24 CFR 983.58(d) until the environmental process is complete. Further, any project selected as new construction or rehabilitation is subject to the subsidy layering review requirements, outlined at 24 CFR 983.55.

iii. The PHA must submit form HUD-52515, Funding Application, Section 8 Tenant-Based Assistance, Rental Certificate Program, Rental Voucher Program for each project that the PHA submits for the competition. This form may be downloaded from the following website: http://portal.hud.gov/hudportal/documents/huddoc?id=52515.pdf. When completing this form, include the five-digit PHA code (e.g. AL001) along with the name and mailing address of the PHA. Only complete the box for total dwelling units under vouchers in section B. Do not complete sections A or C. In section D of the form you do not have to address Need for Housing Assistance. Rather, the PHA applicant must provide the following information, for which you may attach extra paper:

a. The number of PBVs requested, which may not exceed 75. Please note that applications for projects to be selected after award announcement must estimate the number of PBVs that will be selected. If, after award announcement, the PHA selects fewer units than awarded under this competition, the funding for unused units will be rescinded. If the PHA selects more units than awarded under this competition, the PHA must use vouchers from its regular or HUD-VASH tenant-based voucher program to fund the additional units, which must be selected in accordance
program regulations at 24 CFR 983.51(a) or (b).
b. The name and station number of the partnering VAMC. Please note that PHAs must partner with a VAMC prior to applying under this Notice.
c. A description of the general geographic area where projects will be considered at the time of application. This geographic area must include the county(ies) and CoC(s) from which the project will be selected. PHAs may include multiple counties and CoCs in this description, if appropriate. HUD and VA will calculate the need scores for applications that include multiple counties and/or CoCs in this description using an average score across all areas listed.
d. Information regarding the threshold and scored factors, outlined in sections 6 and 7 of this Notice, on which the application will be assessed and scored.

iv. The form HUD-52515 must be signed by the Executive Director of the PHA or designated official when the PHA does not have an Executive Director.

v. Within 6 months of award announcement, awardees of projects selected after award announcement must supply a detailed description of the selected project(s), including: (1) the address; (2) county and CoC in which the project is located; (3) the total number of buildings; (4) total number of units by bedroom size in each building; (5) the number and bedroom sizes of HUD-VASH PBV units in each building; (6) the target population, if any, of any non HUD-VASH units; (7) a signed certification that the Administrative Plan contains all required PBV policies and the application for HUD-VASH funding under this competition is consistent with the PHA’s administrative policies and PHA Plan; and (8) a signed certification from the project owner that the owner will comply with Housing First (see section 6 (C)).

5. Target Dates:
Where PHAs are submitting a proposal for a particular project selected prior to this set-aside application, the target date for occupancy of an existing PBV project must be stated in the PHA’s application. For new construction and rehabilitation projects, in addition to the target date for occupancy, the PHA must also include the date construction or rehabilitation will begin.

PHAs submitting an application with project selection after award announcement must submit a target date for project selection, which must be within 6 months of award announcement. Further, after selecting the project, the PHA must submit (1) an anticipated target date of occupancy for existing projects or (2) a target date of the start of construction or rehabilitation and the target date of occupancy for new construction or rehabilitation projects.
A. Existing Housing

For any applications for existing housing funded through this set-aside, the PHA must submit a PBV HAP contract (form HUD-52530B) to HUD Headquarters at VASH@hud.gov to verify available occupancy of at least one unit in the project within (a) 60 days of award announcement for projects selected prior to application or (b) 60 days after project selection for applicants with project selection after award announcement. The PHA must submit one HAP contract for every project selected.

After the HAP contract is executed for at least one unit, the PHA may add units, up to the number of HUD-VASH PBV units requested under part 4(A)(iii)(a) or 4(B)(iii)(a), until 12 months after award announcement for projects selected prior to application or 12 months after project selection for applicants with project selection after award announcement. At the end of the 12-month deadline, any funds for units above the number of units included on the HAP contract will be rescinded. If a PHA plans to add units through this 12-month period, the PHA must send in a HAP contract 60 days after award announcement confirming that at least one unit is under contract and, 12 months after award announcement, an updated HAP contract reflecting the total number of units. All requested PBV units must be vacant at the time that the unit is added to the HAP contract.

