

Public Housing Repositioning Wednesday - Streamlined Voluntary Conversion, 9/2/20

Caila Prendergast: -- ask questions. The first way is to ask your question out loud. All you have to do to notify me that you want to ask a question is to raise the little hand icon. On the right-hand navigation panel you'll see there's a little hand-shaped icon. If you click on that it'll raise next to your name and I will unmute your line to ask your question that way. If you don't have a microphone or are uncomfortable asking a question out loud, you can simply type your question in the chat box and I will read your question out loud in the order that I receive them.

We will be sort of taking questions throughout if you have them so definitely don't hesitate to ask. As you've noticed, all webinar participants are muted upon entry and if you have any technical difficulties, just type us a message in the chat box or you can send me an email. All of the registration emails came from me so you should have my email in your inbox.

Today's webinar is being record and will be available on HUD Exchange; usually it takes about a week for us to get it up there and once it's up there we will send out an email notifying you that it is there. And then last but not least, we have a survey that pops up in your browser at the end and we really appreciate it if you fill that out. We really do look at the results and are always trying to improve the experience, so please leave some feedback there if you're available. And with that I'll pass it over to Dan to get us started.

Dan Esterling: Hey, thanks, Caila. Am I coming through loud and clear?

Jane Hornstein: Yep.

Dan Esterling: Okay. Great.

Caila Prendergast: Sound's good, Dan.

Dan Esterling: Okay. Let's move to the next slide. So everyone thanks for joining. We had quite a few folks sign up for this presentation and I think it's going to be a really good one. We have Kathy Szybist from the Special Application Center and Jane Hornstein the director of the Special Application Center. So we have the exact right people to present on this topic of streamline voluntary conversion today, so I'm sure there'll be quite a few questions. We're going to be going over quite a bit of material today. And so we'll leave quite a bit of time at the end for any questions that anyone in the audience has. Next slide, please.

Okay. So why are we here? Hopefully, you realize that this was a streamline voluntary conversion presentation. This is one in a series of our Wednesday webinars where we talk about -- we try to break down the components or different strategies in the repositioning process and this is one of our tools in the repositioning toolbox. So today we're going to talk about within streamline voluntary conversion, which PHAs are eligible and some of the key program features. Kathy is going to get in depth in some of these more complicated, more frequently asked about program features. We're also going to talk about the application process and the order of operations, so this is -- when a PHA makes that decision that they do want to convert under

streamline voluntary conversion how do they go about doing it. And then lastly, we'll talk through some of the scenarios in which a housing authority might decide to utilize streamline voluntary conversion. So in lieu of case studies we'll talk about sort of the different flavors of streamline voluntary conversion. Next slide please.

And just to orient everyone and in case you missed any of our previous Wednesday webinar topics and you want to go back to them, our initial developing a repositioning strategy webinar is online and available on the HUD Exchange and that's a great starting spot if you want to learn about repositioning and how you make the decision to -- which strategy makes the most sense for you and I also want to just provide for you that we have a new webinar that we just established or we just set up on disposition proceeds in the middle of October. So be on the lookout for that one.

And also wanted to flag the project-based voucher overview webinar that we're going to have in December. So a lot of folks that are converting or thinking about converting under streamline voluntary conversion are going to have some overlap with that project-based voucher overview, so make sure that you also tune into that one because there'll be quite a bit of intersession between the two of those.

Okay. So we at HUD have really tried to put a lot of material together for folks considering repositioning. We have the repositioning website which is our first point there which is sort of our clearing house for everything. And I'll just put a note out there that we're working to clean that up a little bit so that it's a little bit more user friendly, but for the most part you can navigate from there to anything you need regarding any question you have with repositioning. And we have an email inbox that goes to a real-live person which is me, repositioning@hud.gov and we'll provide that at the end. So if you can't find anything on the website, feel free to reach out to me.

And then just quickly, if you want a more in-depth discussion on repositioning, the introduction to repositioning webinar series was a four-part, four-day long training where it's a deep dive into all the repositioning options. Next one.

