Public Housing Repositioning Wednesday - Options for Scattered Site Units

Caila Prendergast: Good afternoon everyone. Thanks for joining. It's one o'clock so I'll go ahead and get started with a little intro and intro to the WebEx system. So thanks again for joining. This is the second session of our Public Housing Repositioning Wednesday webinar series. Today's topic is Options for Scattered-Site Units.

My name is Caila Prendergast and I'm one of your hosts from Enterprise Community Partners. With us on the HUD team today presenting on this topic, we have Chad Ruppel, Katie Stuckemeyer and Jennifer Lavorel. Before I hand it over to them, I have a few housekeeping items that I'll address. The first part of our session will include a presentation from Katie, Jennifer and Chad, and we will leave all remaining time at the end for questions from participants.

There are two ways you can ask questions. The first way is to, in the chat box, say you have a question and I will read it out loud. Or you can indicate that you would like to answer out loud and I'll unmute your line and you can ask it in that way.

When you're sending your questions, we ask that you send it to the host, presenter and panelists so that everyone can see it. I'll be the one monitoring the chat box, but it's helpful for the presenters to kind of know when they have questions coming in. And if you do -- if you don't have audio capabilities, that's totally fine. I'll just read all those questions aloud.

All webinar participants are muted upon entry and so you guys don't have the option to mute and unmute your own lines, and if you would like to notify the team of any technical difficulties, just type a message in the chat box and I'll get back to you.

Today's session is being recorded and will be available on HUD Exchange shortly following the webinar. It usually takes about a week or so. And after the session is over, a popup will appear on your screen with a link to a survey for all participants to complete. I would really appreciate any feedback that you have for us. We work to try to incorporate them into the coming sessions, so appreciate it if you'd take a minute to fill that out. And with that, I'll pass it over to Chad.

Chad Ruppel: Thanks, Caila. And just to repeat, welcome everybody to our second one of these Wednesday Webinar series or Wednesday Webinars. Today's presenters are the world experts here in this topic. We have Katie Stuckemeyer from the Special Applications Center here in the Office of Public and Indian Housing. And Jennifer Lavorel who is our PBV expert from the Housing Voucher Management and Operations Division, also here within the Office of Public and Indian Housing. So they'll be speaking shortly.

I just wanted to quickly summarize why we're here. So this presentation today is really a deep dive into the topic of repositioning scattered-site units; right? So we're doing a number of these. All of them are deep dives. If you want a more general training, we have materials on our repositioning share point sites, our repositioning website I should say, and your field officers also have additional resources.

So this is really to help field officers that are PHAs that are trying to see what they can do with their scattered-site units, and in particular, scattered-site units that fall under the Section 18 application definition of scattered site. So we'll get into more of what that means, but today's presentation is really a deep dive into this subject.

We'll be talking about the application requirements, options for those units such as selling them for fair market value, establishing a local home ownership program, placing the units under PBV HAP contract. These are the main three options that PHAs take and we'll obviously talk about different iterations of that. And then finally, we're going to leave a lot of time at the end for questions and comments you may have. So please stay tuned and you'll have a chance to ask any questions you may have or how this might apply for your portfolio.

As Caila mentioned earlier, this is part of our overall webinar series. If you missed the first one, Developing a Repositioning Strategy, please check it out. It's been recorded and posted at HUD Exchange. And if you're interested in any of these additional topics, please go into HUD Exchange and register.

And if you see, or if you have a topic that's maybe not on this list, please note it maybe in your survey at the end or send an e-mail to repositioning@HUD.gov and we'd be happy to add it. We want to make sure that this addresses the concerns and this initial list here is really just some of the main core areas that we've seen PHAs have questions when it comes to repositioning. So with that, I'm going to turn it over to Katie to dive into the Section 18 component.

Katie Stuckemeyer: Hello everyone. Like Chad said, my name's Katie Stuckemeyer. I'm a Division Director in HUD's Special Application Center where we handle all of the applications for demolition disposition along with a few other inventory removal options. We thought we'd start with just a quick overview of what Section 18 is.

Section 18 refers to a section of the U.S. Housing Act of 1937. It's commonly referred to as Demo/Dispo and it's one of the tools that a PHA can use to remove property from the Public Housing Program. Like the name suggests, you can remove property via demolition with the DoT, the Declaration of Trust, on the remaining land, underlined land remaining in place, or by disposition to another entity, or some housing authorities do both. They demolish the properties and dispose of the underlying land. Section 18 applies to all property under a Declaration of Trust and the controlling guidance is 24 CFR 970 and PIH Notice 2018-04.

So like we said at the beginning, today we're going to be discussing scattered sites in Section 18. And why would a position -- why would a PHA reposition scattered sites through Section 18? There are a variety of potential benefits. The repositioning scattered sites through Section 18 could reduce administrative burden, remove units with high operating costs or that are otherwise infeasible to continue to operate as public housing.

You can potentially receive higher rents through conversion to project-based vouchers, provide additional affordable home ownership options, or generate proceeds to promote additional redevelopment. Today's call focuses on Section 18 disposition. Now, Section 18 disposition is not the only method by which you can reposition scattered sites. Some of the others are RAD, Section 32 Homeownership, and De Minimis Demolition. However, today we're going to focus primarily on Section 18 disposition as a repositioning option.

So in order to qualify for Section 18 disposition of scattered sites, the scattered sites have to meet a couple of criteria. It's not an approval as of right. The scattered sites do have to qualify under two criteria. Like I said, the controlling guidance is PIH Notice 2018-04 which provides some additional information in this area.

First of all, the units have to meet the definition of scattered site established in the notice. And the definition is four units or less on noncontiguous sites. The units can sit on separate parcels that are contiguous, as long as there are no more than four units sitting together on contiguous sites.

So to provide some examples, four single-family homes on contiguous sites would qualify, two duplexes would also qualify, one four-unit building would also qualify. However, three single-family homes and one duplex sitting together on contiguous sites would not qualify as scattered sites. We had to draw a bright line somewhere and four contiguous units was where we drew it. And at this point, we are not waiving that definition. So four units on contiguous sites is where the definition [inaudible].

Additionally, the units need to be unsustainable to operate or maintain as public housing. And this is due -- the notice speaks specifically to two potential criteria which is distance between the units. Some housing authorities have scattered-site single-family homes that are scattered all over a county. Some of these counties are 100 square miles. So the distance between the units can be prohibitive as far as maintaining them as public housing, due to the time it takes maintenance to get between all these units. You know, they're taking up a disproportionate amount of maintenance time, management time.

Additionally, lack of uniformity of systems. Particularly if you have a lot of single-family homes. They've got different HVAC systems, they have different appliances, they have different plumbing systems. And this can cause a maintenance and operations issue because there's no standardization of components. Everything is individualized and this can cause it to -- cause the units to be unsustainable to operate or maintain. So if you're submitting a Section 18 disposition for scattered sites, we will want to see a narrative describing the reasons that these units are unsustainable to operate or maintain as public housing.

Just a few illustrations as far as what qualifies as a scattered site. Illustration A displays single-family homes on noncontiguous parcels, and those would qualify. Illustration B is four single-family homes on contiguous parcels. Those also qualify. Illustration C is three single-family homes and two duplex units on contiguous parcels. Those would not qualify because that is five units together rather than four.