B. New Construction/Rehabilitation

For any funded proposals for new construction or rehabilitation projects, regardless of whether the PHA applied with a particular project or prior to selecting a project, the PHA must sign an AHAP with the project owner for each project within 24 months of award announcement.

6. Threshold Factors: Threshold factors must be met in order for the application to be given further consideration. If the HUD-52515, or any of the threshold items listed below are incomplete or missing, they will be treated as a curable deficiency and HUD may contact an applicant to clarify or request the missing information. Applicants must provide the requested information, in accordance with HUD instructions, within 10 business days from the date of the request or the application will no longer be considered for funding under this notice.

A. The application must include a signed letter of support from the Director of the VAMC or Veterans Integrated Service Network (VISN). The letter from VA must confirm the need for the number of vouchers requested in the application. If a project has been selected prior to submission of application for this competition, the letter of support must be specific to the chosen project. If the PHA plans to select a project after award announcement, (1) the letter of support must be general and address the need for additional affordable housing in the PHA’s and VAMC’s jurisdiction and (2) the PHA must submit a letter of support from the Director of the VAMC or VISN specific to the selected project once the PHA selects the project.
B. The application must include a statement that (1) the Administrative Plan contains all required PBV policies and (2) the application for HUD-VASH funding under this competition is consistent with the PHA’s administrative policies and PHA Plan. For administrative plan policies, please reference sections 2.a.(1), (2), (3), (6), and (7) of Notice PIH 2011–54 (Guidance on the Project-Based Voucher Program). For the PHA Plan, please reference section 2.b. of that Notice. The signature on the application will serve as a certification of this statement. For those applications where a project will be selected after awards are announced, PHAs must submit this certification with the notification of the selected project, within six months of award announcement.

C. The application must include a statement that the PHA will enforce compliance with a Housing First approach at the project. If a project has been selected prior to the application under this Notice, the application must include a signed statement from the project owner that the project will comply with a Housing First approach. If a project is selected after award announcement, a signed statement from the project owner that the project will comply with a Housing First approach must be submitted to HUD within 6 months after award announcement.

Housing First is an approach where homeless persons, usually chronically homeless or especially vulnerable homeless individuals and families, are provided immediate access to housing and then offered the supportive services that may be needed to foster long-term stability and prevent a return to homelessness. This approach removes unnecessary barriers and assumes that supportive services are more effective in addressing needs when the individual or family is housed and the daily stress of being homeless is addressed. Key components of this model include a simple application process, a harm reduction approach, and no conditions of tenancy beyond those included in the lease. Housing First specifically does not require sobriety or testing for substance abuse to obtain or sustain tenancy and thus must not be required in the lease. In serving these populations, projects cannot discriminate against families with children. More information on Housing First is available at: https://www.hudexchange.info/resources/documents/Housing-First-Permanent-Supportive-Housing-Brief.pdf.

D. The PHA applicant must not have any major unresolved program management findings from an Inspector General audit, HUD management review, or Independent Public Accountant (IPA) audit for the PHA’s HCV program or other significant program compliance programs that were not resolved or in the process of being resolved (as determined by the local field office) prior to this Notice’s application deadline. Major program management findings or significant program compliance problems are those that inhibit the capacity of the applicant to effectively administer a HUD-VASH PBV project. In addition, the PHA must not be involved in litigation that HUD determines may seriously impede the ability of the applicant to administer the HUD-VASH PBV project. The local HUD field office will provide the necessary information on this factor.
E. The PHA must resolve all outstanding civil rights matters prior to the application deadline. Applicants having any of the charges, cause determinations, lawsuits or letters findings referenced in Section V.B.1(a) of the FY2016 General Section of the Notice of Funding Availability that have not been resolved to HUD’s satisfaction before or on the application deadline date are ineligible for funding consideration. Examples of actions that may be considered sufficient to resolve such matters can be found in the General Section of the NOFA which can be found at: http://portal.hud.gov/hudportal/documents/huddoc?id=2016nofa-gensec.pdf. HUD Headquarters will contact the applicable HUD local field office for this information.