Okay. So we built a little repetition into this presentation today because I think it's going to help to sink in a little bit to the listeners and some of this stuff is complex. So I want to start with our high-level background, you know why are we here, what are some of the basic, most important takeaways for streamline voluntary conversion. So first off what is it, right?

So when we talk about repositioning as we talked about in the previous webinars, it's really converting your Section 9 public housing to Section 8 and in this case, tenant-based assistance. So Section 22 really or streamline voluntary conversion is really talking about converting to tenant-based assistance. And it is the key element of streamline voluntary conversion which is an uptake to voluntary conversion is that streamline voluntary conversion waives the conversion assessment making it easier for housing authorities under 250 units to convert. And so let's just say that the most important element of this conversion assessment are the one that was an impediment for housing authorities to convert under voluntary conversion before was the cost test.

And so the three major takeaways about streamline voluntary conversion: So in order for converted units to be eligible for tenant protection vouchers, they needed to be occupied within the past 24 months of streamline voluntary conversion approval. Right, so, an assisted family must have lived there within the past two years.

Next: The housing authority that converts under streamline voluntary conversion can project base those units with tenant consent. But ultimately or statutorily the right to the vouchers is with the tenant. So bear that in mind that that does add a complication to the project basing of the units when you convert.

And lastly the housing authority must commit to closing out their public housing program. So that means that you cannot develop any new -- if you convert your streamline voluntary conversion the housing authority that does that may not redevelop units with any remaining fair cloth authority, right? You're saying to HUD, I'm getting out of public housing and I'm only going to operate a voucher program.

There are things you can do with the fair cloth units that remain in your program. You can transfer them in accordance with closeout notice PIH 2019-13 but just a key takeaway for you is, I'm doing streamline voluntary conversion, it means I'm getting out of the public housing [inaudible]. Next slide.

Okay. And so Kathy's main discussion today is going to be some of the highlights of what we call the order of operations document which is the order in which your housing authority is going to approach the conversion. And we have laid out in a very handy and relatively concise document the order of operations and once your housing authority makes the decision that you do want to convert, we have what's known as the streamline voluntary conversion checklist.

And so that enables you to make sure you've done everything to make sure your application to the fact, when you're submitting that application for conversion is complete and we within the next, I'll say several weeks, we're going to have field staff trained to assist your housing authority putting that package together. We're training a team of folks known as expeditors in the field offices who can look over your package and make sure that your streamline voluntary conversion application is buttoned up and more likely to be approved by the fact [ph].

Okay. Turning it over to Kath.

Kathy Szybist: Thank you, Dan. Good morning, afternoon everyone. Pleasure to be here. So my name again is Kathy Szybist. I'm a program analyst in the special applications center. So I'm going to transition from where Dan left off with kind of the big picture, the threshold criteria for when HUD will approve a housing authority's streamline voluntary conversion plan.

So the important thing to keep in mind here is that even though housing authorities with 250 or fewer public housing units, every single public housing authority with that inventory who agrees to close out is eligible to apply for streamline voluntary conversion; it's not an automatic approval if you have that unit count. Staff is going to look holistically at housing authority's SVC

plans. We're going to look at the impact of ending a public housing program in a community. The impact of expanding the housing authority's HCV program and what that could look like in the local market if the plan to voucher out. And we're going to look at the proposed future use of the property.

So we're really going to take it all into account as we review these plans. And the housing authorities really need to evidence that the plan is in the best interest of their residents, the PHA itself and the overall community. And we're going to be looking for supporting documentation and evidence including what the market looks like for taking in those voucher holders, the landlord supply, the access to school, jobs, transportation and then looking at the future use and what's going on with the project.

We're also going to be considering the public comments including resident comments in the review of the conversion plan if any were submitted to the housing authority and won't approve a conversion plan until we're satisfied that the resident and public concerns have been adequately addressed by the PHA in developing the final plan. Okay. We can go into the next slide.

So this slide is just an overview of the major components of the streamline voluntary conversion plan which include the impact analysis, the impact of the neighborhood, the future use of a property, a relocation plan, resident and local government consultation and then kind of a summary and a totality that all of that benefits the PHA community and will have an adverse impact on affordable housing in the community.