And Illustration D is kind of a combo. There's a multi-family building and two single-family homes on contiguous parcels. Those would not qualify. However, you have two single-family homes there towards the top that -- over towards the left side -- that are not sitting contiguous to anything else, and those two single-family homes would qualify.

So there are two key elements of all Section 18 removals that also apply to scattered site Section 18 removals. The first is DDTF and ARF. PHAs receive demolition disposition transition fees and asset repositioning fees for all units removed via Section 18. DDTF is equivalent to five more years of capital fund allocation for the units removed and ARF provides a reduced operating subsidy, 75 percent in year one and 50 percent in year two.

And the ARF trigger date depends on what you begin relocation of the households residing in the units that have been approved for removal. Another element is tenant protection vouchers. PHAs are eligible for tenant protection vouchers for all units occupied within 24 months of SAC application approval.

There are several requirements for all Section 18 scattered site applications. These are largely requirements for Section 18 applications in general and there are no -- there's no streamlining for scattered sites. All of the Section 18 requirements do apply. You need to provide a property description, and for the purposes of scattered sites, it's very helpful to include a site map just so we can easily see if these units do all qualify under the definition of scattered sites PIH Notice 2018-04.

The removal has to be in an approved PHA plan or significant amendment to the plan. We need a description of the property, an environmental review. You have to consult with your local government and get a letter of support from the highest elected official of the unit of government, whether that's the mayor, a county board chair, a city manager, if you have a city manager form of government.

You need to consult with your residents and we need to see evidence that that has happened, including meeting notices, a sign-in sheet, meeting minutes, things like that. We need a board resolution that's authorized the submission of the application and we need to see an estimate of property value.

If you're going to dispose of the sites at fair market value, then that needs to be an appraisal that is within one year of application submission. If you're going to dispose of the units at -- below fair market value and continue to use them as affordable housing, then we'll accept an alternate form of valuation such as a tax assessor's opinion.

However, for scattered sites, there is not a physical obsolescence requirement, so you do not need to conduct a physical needs assessment and show that the units are obsolete. Again, property value has to be a recent appraisal if you're going to sell the units at fair market value, and your local field offices can help you put the application together. The field offices have Section 18 expeditors that can be an excellent resource as far as making sure that your application contains all the necessary components. There's also a link to the Section 18 application checklist that can be very helpful.

So there are a couple of disposition options for scattered sites, and it all flows from the controlling question of, what do you want to do with the assets? So before you submit a Section 18 application, it's helpful to really sit down and kind of engage in some strategic planning and strategic conversations around the needs of your community, the physical needs of your inventory, and how do you want your inventory to look and what options best serve your community.

So the two primary options are to sell the assets at fair market value or to preserve the asset as affordable housing. So Option 1, sell the asset via disposition at fair market value. This is generally used when the PHA does not wish to continue to use the units as low-income housing. It's a sale via negotiated sale or public bid at fair market value, and again supported by a recent appraisal. And this will generate proceeds to use for affordable housing purposes.

So maybe you have some units for whatever reason that you don't wish to maintain as affordable housing any further. You can sell those units at fair market value. The proceeds you generate will be Section 18 proceeds and you can use those to acquire and rehab units in different areas or to develop new units. You can combine them with other sources of financing if you want to do a new affordable housing development. You can sell those units, remove them from your inventory, and then utilize the proceeds for affordable housing purposes that better serve your community.

Option 2 is to preserve the asset as affordable housing, and this happens via disposition at less than fair market value. You do have to transfer ownership to a separate entity but it doesn't have to go far. It can be a wholly-controlled nonprofit instrumentality or affiliate, as long as it is a separate entity established under state law. The SAC will place a use -- will request that -- require that a use agreement be placed on the property. Generally that's for 30 years. And the disposition at fair market value to preserve generally takes one of two forms.

A lot of housing authorities will elect a project-based tenant protection vouchers immediately back into the property, and Jennifer will talk more about project basing tenant protection vouchers later in this presentation. So via that route, you can project base the tenant protection vouchers and the households can remain in place if they wish to do so.

So in that way, you've got a HAP contract on the property and it continues to act as affordable housing in your community in years to come. You could also sell units to low-income families via a local homeownership program. And this is separate from a Section 32 Homeownership program, which is where a PHA sells units directly to public housing residents. This would -- you would transfer the units to your nonprofit instrumentality and then the nonprofit would coordinate the sale of the units to income-qualified families.

You don't have to choose one or the other. You can combine approaches based on what works best in your community. Some housing authorities identify some units that, due to their physical condition or their location, they don't wish to maintain in their inventory anymore. And that's fine. They sell those units at fair market value. But maybe they have other units that they've identified that really are a good affordable housing resource in the years to come, and so they'll elect to transfer those units at below fair market value, project base the tenant protection vouchers, and continue to use those units to house low-income family.

So there are a few steps for selling units at fair market value. First of all, you need to complete the Section 18 application. Well, I guess a pre-step would be, you need to have the units appraised. The appraisal needs to be within a year old. You need to complete the Section 18 application.

Upon approval, the PHA would request tenant protection vouchers through the local field office. You would begin resident relocation because if you're going to sell the units at fair market value, the residents do need to be relocated and you have to ensure that the residents find replacement housing, comparable replacement housing, and you must be -- budget for relocation costs.

Once the units are sold, you remove the units from inventory and then you use the proceeds for Section 18 eligible uses. If you don't have a specific use of proceeds in mine when you submit the Section 18 application, that's fine. However, you will need to submit a use of proceeds amendment to the SAC prior to expending proceeds. You need to submit the amendment, get the approval from SAC to use proceeds in that way, and then you can proceed with expending the proceeds for affordable housing purposes.

There are several steps for setting up a local homeownership program. Again, you would submit -- you would complete the Section 18 application. Upon approval, PHA would request tenant protection vouchers. You begin resident relocation then sell the property to your ownership entity, or convey the property and below fair market value to your ownership entity, remove the units from inventory as they're sold and then again use the proceeds for eligible purposes.

SAC will put use restriction on the property and these are generally tailored to reflect what's reasonable in light of the fact that the units are going to be sold. The ownership entity must be recognized by the states. And the PHA may allow tenants to use tenant protection vouchers for homeownership. We also have a link to provide more information on ownership entities.

There are also several steps to place the units under a PBV HAP contract if that's what you wish to do. Complete the Section 18 application, you request tenant protection vouchers through the local field office, sell the property to the new owner entity, enter into a PBV HAP contract with the new owner entity -- and Jennifer's going to talk more about the PBV requirements that have to be met before this can happen -- and remove the units from inventory. And if you do elect to place the units under a PBV HAP contract, then assuming that the households are not over-housed and that the occupants are income-qualified for a voucher, residents can remain in their current units and do not have to be relocated. And now I'm going to turn it over to Jennifer to talk more about project-based vouchers.

Caila Prendergast: Katie, you have a few questions in the queue. Do you want to --

Katie Stuckemeyer: Perfect.

Caila Prendergast: -- go ahead and address them now or --?

Katie Stuckemeyer: Absolutely.

Caila Prendergast: Okay. I got some notes that my audio was being funny at the beginning; is it okay now?

Katie Stuckemeyer: Yes.

Caila Prendergast: Okay. Cool. So first question, Section 18 disposition. Does this apply to non-residential units? We lease a community building to Head Start and they would like to have the building and we would like them to own and manage the building.