7. Scored Factors: A maximum of 85 points may be awarded.

A. Participation in the Enhanced Use Lease (EUL) Program: In order to receive points under this scored category, applicants must submit a project-specific application. No points under this category will be awarded to applicants that intend to select a project after the award announcement. The PHA must indicate if the project is part of an EUL program. Please note that a PHA’s selection of an EUL site meets the alternative competitive selection requirements under 24 CFR 983.51(b)(2). The means of selection must be consistent with the PHA’s administrative plan. More information on the EUL program can be found at http://www.va.gov/AssetManagement/

   25 points: The project is being developed in coordination with the EUL program.
   0 points: The project is not associated with the EUL program.

B. Relative Need: Number of Veterans experiencing homelessness. HUD and the VA will rate this factor based on an analysis of homeless veteran data, provided by local CoCs and VAMCs in the geographic area of the proposed or anticipated PBV project. HUD and VA will determine the level of need by the number of homeless veterans, with an emphasis on chronically homeless veterans, in the project’s geographic area and the number of permanent supportive housing resources in the area available to address the need. HUD and VA will divide applications into three levels of need based on the available data. HUD will use the proposed or anticipated project information supplied requisite to part 4(B)(iii)(b) and (c) of this Notice to score this category. If, after receiving an award, the PHA selects a project outside of the CoCs considered under this scoring factor, funds for those units will be rescinded.

   30 points: Very high need is determined
   15 points: High need is determined
   5 points: Medium need is determined

C. Relative Need: Affordable Housing. HUD and VA will rate this factor based on the availability of affordable housing in the neighborhood of the proposed or anticipated project. HUD and VA will divide applications into three levels of need based on the
rental vacancy rates and rates of cost burden among low income households in the geographic area of the proposed or anticipated project. **HUD will use the proposed or anticipated project information supplied requisite to part 4(B)(iii)(c) of this Notice to score this category.** If, after receiving an award, the PHA selects a project outside of the county(ies) considered under this scoring factor, funds for those units will be rescinded.

30 points: Very high need is determined  
15 points: High need is determined  
5 points: Medium need is determined

8. **PBV Requirements.** All projects must be selected (see Section 4 of this notice), developed, and operated in accordance with the PHA’s application, PBV program requirements found at 24 CFR part 983, Implementation of the HUD-VASH Program (Operating Requirements) published in the Federal Register on March 23, 2012, the requirements found in section 3 of Notice PIH 2015-10 (Project-basing of HUD-VASH Vouchers) and Notice PIH 2015-05(Guidance on the PBV Program) or any successor notices. **If a PHA applicant requires a waiver of any of the requirements noted above, it must submit the waiver request with its application.**

9. **Nondiscrimination Requirements.** All projects must comply with the nondiscrimination provisions of Federal civil rights laws and requirements, including but not limited to the Fair Housing Act, Section 504 of the Rehabilitation Act, Title VI of the Civil Rights Act, and Titles II or III of the Americans with Disabilities Act, as applicable, and HUD’s Equal Access Rule. See 24 CFR § 5.105(a).

10. **Selection of Applications.** Applications will be jointly reviewed by HUD and VA and selected in order of points awarded until all funding is exhausted. If, at the end of the selection process, two or more applications have tied scores and there is not enough funding to select all of the tied-score applications, selection will be based on this order: (1) Score for Relative Need: Number of Veterans experiencing homelessness; (2) if scores are still tied, the score for Relative Need: Affordable Housing; (3) if the scores are still tied, the score for Participation in the Enhanced Use Lease (EUL) Program. If there are still tied scores remaining after these tiebreakers have been applied, the application/applications selection will be based on a lottery drawing.

11. **Information Contact.** Inquiries about this notice should be directed vash@hud.gov.
12. **Paperwork Reduction Act.** The information collection requirements contained in this Notice have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C 3520). In accordance with the PRA, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number. The active information collections contained in this Notice have been approved under the PRA OMB Control Number 2577-0169.

/s/

Lourdes Castro Ramirez
Principal Deputy Assistant Secretary
for Public and Indian Housing