Now, after you review the checklist if you haven't already, you'll see that the checklist has requests and requires considerably more information than these five things. And that is just to ensure that the staff also has the required additional information to process an SVC plan and application including things like evidence of PHA plan, board resolution, environmental review, a description of the property, all of those kind of administrative housekeeping things. But these are the five regulatory components of a streamline voluntary conversion plan. And we're going to get into these in a little more depth in the next slides.

Okay, so the next thing is impact analysis. So what we're really looking at here is what will the impact on the neighborhood be from the conversion. So we're looking for housing authorities to submit a narrative here discussing the impact on the availability of affordable housing in the neighborhood, the impact on the concentration of poverty in the neighborhood, and other substantial impacts on the neighborhood.

Now, if the future use of the property is going to remain affordable rental housing for the same income targeted families, 80 percent or below variant medium income, there may be very little impact on the neighborhood under any of these factors. But regardless, we're going to want to see some kind of description. And even if the future use of the property will remain affordable rental housing, there could be some discussion on the long-term positive impact of that by having sufficient cash flow to operate and maintain the property as affordable housing, possibly improve it, possibly develop excess land around it or add more units or whatever you can do that might improve the neighborhood based on the conversion from public housing.

Okay, next slide is the future use of the property. So here conversion, I just want to clarify first that conversion as defined by the statute in the reg means conversion of the assistance of the family from public housing. And the future use of the property of the real estate, of the dirt in essence, is definitely part of the streamline voluntary conversion plan but that isn't really part of the threshold criteria, unlike maybe a demolition or disposition where we're really looking more to what's happening with the real estate.

That said, we want you to have a kind of concrete and well-developed plan for the future use of the property. In some instances, it might be demolition only. A housing authority might say you know conversion really makes sense here to convert the residents and the families under this authority but we're not quite sure what we're going to do long term with this property in terms of redevelopment or sale.

So right now we just want HUD's authority to demolish the property with cap funds and we want to retain the dirt, the real estate, under the declaration of trust until we kind of come up with a more concrete sale or redevelopment plan. And that is okay, we would accept that under a streamline voluntary conversion plan. More frequently a housing authority will propose either a disposition or a retention of the property in order for the DOT to be released at the time of the conversion of the families to Section 8.

For dispositions, we can approve dispositions as part of the streamline voluntary conversion plan. All of the technical requirements of Section 18 disposition do not apply. However, we'll generally be using the same standards of commensurate public benefit for below fair market value dispositions and we will be looking for some kind of good cause or commensurate public benefit, generally the continued use of the property as affordable rental housing in order to approve a below fair market value transfer.

As with Section 18 the transfer can be to any entity and there's even more flexibility in terms of transfers under streamline voluntary conversion than there are under 18. It can be an entity completely controlled by the housing authority, a non-profit or an LLC. Important, too, for fair market value dispositions is if you do realize proceeds, then statutorily those are restricted for Section 18 eligible uses. So although all of the Section 18 disposition requirements don't apply to dispositions under a streamline voluntary conversion plan, any proceeds are statutorily restricted to Section 18 uses.

So we're hoping to publish a notice on eligible uses of Section 18 proceeds in the next week, so that will definitely provide additional guidance on this topic but generally proceeds from a Section 18 disposition or a Section 22 conversion can be used for low-income housing under the 37 Act. Really, any Section 9 purposes and many Section 8 purposes. So here housing authorities, because they're closing out their public housing programs, the uses of Section 18, the uses for Section 9 public housing purposes will be limited, but housing authorities can use proceeds from many Section 8 uses including the development of PBB housing and other ways to supplement their HCV programs.

So the other big bucket for kind of removing the DOT other than disposition would be a retention and this is possible again, under a streamline voluntary conversion plan. A housing

authority could say to HUD in their application, we plan to retain the property as affordable rental housing outside of the public housing restrictions after the conversion. One of the tricky things here is the families have the statutory right to stay in their unit using tenant-based assistance which will require a HAP execution and a housing authority can't sign both sides of the HAP contract.