Katie Stuckemeyer: Yes. If it was Section 18 -- if there's a declaration of trust on the property, then Section 18 does apply, even to non-residential property. So there are some requirements that don't necessarily apply to non-residential property because it just wouldn't make sense, relocation requirements and things like that. But yes. If there is still a DoT on the property, then Section 18 would apply.

Caila Prendergast: Okay. Sounds good. Thanks. So next question. For scattered sites FMV disposition, is an individual appraisal required or can a single appraisal be used for a group? If so, is an average value across units okay? Is there guidance?

Katie Stuckemeyer: I believe that all of the units do have to be appraised individually. If I'm incorrect about that, Jane, feel free to jump in. But I do believe we have to have an appraised value for every unit.

Caila Prendergast: Okay. Sounds good. Next question. For the homeownership option, is the AMI 80 percent or 50 percent for the buyer?

Katie Stuckemeyer: I believe it's 80 percent.

Caila Prendergast: Okay. Next question. Where would a housing authority turn for guidance and advice regarding relocation if it decided to pursue Section 18 for scattered site units?

Katie Stuckemeyer: I would start with your field office, and the field office, if they need to point you towards a relocation specialist, they can make the appropriate linkages there. But I would start with your field office regarding those sorts of questions.

Caila Prendergast: Okay. Sounds good. Next question. Can more than one scattered site application be submitted by a housing authority?

Katie Stuckemeyer: Yes. Absolutely. And we would probably recommend that in cases where you kind of intend to phase implementation. [Inaudible] that asset reposition fee is triggered by the first relocation at the start of relocation date identified in your earliest application. What we don't want to see happen is if you've got kind of phases of unit that you want to remove, we don't want to see an operating subsidy decreased on the later phases due to a start of relocation for the first phase.

So you've kind of got waves that you're anticipating removing units in, I would identify all of the earlier units, put them in one application, and then submit latter applications. Now, what you can do is you can potentially use a lot of the same supporting documents for the later applications. You know, you can consult with your residents about the total action, your local government, about the total action and then just refer back to those earlier documents in the later application.

Caila Prendergast: Okay. We've got a follow-up from the person who asked that question. And they said not really because of waves but because of the four-unit rule. So just wanted to throw that out there.

Katie Stuckemeyer: Oh. You mean like remove some of them so then there's not four together because the others have been removed from the public housing program?

Caila Prendergast: Let me --

Katie Stuckemeyer: I think that's probably --

Caila Prendergast: Yeah. Let me see if I can unmute Marlene's line and maybe she can provide some more detail. Hi, Marlene.

Marlene: Hi. Can you hear me?

Caila Prendergast: Yep. We can hear you.

Katie Stuckemeyer: Yes.

Marlene: Okay. Perfect. Okay. So I have a housing authority and it's one of these rural guides that you're talking about and they have a lot of scattered site units and we have no idea whether the housing authority is interested or not. But they have a lot of scattered site units that are located on three, four, five, six streets in various cities. But they are -- and I've been there, but I can't remember exactly if there's four in a row.

There could be a part that has like seven in a row. So that obviously is going to exceed the four contiguous units. That was my -- that was the point of my question. You know, because if you have the four, but then you actually have three more that really are next door, could that then be a part of another application?

Katie Stuckemeyer: No. Not if they're all -- not if all seven are sitting there together.

Marlene: Oh.

Katie Stuckemeyer: Because that's -- I mean, that's seven units right in a row. So they -- you couldn't -- you can't pick and choose a few of them and then remove the rest later. So if there's seven sitting in a row, then those wouldn't meet the definition. You couldn't do like every other unit. If you've got seven in a row, you couldn't do units one, three, five and seven and then do units two, four and six in a later application.

Marlene: Oh no. I was thinking you would do one, two, three and four and then in another application, you would do five, six, and seven and then 15 or something.

Katie Stuckemeyer: Oh. I think --

Marlene: I can't -- I just --

Katie Stuckemeyer: Because those seven sit together, we -- because all seven of them are in a row and that's all PHA-owned property under a DoT, those would not qualify.

Marlene: Okay. Yeah. I have to really think about how those properties are laid out. So okay. Thank you. But you can submit more than one though.

Katie Stuckemeyer: Yes.

Marlene: So that's good to know.

Caila Prendergast: Okay. Thanks for that clarification. Next question. Can you please clarify, is one appraisal for multiple units with separate values for each unit okay? I have a request for Jane to weigh in here if she's on the line with us today.

Katie Stuckemeyer: Yes. Hold on.

Jane: Yes. Hi.

Caila Prendergast: Hi Jane.

Jane: Can you hear me? Hi.

Caila Prendergast: Yes.

Jane: Yeah. So we do request that they be separate appraisals, but we'd be willing to look at -- if you're doing a lot of them, there's ways to get an appraiser to do them quickly that they don't have to do these extensive appraisals. So there's other ways to do it, but we do need some things to [inaudible] out what is the value of a property?

Caila Prendergast: Okay. Next question. Do individual HEROS reports need to be done for each individual scattered site?

Jane: So what you can do is for the environmental reviews is we could do a two-tier, so you could do a regional summary of most of the issues in HEROS. I do think every address has to go through historic review and there's something else they have to go through too. But there's two pieces of it. So if you know how to do a two-tiered environmental -- but yes. We will need something on every one of them.

Caila Prendergast: Okay. Thanks. Okay. And you mentioned environmental reviews. We had a question -- let me scroll up -- about kind of why these environmental studies are being required. Kind of what's the logic behind that.

Jane: All HUD transfers go through an environmental review. Clearly, you want to know what's with the sites and what's going on and if there's going to be any ongoing liability to these -- to the housing authorities with the sale of these properties. So those are things that we want to look at and know.

Caila Prendergast: Okay. Sounds good. Okay. So we have one more question and then we'll pass it over to Jennifer. So this question is, you mentioned over-housed. If your ACOP and admin plans have different bedroom size eligibility criteria, can you amend your admin plan to grandfather in bedroom size eligibility for their voucher?

For example, if a unit is receiving a TTV or PBV through a Section 18 conversion, as long as the household is in the correct sized unit under the PHA's ACOP, it may obtain a voucher for that bedroom size so the family is not forced to move as the result of this conversion. If they subsequently move from that unit, they would be subject to the PHA's admin plan for bedroom size eligibility. And it looks like that was just a quote.

Katie Stuckemeyer: I am not sure about that. I will have to let Jennifer address that one.

Caila Prendergast: Okay. Well, it sounds like this is a good time to transition over to you, Jennifer. So it looks like Jennifer is not connected to audio at the moment. Give me just one moment to see if I can get her reconnected. In the meantime, Katie, I think there was another question that came in to everybody while I was talking, if you wanted to address that one --

Katie Stuckemeyer: Sure. Go ahead.

Caila Prendergast: -- in the chat box. Does there have to be an environment review if you are disposing a wholly owned PHA entity?

Katie Stuckemeyer: Yes. Environmental reviews are required for all [inaudible] actions regardless of the method of disposition or who's acquiring.

Jennifer Lavorel: Can you hear me?

Caila Prendergast: Hi Jennifer. Yeah. We can hear you.

Jennifer Lavorel: Hi. I'm sorry. I was having a lot of noise through my computer, so I dialed in with my phone, but then you couldn't hear me. In any case, let me start. Thanks Katie and Chad. And what you've just come through sort of the beginning of the process, qualifying for a scattered site disposition and obtaining your tenant protection vouchers. So what I'm going to go through is the requirements that you have to meet to project base those tenant protection vouchers and also some project-based voucher policies that have implications for you way back at the beginning when you were thinking about your application.