So if a retention is proposed and the plan is to retain the property as affordable rental housing, the housing authority will need to come up with some kind of contractual relationship with an entity to sign the HAP as project owner. So it could sign the other side of the HAP as HCV administrator. But I think that's a hurdle that many housing authorities are figuring out how to overcome. So a retention is possible even when the plan future use is affordable rental housing.

Housing authorities, especially if they have different locations, different properties on different parcels, can propose different future uses for different properties. So this is at a local discretion. A housing authority could sell some units from the open market at fair market value and then transfer others to an affiliate entity at below fair market value for the continued use as affordable housing.

So it doesn't have to be one future use and one acquiring entity for all the units. And similarly, if there are different properties and different future uses, and a housing authority has limited capacity or otherwise wants to space out the conversion of the properties based on the private market and being able to absorb all those families or other issues, they can propose different timelines in terms of starting the relocation and doing the conversion for the different sites.

Finally, as part of a property description and describing the future use, a housing authority can include a non-dwelling property like a non-dwelling buildings or vacant land or personal property as part of the streamline voluntary conversion plan property description if that non-dwelling property and personal property supports and is directly related to the units being converted and the future use of those units that's described.

Okay, next slide is the relocation plan. So we get a lot of questions on relocation and it's tricky. There's a lot of issues here. One of the most fundamental issues is, and a point of confusion for many, is displacement of families that are being converted from public housing are considered displaced families for purposes of Section 22. So even if a housing authority is going to retain the property as affordable housing through an affiliate or themselves and allow the families to remain in place with tenant-based or possibly project-based assistance, those families are still considered displaced families under the 1937 Act.

So that means a few things: It means that those families are entitled to a 90-day notice informing that they will be removed and their unit will be converted from the public housing program even if again they're not physically required to move. And then if the family is being offered tenant-based assistance, those families are also entitled to the PHA paying their moving expenses because, again, they're being displaced from the public housing program and they need to be fully protected in terms of the ability to use the tenant-based assistance.

So backtracking a little bit, so again, threshold concern, criteria with developing a relocation plan is every single family being converted from public housing is considered a displaced family and entitled to a 90-day notice and offer of comparable housing and the PHA paying their moving expenses if they're being offered tenant-based assistance or really any assistance, PHA has to pay the moving expenses for all displaced families.

Section 22 requires housing authorities to offer families comparable housing. The regulation as such describes three possible forms of comparable housing: Tenant-based assistance, project-based assistance, or a unit operated or assisted by a PHA at a comparable rental rate. Because conversions generally come with an award of tenant protection vouchers and families are entitled to receive that tenant protection voucher, the comparable housing will almost always be an offer of tenant-based assistance in the form of the tenant protection voucher.

Certain times over income families and in other instances a housing authority might offer a family another form of comparable housing like a unit operator or assisted by the PHA. But generally the comparable housing is in the form of tenant-based assistance. If the property will be operated as rental housing after the conversion, the family is entitled to stay in their unit using that tenant-based assistance or is entitled to take that tenant-based assistance and move off site, again, with the PHA paying the family's moving expenses. And then --

Jane Hornstein: [inaudible]

Kathy Szybist : Go ahead, Jane.

Jane Hornstein: Yeah, I just want to emphasize that to make sure people understand. Because residents are being displaced from the public housing program based on URA, general counsel has ruled that that means they are displaced; therefore, if they choose to move at that time, PHAs must pay the relocation cost. If they choose to stay and move six months later, then they pay their own cost.

But if they choose to move at the time of the displacement, the PHAs must pay the moving costs. I just want to stress that. Okay, sorry.

Kathy Szybist: Yeah, no, thank you.

Jane Hornstein: Yeah.

Kathy Szybist: Yeah, that's a key and important point. Again, all families are displaced when they're offered tenant-based assistance. They can stay if the project will be used as rental housing or they can move. If they choose to move at the time of conversion, the PHA must pay actual and reasonable relocation expenses. Now, there's some flexibility and local discretion for what actual and reasonable relocation expenses covers, clearly actual moving expenses but then there's some local discretion there in terms of other expenses.