So that's what I'm going to go through today. This first slide -- I'm starting on Slide 17 -- is just a reminder. I think most of you would know this already or you wouldn't be on this call, but you can significantly increase your per-unit subsidy from HUD by converting from public housing to project-based vouchers. I'm not going to assume that everybody is familiar with the project-based voucher program, so I'm going to take the time to explain things. And if you're already operating a PBV program, apologies for maybe some things you already know.

But the rents in the project-based voucher program are essentially market-based. They're capped, but they're market-based, which is of course different from the public housing program where the amount of funding you get is based on, more or less, congressional whim. Whatever they appropriate in one year, you'll get some funding and that'll appropriate a [inaudible] next year. So this is really a strategy for increasing your subsidy and making it more reliable and predictable which creates some opportunities for you as -- if you're a PHA, as an owner.

What we have on this slide is a place where you can look to see what the approximate subsidy would be for your units if you convert to PBV assistance. All right. Slide 18. So you've received your award of tenant protection vouchers. Katie had in one of her earlier slides that a PHA is eligible for TPVs for all units occupied within the previous 24 months, and that's correct. But this second bullet point here is important. TPVs are meant to protect families -- it's part of the name as tenant protection vouchers -- and they're intended for families.

If you are wanting to use the tenant protection vouchers to preserve an asset, in this case, scattered site housing, the way you obtain or make sure you get your full eligibility for TPVs for all of the scattered site units is in your application to the special application center. You identify TPVs as the form of comparable housing that you're going to be providing to families, or project-based vouchers.

What you want to avoid is a situation where you identify, for example, public housing as the housing that you're going to be providing to families. So these families, they are going to move out of the scattered site units and they're going to be relocated to public housing, and that's part of your plan. What that would mean is that you would be ineligible for TPVs for the units occupied by those families because those families don't need the TPVs in order to have comparable housing. They're going to move to public housing.

So just make sure in your plan you're clear, we're going to provide comparable housing in the form of TPVs, PBVs -- some form of voucher assistance. That assures your eligibility for tenant protection vouchers. The tenant protection vouchers have to be offered to families who are [inaudible] that I just made by the conversion action. And they can be categorized as replacement or relocation vouchers.

Of course, you're going to want to categorize them as replacement TPVs because you're using them to provide replacement housing, comparable housing for the families who are being affected. We have a very thorough frequently asked questions for TPVs and you can see the URL is provided here in the slide.

So I touched on this earlier. Project-based voucher benefits. But compared to public housing, you're going to -- where the annual contributions contract is more or less a one-sided contract; right? You have to comply with all HUD requirements and you need some funding depending on what Congress appropriates from year to year. It's going to go up and down.

The project-based voucher contracts can have a term of up to 20 years and it's going to say right in the contract what the rents are, what the contract rents are. So you can be reasonably assured of having the same level of funding, the same level of subsidy, up to those contract rents for 20 years. You can take that to the bank, as you know. You can leverage tax credit equity when you have this predictability. You can get debt on your project when the lender knows that you have a 20-year contract that enables you to repay.

So that's relatively better if your intent is to access private capital, relatively better than public housing. There's no declaration of trust to impede your access to private capital. And then as we already discussed, the rents are usually -- not always. Make sure you check. But the contract rents, which are market-based, are typically higher than public housing funding.

Other benefits of project-based vouchers is you can use them flexibly. You can use them on existing housing that meets the project-based voucher program requirements and just put the contract in place and you're good to go. You can use them to rehabilitate housing and that needs some work before it will meet the project-based voucher program requirements. And you can use it to build new housing.

And in tiger markets, if you, as a housing authority, have some project-based voucher units, you know you're going to be able to house families who are eligible for the voucher program. So those are just a few benefits.

So I mentioned that I was going to touch on some things that you want to keep in mind as you're thinking through -- a couple steps back, thinking through your application to the special application center. And this is just an introduction to the topics I'm going to cover that's going to fall into that bucket.

So definitions. There is a particular definition of a project on the PBV program that you're going to want to keep in mind. There is a PBV definition of what it means to be PHA-owned. We're going to walk through these two definitions. There is a process for awarding project-based vouchers to a project. It typically needs to be done through a competitive process, meaning if you're the voucher agency, you need to have a competition or select units based on a previous competition. In some cases, you can select the units or select the project through a noncompetitive process, and we'll walk through that.

Then for -- if you're going to be the contract administrator, some things to keep in mind. First of all, if you are a public housing only agency, then you cannot be the contract administrator.

You're going to need to find a partner. And then we'll touch briefly on who needs to sign the PBV HAP contract. I wonder if there are questions so far that I should take.

Caila Prendergast: Hi. Yeah. You have two questions I can go ahead and ask. So where -- the first question is, where is the comparable housing identification made, the TPV application to FMC?

Jennifer Lavorel: The requirement is that the rents have to be reasonable and they can't exceed the rents for comparable unassisted units. So if you have a two-bedroom unit in a project or in the market area, if it's a solely assisted project, the rents have to be comparable to the rents from another two-bedroom project. Two-bedroom unit. Excuse me.

Caila Prendergast: Okay. Next question. If families are moved into public housing units prior to receiving TPVs but after the PHA is approved by the SAC, is the PHA still entitled to the TPVs?

Jennifer Lavorel: [Inaudible] will correct me if I'm wrong, but I believe the TPVs are made available to families who were [inaudible] at the time of the SAC approval. So in other words, the answer would be no for that question.

Caila Prendergast: Okay. Thanks. And then there was a question that we asked -- we were still -- when Katie was still answering and she kind of pivoted over to you, but I think that's when you maybe -- your audio got [inaudible] did you hear that question or do you want me to read it again?

Jennifer Lavorel: I did hear it. Yes. I was answering my cell phone and then [inaudible]. So there is no grandfathering in of subsidy standards. The voucher agency that administers the project-based voucher HAP contract has subsidies standards that apply to the voucher program and that's the end of that. They apply to tenant-based assistance administered by that agency and the same standards apply to project-based vouchers administered by the agency. So it's -- can be a challenge and we'll touch on this -- touch on it near the end of the presentation.

Caila Prendergast: Okay. Thanks, Jennifer. That's all the questions I have for now.

Jennifer Lavorel: Okay. Thank you. Okay. So PBV definition of a project. The reason I put this slide in is because we're talking about scattered site units and my assumption is that any public housing agency is going to want to minimize the number of project-based voucher HAP contracts that they're administering. So it's just easier to have one versus two.

So here is the PBV definition of a project, and as someone coming through scattered site, you're going to want to think about how you set up your -- whether your scattered site units coming through would be able to go under one PBV HAP contract or whether you're going to have to have more than one.

The definition of PBV -- the PBV definition of a project is important because it's defines what quantity of housing can be placed under a PBV HAP contract. So under the PBV program, a project is a single building, multiple contiguous buildings, or multiple buildings on contiguous parcels of land. And HUD defines contiguous in this case to include adjacent to or touching along a boundary or a point.

So if you want to place several properties under a single PBV HAP contract, that's fine but they have to meet the PBV definition of a project in order for you to do that. I just pasted onto the slide the reminder of the Section 18 criteria for scattered sites. So four single-family homes on contiguous sites could definitely go under one PBV HAP contract because the sites are contiguous, contiguous parcels of land. Two duplexes could go under a single PBV HAP contract, as long as they are contiguous buildings or on contiguous parcels of land. And then a four-unit building, of course, could go under a single PBV HAP contract.

If you have scattered site projects that don't meet the PBV definition of a project -- oh. And actually, I'm going to come back to this slide because I think I may have made an error on this one and I don't want to give you incorrect info. So I'm going to make a note to myself to look something up during the Q and A period and just maybe I come back and get you correct information. Let's move along to the next slide.

The definition of PHA-owned. So this is important because in the PBV program, if the voucher agency that's administering the PBV HAP contract owns the project, and that ownership meets this definition, then the voucher agency is going to need to obtain or procure the services of an independent entity to do things such as perform HQS inspections, set contract rents and that type of thing.

So the definition here is owned by the PHA, just straight out ownership, or an entity wholly controlled by the PHA, or an entity in which the PHA holds a controlling interest. And we define a controlling interest to mean more than 50 percent control. I want to point you toward a HUD Notice 2017-21 Attachment A, which defines PHA-owned in detail. Gives examples. It's something you want to keep in mind when you're thinking about your disposition.

Are you going to dispose to an entity that meets the definition of PHA-owned? In which case, you'll need to procure an independent entity. Or do you want to -- maybe you don't want to have to deal with an independent entity. You've prefer to do the inspections yourself and the [inaudible] you're going to have to think about how you structure the ownership of the project and that's part of the disposition.

Okay. Competition. This is a slide -- very nicely done slide. I think my colleague, Amaris Rodriguez, who works on the PBV program, produced this slide. Or Eva may have produced it. It's nice though. I like to give credit. So project-based vouchers need to be awarded through a competition. The housing agency that is going to be awarding the vouchers can issue an RFP. They can select a project based on a previous competition, but for example, an award of 9 percent tax credits -- 9 percent credits are awarded through a competition.

If PBVs were not part of a low-income housing tax credit award, they weren't taken into consideration, and if the low-income tax housing tax credit award was done within three years of the PBV's [inaudible] then housing authority can simply award the PBVs [inaudible] project without doing an RFP. And I'm just using the tax credit as an example. There are other forms of funding, federal funding that are awarded through competitive process.

There is an exception that was enacted as part of the Housing Opportunity through Modernization Act, which provides for selection without a competition. And in this case, the agency awarding the vouchers has to have an ownership interest in the property that's being selected and it does -- I'm going to stop back here. The ownership interest doesn't -- is not the same as the definition of PHA-owned. It can be a lesser interest. It can be a ground lease, for example.

But the PHA has to have an ownership interest and it has to be involved in an initiative to improve, develop or replace public housing, a public housing property or site. So this is important because, especially if you're a public housing only agency and you are going to be partnering with a voucher agency. Important to keep in mind that that voucher agency is going to need to award the vouchers, the tenant protection vouchers, back to your public housing scattered sites through a competitive process unless they are under one of these exceptions and the more likely one is the [inaudible] competition. It's just a little less complicated. So that's important to keep in mind.

So here I'm just providing a little more detail, other things that public housing agencies need to keep in mind. Will have to partner with a voucher agency, which will apply for the tenant protection vouchers and award them to the scattered site housing. The voucher agency has to be authorized under state law to administer voucher assistance in the geographic location in which the former public housing project is located, and that's something you all need to figure out. HUD's not involved in that as it says under state law.

And then for those of you who already operate a PBV program, you know that you have to establish a program by adopting policies in your administrative plan. We have some pretty good guidance in Notice 2017-21 Appendix 2 where we lay out the policies, the project-based voucher policies that need to be spelled out in the PHA's administrative plan.

And then for a public housing only agency, there are some waiting list considerations specific to the families on -- if it is a site-based waiting list. I'm not sure this would come into play for scattered site public housing units. But the bottom line or the key thing to keep in mind is that the voucher agency is not under any obligation to take families from a public housing only agency's waiting list and put them on the waiting list for the project-based voucher units.

Certainly, as we all know, if a family's on a waiting list for housing, they've probably been on for a long time and we certainly hope that housing authorities -- public housing only agencies will make an effort to partner with voucher agencies that will take care to make sure that these families who have been waiting a long time for housing are placed on a waiting list and not simply told, sorry. The public housing is converting and that's it.

PBV HAP contract signatories. So this can get a little bit -- we get a lot of questions about this for some reason. But I think you all know that a contract has to be between two parties. Nobody expects one party to enforce against themself if something goes wrong. Same with the PBV HAP contract. The voucher agency is going to sign as the contract's administrator and another entity is going to sign as the owner. The voucher agency cannot sign as -- in both capacities.

The voucher agency may enter into an agreement with a separate entity that has the authority under state law to lease the project's units. [Inaudible] entity may sign as the owner. So as long as the voucher agency has an agreement that gives that separate entity the authority to lease the units, the separate entity may sign as the owner. And this goes back to the statutory definition of an owner which is an entity that has the authority under state law to lease or sublet units.

And then I just said the same person can't sign both sides of the HAP contract. But the issue is if they're signing in the same capacity. The same person can sign both sides if they're acting in two separate capacities. And we have this example here of Bob Smith who has signing authorities for the voucher agency and he has signing authority for the project owner. If the voucher agency and the owner are two distinct legal entities, then Bob can sign in his two separate capacities. All right. Maybe I should stop and take questions right now if there are any.

Caila Prendergast: Okay. I have one. So [inaudible] an authority award PBVs to an entity who was awarded home funding without doing an RFP?

Jennifer Lavorel: Yeah. If the home funding was awarded through a competitive process and that award or the home funding didn't take into consideration project-based vouchers, they weren't included in any underwriting documents submitted to the agency awarding the home funding, and if the home award was made within three years of the selection date, then yes.

Caila Prendergast: Okay. Thanks. So that's all I have in my queue now. I'm not sure if you have something that came just directly to you. That's all I have.

Jennifer Lavorel: Okay. I did want to go back and clarify the confusion I inadvertently created on the scattered site issue. Under the PBV program, the housing authority can put scattered sites under one HAP contract. So forget what I said about the homes needing to be contiguous, on contiguous parcels of land. Scattered site projects may be placed under a single PBV HAP contract. And I can make sure to correct that slide so that the hardcopy that folks walk away with is accurate. Apologize for that.

Caila Prendergast: Okay. Sounds good. And I'll just -- I'll clarify that I will send around that copy with the clarification to all participants after the webinar.

Jennifer Lavorel: Okay. Thank you for that. All right. And then moving on, so we've covered some of the things that a PHA needs to take into consideration before they submit their Special Application Center application. Now I'm going to just cover some general PBV program features that apply to the project basing of the tenant protection vouchers.

Generally, there is a percentage limitation or a program cap that each housing authority is subject to. What it means is the housing authority can only project base a certain percentage of its entire voucher program. And I'm going to walk through this in more detail as we go forward. There's also an income mixing requirement or a project cap; we're going to talk about that; and then rent setting we'll talk about.

And then we will get to the considerations specific to Demo/Dispo. And these are because we're talking about families who were in the public housing program and now they're moving into the voucher program -- so the voucher program rules could have some relevance and we may need to think through how to take care of these families.