For instance, a PHA may but is not required to pay for things like security and utility deposits. And a PHA may but is not required to pay for long distance moves if a family would choose to

port out their voucher to another community. But again, if the family, as Jane stressed, opts to take their tenant-based assistance and move off site, then the housing authority is obligated to pay actual and reasonable relocation expenses.

So just to walk through an example: In a situation where a housing authority is proposing to retain a property as affordable rental housing, the housing authority would need to offer the family three relocation choices: Retain the property as affordable rental housing and has plans to PVV the projects, the housing authority would need to offer the families three forms of relation or comparable housing. They would need to offer the family one, the ability to stay in their unit using tenant-based assistance. Two, the ability to move off site with the tenant-based assistance with the housing authority paying the moving expenses. And three, the ability to stay in their units using project-based assistance provided the families provides their informed written consent, which we'll get to in a slide in a minute.

So and if the family does choose to move or even chooses to stay, housing authorities are also obligated to provide necessary relocation counseling to families. This generally will be mobility counseling, but it could be any counseling that the family requires as part of their relocation.

So moving on to a couple other little things with relocation, if a housing authority is proposing redevelopment of the property after or in conjunction with the conversion, for instance, a demolition, a new construction through an AHAP process, then the housing authority needs to think about the impact of that on the families. When will the families be physically displaced? If it's after conversion, in conjunction with the conversion, how is that going to intersect with the offer of permanent comparable housing and the family's relocation. So we're still at HUD internally, circulating a couple of these issues but I just wanted to flag it as something housing authorities really need to start planning for early on when a conversion plan contemplates redevelopment of the property.

Eligible sources of relocation funding include capital funds and gross proceeds as well as other available non-federal funds and for certain expenses, operating funds can also be used. Those are mostly for administrative cost of the relocation plan and not so much for the moving cost.

And finally I want to address URA applicability. Unlike Section 18 there's no statutory exemption from the URA with Section 22s. Section 22 and the 972 reg say the URA may apply. So again, there's no clear black and white lines here but it's really the URA test. So to the extent that the families will be displaced as a direct result of the demo, acquisition, or rehab of a federally assisted property converted under an SVC plan then the URA applies.

So housing authorities, again, need to think through what kind of funding they're using and if their future use plans involve demo, acquisition or rehab to the extent that the URA may be triggered. So HUD has relocation specialists available and the SAC and URA specialist in the field office can work with the housing authority to figure out the applicability of URA as part of an SVC. Okay, let's go on to the next slide.

Caila Prendergast: So actually we had a few questions that came in about the URA so I think if -
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Kathy Szybist: Sure.

Caila Prendergast: -- you're okay we can go ahead and take some of those. All right.

Kathy Szybist: Yeah, absolutely.

Caila Prendergast: Okay. So first question, "Is the assistance equivalent to URA relocation assistance?" [inaudible] have that person type in a clarification if you need it.

Kathy Szybist: Right, I can start addressing it and then they can include a clarification. So I think it's similar. The notice requirements are a little different under just if URA does not apply, there's only the requirement for one notice, this one 90-day notice that housing authorities will provide the families after HUD issues the approval that notify them again that their public housing unit lease is going away and they're being converted to HCV kind of just the 90-day notice of the conversion. And so there's no gin [ph] notice under Section 22 requirements.

And similarly under Section 22 there's the requirement that the housing authority offer comparable housing and generally in the form of tenant-based assistance or another form of comparable housing and there's no option to provide the URA payment as a form of comparable housing. So that's different. There's no money assistance, it's just an offer of one of these hard forms of comparable housing. I think those are the principal differences.

So again, a little different but a lot of similarities. And in terms of relation costs, I think under the URA housing authorities, there's no ability to provide for security or utility deposits but under the Section 22 language of actual and reasonable relocation expenses, there's a little more flexibility for housing authorities and they can provide for those kinds of expenses should they choose to do so.