So first, the percentage limitation. A housing authority can project base up to 20 percent of its authorized voucher units and project base an additional 10 percent for units serving homeless families, veterans, or that provide supportive services to persons with disabilities or elderly persons. And if units are located in the Census tract with a poverty rate that does not exceed 20 percent, then an additional 10 percent may be project-based. So that's the percentage limitations.

The good news is for units that are project-based following a Section 18 approval, they are generally exempt from the percentage limitations, but there are some additional requirements associated with that exemption and we'll talk about those.

The income mixing requirements. The greater of 25 units or 25 percent of the units in a project may be project-based. I'm not sure this will come into play too much in the scattered sites. And certain units are accepted entirely from the income mixing requirements, so if they're serving elderly families or housing families who are eligible for supportive services, the income mixing requirement -- it's also known as the project cap -- doesn't come into play at all.

And then for a project that is in a poverty rate that does not exceed 20 percent, the income mixing requirement is that the greater 25 units or 40 percent of the units [inaudible] be project-based. Similar to the percentage limitations, units that are project-based following a Section 18 approval are generally exempt from the income mixing requirements. And let's talk about the criteria for exemption.

So we're talking about public housing right here. So units that previously received HUD assistance, including public housing, are exempt from the percentage limitations and the income mixing requirement. If they meet the conditions spelled out in detail in PIH Notice 2017-21 Attachment F, then that would just refer everyone to that, that you should look at that. I'm going through just a few of the requirements in the slide. You can see the font size kept getting smaller and smaller so I just wanted to look at the notice.

So if you're talking about former public housing that was under a PBV HAP contract that first went into effect on or after April 18, 2017 and it's existing housing or housing that will be rehabilitated, it can be placed under a PBV HAP contract without regard to the percentage limitation or the income mixing requirement.

And then you see the requirements spelled out for newly constructed as well. So it's normally HUD assisted or subject to HUD -- federal rent restrictions within five years of the RFP or the date of PHA written notice of owner selection. It has to be on the same site as the unit being replaced but there's some flexibility in how HUD designs the same site. And it's spelled out in the notice.

One of the primary purposes of newly constructed units must be to provide replacement housing. And then the HAP contract can -- must go into effect on or after April 18, 2017. This is the [inaudible] provision and April 18, 2017 is the effective date. That's why that date is important. But, again, I'll refer you to the notice. It has a lot of detail and it has examples as well.

So the PBV contract rent caps. As I mentioned earlier, it's a market-based program subject to caps. These are the caps. The contract rent may not exceed the lowest of the reasonable rent, which is based on looking at comparable unassisted units. The owner requested rent or a PHA-determined amount up to 110 percent of the applicable FMR or the approved exception payment standard minus the utility allowance. It's kind of a mouthful but the simplified way is the reasonable rent up to 110 percent of the FMR minus the utility allowance. That's the PBV rent cap.

The caps, if you're talking about a project with low-income housing tax credit financing, are a little bit different. If the project is located in a area of relatively high poverty, the cap is similar to the cap for a non-low-income method tax credit finance project. HUD provides for a little bit higher cap if the tax credit project is located in a higher cost area.

Okay. So we're going to talk about over-income families and then over housed families. So the public housing program, we have families who are paying a flat rent and they may be over income. Over -- I think even over 80 percent of the area median and not a public housing program -- not even knowledgeable about the public housing program. But in any case, if the family's income is so high that they're ineligible for tenant protection voucher, then they may not receive voucher assistance in the project.

The housing authority, if they want to project base the units where the family that's ineligible family is living is going to have to relocate the family using another form of comparable housing and then the tenant protection voucher may be project-based. The family -- this is important though. The family also has the option of staying in the unit at a comparable rental rate without any assistance. So they can just say, I want to stay in this unit and I don't want voucher assistance, because you told me I don't qualify, but I don't want to move.

So that's something to take into consideration. If you have over-income families, you need to have a strategy for them and you need to take that into account when you are putting your application together.

Same with over-housed families. In the PBV program, the family may not stay in the unit if they are over-housed. So three-bedroom unit and two-person family, for example. The PHA has the option to move the family to an appropriately-sized unit and then project base the voucher or the tenant protection voucher in the original unit or relocate the family. But again, the family can choose to stay in the unit unassisted at a comparable rental rate.

So this -- again, I think Eva may have made this or Amaris. It's a really nice chart that I like. It's just a really quick overview of the project-based voucher process. So you've got your TPVs in hand, your voucher agency. This is the process that you're going to follow to enter into a project-based voucher contract as a property. Notify HUD. This pertains to the percentage limitation. Making sure you're not exceeding the cap on the number of vouchers that you can project base and [inaudible] not going to apply following a disposition.

Competition. If applicable, pre-selection session. This is a selection of the site to make sure that it complies with the project-based voucher site standards. If you are saying that the project meets the project-based voucher definition of existing housing -- so you're not going to be doing any rehab before you put the project-based voucher assistance in place -- this inspection also entails making sure that the project substantially complies with HUD's housing quality standards. That is the definition of existing housing. It's housing that substantially complies with HUD's housing quality standards on the proposal selection date. So there would need to be an inspection of the housing as well.

Then there is the selection of the project and an environmental review. If for new or rehab that is combining project-based voucher assistance with other forms of subsidy, there needs to be a subsidy layering review. The environmental review and the subsidy layering review must take place before the agreement to enter into the HAP is signed and the agreement governs construction so it applies only in the case of new construction or rehabilitation.

Then the construction or rehab takes place. Rents are determined. There is a pre-HAP inspection to make sure that the units comply with HQF. Contract is signed and we're ready for occupancy. So that's an overview of the process.

And then here are some more resources. The -- actually, Chad, I don't know if you were intending to cover this slide. I guess I will do it since here I am. So there's a public housing repositioning website. You've got the URL there. Field offices have an increasingly rich experience with repositioning and very helpful and including if they can't answer a question, finding someone who can.

We have newly published repositioning FAQs that cover a lot of the topics that we've gone through today and I want to thank Amaris and Eva, Tafoya [ph] and Kathy Shebist [ph], Chad and Dan Esterling all helped with these. And I think it's a really strong document. And of course an e-mail with a typo. It's repositioning@HUD.gov. So don't forget the "I" in the repositioning at HUD.gov. Questions? So happy to take questions.

Caila Prendergast: All right. So I have a few that came in and then I'm sure more will come in as we're covering these. So the first question. If there is a competition for PBV and someone is selected and they want to do VASH with some of those vouchers, is that okay? If not, what needs to be done?

Jennifer Lavorel: You know, so that one -- the Housing Opportunities for Modernization Act provides that HUD-VASH vouchers may be project-based under PBV program rules. There aren't any special rules for HUD-VASH.

Caila Prendergast: Okay. Next question. If the housing authority only gets TPVs, a neighbor or county has jurisdiction and will administer. If there is a partnership agreement from administering agency that would put them in ownership, would that eliminate the need for competition?

Jennifer Lavorel: So a public housing only agency -- I want to make sure I understand the question -- is -- has entered into an agreement with a voucher agency that gives the voucher agency an ownership interest in the project that's going to be converted to project-based vouchers. And that takes place before the selection. Then yeah. As long as it meets the criteria for noncompetitive selection, that should be fine.