Caila Prendergast: That's it, thanks. So next question, "Are the PHAs to follow the URA with relocation of these households?" I think you might have already answered that but just want to -- yeah, [inaudible].

Kathy Szybist: Yeah, so a URA again may be triggered depending on the use of federal funds for the acquisition, rehab or demolition of the project. So work with field office, URA specialists at HUD internally to figure out if URA is triggered. I think most of the plans we're seeing so far are not triggering the URA. So if the URA is not triggered then in lieu of the URA housing authorities will follow the relocation requirements outlined in 972.230G.

Caila Prendergast: Okay, thanks. Next question:

Jane Hornstein: [inaudible].

Caila Prendergast: Can a PHA -- oh, go ahead Jane.

Jane Hornstein: I was going to clarify just one more thing. The only way URA is triggered is by whatever financing they're using in any kind of renovation or new development. So if they're using other type of funds, TBG [inaudible] etcetera, that will trigger URA. Section 32 or Section 22 on its own does not.

Kathy Szybist: Yeah, that's a good clarification. So you know --

Jane Hornstein: Yeah.

Kathy Szybist: -- the use of -- yeah. It's the use of certain federal funds for the demolition, acquisition or rehab as part of the future use. But the conversion, the removal from public housing in and of itself will not trigger the URA. Instead, the relocation requirements in 972 apply.

Caila Prendergast: Okay, next question. "Can a PHA opt to keep some properties as traditional public housing units and convert other public housing properties via the voluntary conversion? Does this program require a hundred percent conversion of an entire public housing portfolio [ph]?"

Kathy Szybist: Yes. That's a good question and I think that was part of the threshold criteria that kind of Dan outlined right before he handed the slide back over to me. But streamline voluntary conversion requires a housing authority to convert every last one of its Section 9 public housing units. It's not possible under streamline voluntary conversion plan to say I have 230 units, I'm going to convert 200 of them and keep 30 as public housing. The streamline voluntary conversion plan has to propose a future use and conversion of every single property and every single unit.

Caila Prendergast: Okay, thanks. Next question. "Is the PHA required to use independent third-party relocation counseling or can a PHA use a Section 8 administrator to perform these services?"

Kathy Szybist: Local discretion. Housing authorities if they have the capacity to develop and administer a relocation plan can absolutely do it in-house. There's no requirements to hire third-party relocation specialists or consultants or implementors.

Caila Prendergast: Okay, just a few more. "Is there an increase in housing costs once a tenant moves, will they be able to URA relocation assistance at 42 months?"

Kathy Szybist: Not unless the URA is triggered. So that's an excellent point. It is possible that a voluntary conversion action, moving a family from the public housing program to the HCV program, the tenant might see an increase in rent, particularly if the family is paying a flat rent. Under the public housing program and their rent might go up under the HCV program even if they're paying the 30 percent allotment that's required under the HCV program.

So in that instance, no, you wouldn't be able to supplement with the URA supplement unless you did so with non-federal funds or something like that and ended it outside of the Section 22

relocation process and that was just a local side agreement that the housing authority wanted to do for the family. But federal funds couldn't be used as part of the relocation process unless the housing authority, some had deemed that additional money to the family as being an actual and reasonable relocation expense. But it sounds like a stretch if it's just a supplement rent for a period.

Caila Prendergast: Okay. "So to use a staggered timeline for the conversion, how long would the potential timeline be for that conversion?"

Kathy Szybist: Jane chime in here but staff will review that on a case-by-case basis. You know I don't think we want to see these extending five or ten years but I think a reasonable staggered timeline could be acceptable depending on the number of properties and if the housing authority is proposing to tenant base to the community and doesn't want to overwhelm or saturate the market at the same time with all the family.

Jane Hornstein: Yeah, I would think 24 months is a reasonable [inaudible], from start to finish. But there's no statute or reg that says it has to be done within any period of time, so they vary. But I think normally we would expect to see it completed within 24 months.

Caila Prendergast: All right. I think we -- we have a few more in the cue but I think we'll hold off and continue for the presentation right now.

Jane Hornstein: Okay.