Like I said, the ownership interest doesn't need to me -- it doesn't need to meet the definition of PHA-owned, which is a pretty tight definition that requires pretty tight control by the voucher agency. For the noncompetitive selection, the definition is a lot more loose and broader and flexible. So yeah. It should be fine.

Caila Prendergast: Okay. Thanks. Next question. Where can a housing authority find the Section 18 relocation requirements?

Jennifer Lavorel: Section 18 relocation requirements can be -- they're -- can be found in the regulation which is 24 CFR 970. There's also -- relocation is spoken to in the notice which is PIH Notice 2018-04. I will look up -- I'll get the exact 970 reference in a second if you just let me Google it and then I'll [inaudible] back in.

Jane: I think it's 9 [inaudible] I think it's 970.21 [inaudible]

Jennifer Lavorel: 970.21. Okay.

Jane: Yeah. I'm pretty sure that's right.

Caila Prendergast: Okay. While you're looking for some clarification on that, I'll head to the next question. Where is the process chart -- or where in the process chart is SAC approval? How long does the approval process take?

Jane: Approval process --

Jennifer Lavorel: If we --

Jane: Go ahead.

Jennifer Lavorel: If we receive a complete application, we endeavor to process all applications within 60 days. Now, if there's -- if the application there is incomplete or things that need to be clarified or if we need additional documentation, that can extend the process. Also, it is 970.21 for relocation. And it's -- talking about the process chart on slide 33, which I think I just displayed, this all happens after SAC approval. This is -- SAC approval has been granted, tenant protection vouchers have been issued. That's this process.

Caila Prendergast: Okay. Thanks. So next question. When in the process is the DoT actually removed? When the Section 18 application is approved or at the point of sale or another point?

Jennifer Lavorel: The DoT is removed when the unit -- at the point of sale. So when ownership is transferred, that's when the DoT gets removed. I believe it's part of the closing.

Caila Prendergast: Okay. Thanks. So that's all the questions that I'm seeing right now. I'll give folks a little bit to get those questions in. Any -- sometimes they come into you all's chat boxes. I don't know if you want to check to see if you have anything different you wanted to address. Okay. I got a few in on my end. If a household moves out while we are waiting SAC approval that we are in the process of leasing, are we no longer eligible for a TPV?

Jane: Can you repeat that, Caila? Sorry.

Caila Prendergast: Yeah. Sorry. I thought something was wrong with my audio and I'm like [inaudible] for a sec.

Jane: No.

Caila Prendergast: If a household moves out while we are awaiting SAC approval that we are in the process of leasing, are we no longer eligible for a TPV?

Jane: If the unit has been occupied within the last 24 months, you will still be eligible. So it won't matter at that point. You'll still get the TPV at that point.

Caila Prendergast: Okay. Thanks.

Jane: We do a 24-month lookback.

Caila Prendergast: Next question. When an agency has many scattered sites and chooses to apply under Section 18 for only some of them, is simply being a scattered site enough of a justification?

Jane: You need -- go ahead, Katie.

Katie Stuckemeyer: I was going to say, no. It has to -- we have to have information about why the scattered sites are unsustainable to operate or maintain as public housing and usually that's distance between units, lack of uniformity of systems. Things of that nature. So it's not an approval as of right. With 50 units or less, if it's a 50 units or less application, no additional justification is needed. But with scattered sites, we do need a little bit -- we do need some extra information about why those units are unsustainable to continue to operate as public housing.

Caila Prendergast: Okay. Thanks. So next question. Can you go over the over-income options? I thought households at or below 80 percent could stay, but today you're saying that they have to be at 50 percent or below AMI; is that correct?

Jennifer Lavorel: So for owner income, what we mean here is [inaudible] if I understand the [inaudible] option in the public housing program, it could be that families living in public housing earn more than 80 percent of the area median income and they're paying a flat rent living in public housing. Well, when it converts through a disposition to Section 8, the Section 8 program doesn't have flat rents. They have income-based rents and the family has to be income-eligible for a voucher.

Caila Prendergast: Okay. Thanks. So next question that I have. Is it appropriate to reach out to the SAC office to answer general questions prior to submitting the application? If not, who is the appropriate contact?

Jane: They can reach out to us. We do have folks in the various field offices, and I would highly recommend that folks go to the field office first. We can -- we have what we call panel calls where we will get someone from the SAC office, possible somebody from Recap and someone from the voucher office to get on one phone call with you to answer individual questions about a portfolio.

We can take a whole look at a portfolio and say, let's look at this as under this justification or maybe this should be RAD or maybe -- so we can -- we'll go through everything with you. So that would be the -- probably the best [inaudible] but if it's just individual questions, call your field office. If they don't understand it, then you can reach out to the SAC or there's a lot we've been training what we're calling expeditors to help you with different questions around your application. I hope that helps.

Caila Prendergast: Yeah. Thanks Jane. Next question. Sorry, but can you go over the over-income question one more time. What happens to those families who apply who are over the income limit for Section 8?

Jennifer Lavorel: So the [inaudible] point really is that the housing authority that's going to go through Demo/Dispo needs to be aware of whether it has any over-income families living in its -- in the property. Because the family's not going to be eligible for tenant protection voucher and that's --

Katie Stuckemeyer: Can I -- I'll piggyback off that. So they're not going to be eligible for a voucher, but the housing authority does still have to offer that family comparable housing. So the housing authority is still responsible for relocation of that family, or for offering that family comparable housing options, even if they don't qualify for a voucher. That can be another public housing unit, that can be just sort of -- that can be an -- maybe an unsubsidized building owned by the housing authority. You know, that can be putting them in another unit and charging a comparable amount of rent. So, I mean, even if they don't qualify for a voucher, the housing authority does still have to offer that family a relocation option.

Jennifer Lavorel: And the family has the option of remaining where they are and not taking voucher assistance. They can stay in the unit unassisted and that can be their comparable housing, staying right where they are, and the PHA -- they cannot be charged more than a comparable rental rate, meaning comparable to what they were paying under the public housing program.

Caila Prendergast: Okay. So next question is still in this sort of train. Just so I'm clear, generally PBV eligibility is 50 percent AMI but you are saying they can stay, get a TPV that's up to 80 percent AMI. That's where I'm getting confused.

Jennifer Lavorel: Sorry. Can you repeat that?

Caila Prendergast: Yes. So just so I'm clear, generally PBV eligibility is 50 percent AMI but you are saying that they can stay, get a TPV that's up to 80 percent of AMI. That's where I'm getting confused.

Jennifer Lavorel: So I think it would depend on the housing authority's voucher program, the income levels for admission to their voucher program.

Caila Prendergast: Okay. Moving onto the next one. My understanding for residents that move over from public housing to PBV vouchers under RAD, they are exempted from income requirement initially; is that not correct anymore?

Jennifer Lavorel: The RAD statutes permit a screening of families for admission based on income. So that doesn't apply in RAD. An over-income can remain in a RAD unit. An over-income family can reside in a RAD PBV unit if they were in place at the time of conversion.

Caila Prendergast: Okay. Next question. If a housing authority does not go with TPVs, how does this work for families who apply who are over the income limit for Section 8?

Jennifer Lavorel: If the housing authority does not go for TPVs, maybe -- I think it's helpful to understand what that means, if the person who sent that could maybe elaborate a little bit.

Caila Prendergast: Let me see if I can unmute them. Hi. Can you hear us?

Regina: Yes.

Caila Prendergast: Okay. Regina, are you able to elaborate a little bit on your question?