Kathy Szybist: Okay. So next slide is the family briefing slide. So this is only applicable if the SVC plan and the housing authority proposes to PBV, attach project-based voucher assistance to the project in conjunction with or after the conversion. So in this instance, if a housing authority wants to attach PBV assistance to a project, they need to obtain tenant consent for any occupied units before attaching such PBV assistance to the units.

So again, as we discussed in the relocation slides, families have the statutory right to stay in their unit using tenant-based assistance. Housing authority can certainly offer them the ability to give up that right and instead accept their unit under a PBV lease. But in order to obtain that tenant consent, the housing authorities need to hold a family briefing in which they explain to families the difference between the tenant-based and project-based program and so the family can fully consent to the PBV lease should they choose to do so.

The requirements for that family briefing are outlined in Appendix A of the Notice 2019-05, so I encourage you to read that very carefully. And you'll also note that the field office staff is required to attend those family briefings either in person or, in the age of this pandemic, virtually is fine as well. Even without the pandemic field offices can attend the family briefly virtually.

We've also discussed some flexibility like a housing authority could have one big meeting, one family briefing meeting where they invite everyone either virtually or in person and then the field office attends that. But then if they want to have individual meetings or subsequent meetings or families can attending that first meeting and the field office wouldn't have to attend

each and every one of the individual meetings as long as they're invited to and attend a main briefing meeting that's kind of a public meeting with some or all of the families.

The timing of the family briefing, there's flexibility there. The briefing, the meeting can occur before or after the housing authority submits the FCC plan and application to HUD. If this occurs before the housing authority submits the application and before the family or the PHA issues the family the 90-day relocation notice, then at the briefing the housing authority should really explain to the family the kind of the totality of their relocation rights, not just the difference between a PBV lease and a TBD lease in their units, but also explain that they're also going to have the option to move off site with tenant-based assistance and the housing authority will pay the moving expenses.

The family must be provided with at least 30 days from that briefing before they're required to make a decision on whether they're going to accept a PBV lease or opt for a tenant based lease to stay in their unit or move off site. But in addition to that 30-day requirement, the housing authority also has to comply with that 90-day notice that we discussed in terms of the relocation. So staff is recommending that housing authorities not expect the family's written consent as to which option to take, a PBV lease or a tenant-based assistance, until after HUD approves the SVC plan and after the housing authority issues the 90-day notice.

So in other words, [inaudible] the briefings, the meeting with the families explaining their options can occur at any time, but in order for the family to fully understand their relocation options, we think it's a best practice that housing authorities not accept a family's written consent until after the approval and the issuance of the 90-day notice. However, it's not regulatory, it's not in the notice, but we're just encouraging that as a best practice.

And again if families opt to accept the written consent prior to that, again it needs to be a fully conformed written consent to accept a PBV unit and the family must really understand that they're not only giving the tenant-based assistance in their unit, but they're also giving up the ability to move off site with the tenant-based assistance with the PHA paying for those moving costs at that one time opportunity to move with the housing authority paying.

Okay. Moving on. Resident and local government consultation. The SVC plan needs to be developed with the significant participation of the residents. So the participatory requirements are a little more extensive for SVC in resident engagement even than they are with Section 18. Section 18 requires PHAs to consult with the residents, the resident counsel and the RAB. Under streamline voluntary conversion, the streamline voluntary conversion plan needs to be developed with the significant participation of the resident.

So this requires at least one resident meeting that's separate from the PHA plan meeting where the housing authority provides draft copies of the SVC plan to the residents and the resident counsel, if any, and explains the SVC requirements and resident rights. The one place where Section 22 is maybe a little more lenient is PHAs don't need to consult separately with the RAB on the SVC plan as long as they're engaging with the residents of the development and the resident counsels of the development in developing the SVC plan.

Housing authorities need to tell the families that they have the right to submit comments to the housing authority about the plan and then the housing authority needs to provide those comments and their responses to those comments to HUD as part of the SVC plan submission. So between the PHA plan requirements and the voluntary conversion resident consultation requirements here, HUD expects PHAs to undertake good faith efforts to ensure that the residents understand and have a voice in the implementation of voluntary conversion. So I think the statutory and regulatory intent is really clear that we really expect residents to be engaged in the streamline voluntary conversion planning and implementation process.