Regina: Well, my understanding is that TPVs are only going to be for families with -- if you dispose of the unit or if they're not livable. If a housing authority doesn't have to do enough remodeling of the unit, that families can stay in the unit, then TPVs are not going to apply; is that correct?

Katie Stuckemeyer: No. Family -- you're eligible for a set of protection vouchers for all units occupied within 24 months of approval. So there's no connection with amount of rehab or anything like that.

Regina: Okay. Well, our question still remains about the income limits. Our concern is that if we were to go [inaudible] for our scattered family units, then families who would come in and apply a year or two after we've converted would no longer be eligible as they were previously in the project-based voucher under public housing because they would have to meet Section 8 income limits. And a lot of our families we couldn't house anymore. We're going to have a gap in the families that we can assist because of the gap between meeting what's on the Section 8 [inaudible] for public housing. So we can't --

Jennifer Lavorel: Oh. [Inaudible] I misunderstood earlier. Yeah. So for admission to the voucher program, so TPV, the family can be a low-income family in this case because they're considered to be continuously [inaudible] under the 1937 housing act. They were assisted under the public housing program, which is under the 1937 housing act, and they're moving over to the voucher program, which is also under the 1937 housing act. So they're considered to be continuously assisted. If you look at the voucher program requirements, it's -- to be income-eligible, a family that's continuously assisted may be low-income. So up to 80 percent of AMI.

Regina: Okay. So continually assisted is where that comes up for the 80 percent you said.

Jennifer Lavorel: Right.

Regina: Okay. And my understanding is we would just have to have that in our admin plan; is that correct?

Jennifer Lavorel: You don't have to. It's part of the regulations. It's part of the definitions in the regulation. If the 982.201 B [ph]. Have a look at that.

Regina: Okay. But maybe that still goes back to our original question. Continuously assisted are the same as who are currently in public housing.

Jennifer Lavorel: Right.

Regina: So I'm talking about someone who, five years after we've converted, comes and applies, has never lived in public housing, and they want to live there now, they're going to have to fall under the Section 8 income limits, not the public housing limits. Because they haven't been continuously assisted. So ultimately, you're going to be housing less families that you could have housed before the income limits were higher.

Jennifer Lavorel: So have a look at the 982.201 B. A PHA has some flexibility to establish eligibility criteria for families, for low-income families. And if that's what they desire, if they want to be able to admit low-income families, to PBV-assisted units, they can take advantage of some of the flexibilities available to them under the regulations.

Regina: Okay. One more question. In the tenant-based voucher program, there's a requirement that 75 percent of the families who are admitted to Section 8 fall under the extremely low-income limit. Is that still -- would that still come into play here?

Jennifer Lavorel: That income targeting requirement. Yes. It's for the voucher program as a whole. Yeah. The PBV program is part of the voucher program. [Inaudible]

Regina: So even if we did set those income limits or change those income in our admin plan to accept low-income families, we would still have to have 75 percent as extremely low-income; is that what I'm hearing?

Jennifer Lavorel: Right. You still have to meet -- yes. Mm-hmm.

Regina: Right. Okay. Thank you.

Jennifer Lavorel: It's program-wide though [inaudible] right? It's the entire voucher program.

Caila Prendergast: All right.

Jennifer Lavorel: It's not --

Caila Prendergast: Go ahead. So I have a clarification question. Can you explain the difference between TPV and PBV?

Jennifer Lavorel: Sure. So a tenant protection voucher is -- may be project-based but isn't necessarily project-based. It could be tenant-based assistance just like a regular housing choice voucher. [Inaudible] to protect them when [inaudible] disposition removed for housing from the affordable inventory.

Caila Prendergast: Okay. Thanks. And then we had a question going back to your answer to Regina a second ago. Can you repeat the regulation that you mentioned?

Jennifer Lavorel: Oh. Yeah. It's -- sorry. I'll get it right. 982.201 B [inaudible] program.

Caila Prendergast: Okay. Thanks. So one more question. Just to clarify, if families are moved into public housing units prior to receiving TPVs but after the PHA is approved by the SAC, is the PHA still entitled to the TPVs?

Katie Stuckemeyer: If a family moves after approval but prior to when the TPVs are issued?

Caila Prendergast: If families are moved into public housing units prior to receiving TPVs but after the PHA is approved by the SAC, is the -- are they still entitled to the TPVs? Yeah.

Katie Stuckemeyer: I mean, the SAC makes a determination on -- regarding the TPV -- the number of TPVs that a PHA is eligible for in connection with the action. They make the -- we make that determination at the time of approval based on the units occupied at approval and within 24 months prior. So I believe yes. But Jennifer, how would this -- would this be impacted by your statement about comparable housing? I mean, I think --

Jennifer Lavorel: What -- now, what was the scenario again?

Katie Stuckemeyer: -- it would be yes. Because if it's a replacement voucher, we want to -- it's replacing a unit lost in the community. So I believe that they would -- even if a family's moved into public housing prior to getting -- actually drawing down the TPVs but after approval, I believe the PHA would still be eligible for that replacement TPV.

Jennifer Lavorel: Wait. I think that's right.

Caila Prendergast: Okay. I'm not seeing anything else on any other questions on my end. Last call for questions everybody.

Chad Ruppel: Caila, while we're waiting for any additional questions, I just wanted to remind everybody. I know this went far in depth on the scattered site issue, but I would really, if folks haven't seen the first one of these webinars on developing and repositioning strategy, I'd recommend everyone watch that webinar as well.

I think a lot of times this scattered site approach is one of the first steps in a broader strategy and that webinar kind of talks about that and how this can overlap with the broader strategy. And also a benefit of that webinar is it goes into some of the other broader repositioning guidance and training materials that we've posted online. So if you haven't seen that, I'd recommend seeing it.

And then just as Jane had mentioned earlier, if anyone has questions on scattered sites, if they need help putting together an application, I think your field office is a great place to start. There's trained expeditors there that can help put those applications together. They can request a repositioning assistance panels while we can kind of bring in some more people from headquarters.

And you can also e-mail repositioning@HUD.gov and we can always refer you to the right people as well. So there's lots of different ways to go and I would understand. I would expect many people have some lingering questions that maybe they would want to ask at some point following this webinar, and that's totally okay.

Caila Prendergast: Thanks Chad. Yeah. And I'll -- when I send around the e-mail with the updated PowerPoint, I can send around the link to everybody on the webinar where the -- this webinar was recorded and those resources are there as well. I did get one final question for the group. So if a family is continuously housed for the purposes of the 80 percent AMI, then why can't they be continuously housed for bedroom size eligibility?

Jennifer Lavorel: Simply, that's subsidy standards of the voucher agency determines whether the family is over-housed or not. I mean, it's an interesting question but it just doesn't work that way unfortunately. I do want to clarify, a couple of colleagues sent me notes offline. I had a question about income targeting, which I understood to be a question about new admission to PBV units.

But income targeting does not apply to tenant protection vouchers. So families with tenant protection vouchers don't count to the income targeting requirements of an agency.

Caila Prendergast: Okay. Thanks for that clarification. And I think with that, I'm not seeing any other questions in here. So I'll remind everybody that's still on that they should get a popup with a survey. Happy to hear your feedback, any suggestions that you might have for topics that we would want to cover or just any last thoughts you might have. Thanks again everybody for being here. Really appreciate it.

(END)