Housing authorities also need to engage and consult with the local government. This can be part of the consultation with the consolidated plan and a housing authority can obtain a certification from the local government that says the conversion plan is consistent with the jurisdiction's consolidated plan and HUD will accept that as sufficient for consultation with the local government. Alternatively, as with Section 18 we'll also accept a separate letter from the mayor that indicates and expresses the local government's support of the housing authority's streamline voluntary conversion plan including the close out of the public housing program.

Okay, next slide. So here this is kind of the recap Dan referred to this early on. This just lays out sequentially the major steps necessary in preparing and submitting the SVC plan and application. Number one and four are the consultation requirements we just referred to. The other big things that housing authorities need to plan for before submitting the application are getting the environmental review done. Possibly it will be categorically excluded or exempt under Part 58, but the paperwork still needs to be done by the responsible entity. So that might take a little time and planning. The SVC plan needs to be included in and part of an annual plan.

So again, it should do more than just say, hey, we're planning on voluntarily converting the rent remainder of our units. It should be more than a one sentence. It should kind of provide a thorough description of the SVC plan to satisfy the inclusion requirement. The checklist kind of gives an overview of the major components of the SVC plan. We also talked about it earlier on this slide deck, I think slide number 9 or 10, those five major components of the SVC plan. What's included in the annual plan should really touch on all of those elements.

What else is important here? Board approval obviously needs to be obtained before submitting the application to the SAC and then just make sure the required paperwork is filled out, the application forms and all the other little logistical things on the checklist and then the housing authority can upload all those documents into PIC and hit the submit button and then SAC's review will begin. We can go on to the next slide.

So after SAC reviews and hopefully approves the application, then the housing authority can begin the implementation process. Usually the first start of the implementation is the relocation. SAC approval will give the housing authority to draw down the TPVs right after approval but not before 30 to 60 days before the housing authority's actually planning on issuing those TPVs to the families and starting the relocation process. And during this time, the housing authority can do the family briefings and obtain the tenant consent if it hasn't done already if the plan is to TBV the project. So this slide just kind of outlines the logistics of things involved in the relocation.

Next slide. Continuing after relocation is complete or maybe in conjunction with the final relocation, if families are remaining in place, the housing authority will implement kind of the final action of the future use, whether it's a demolition, a disposition, or a retention. If it is a disposition or retention, the housing authorities will submit a draft DOT release to HUD and the families will -- if they're staying in place with HCV assistance, HUD will release the DOT and move the units into RMI status and PIC.

All the families will be EOP'd out of public housing and moved into the 50058 and the HVC program kind of simultaneously if the property will stay as affordable and the families will stay there with their HVC assistance. And once the property and the units are all out of the PIC system and in RMI status, the conversion is in essence complete and then the housing authorities will begin working with their field offices to consummate kind of the last aspect of the streamline voluntary conversion requirements, which is to close out their public housing programs under PIH Notice 2019-13. Okay. You're done. Everyone's set. Congratulations on converting your properties. So next slide.

Other considerations as you think about whether streamline voluntary conversion makes sense are things like HCV capacity issues and Dan, I don't know if you want to touch on that a little bit.

Dan Esterling: Yeah, I can just talk about it and give you a breather -- that was a mouthful you had there earlier on.

So right, as we talked about you're closing out your public housing program and you're converting these units to either tenant-based assistance or project-based assistance or a combination of the two. So as your organization is transitioning, that's something you're going to need to plan for. As you transition from the operator of a public housing project to potentially just a voucher administrator or a voucher administrator and owner and what that looks like for staffing and what that looks like in terms of your ability to operate a now larger voucher program, potentially with 250 or 249 more units under HCV.

And the other consideration is project-based and the tenant-based vouchers. Do you currently operate a project-based program or is that something you need to update your administrative plan with to establish a project-based voucher program? And again, we're just kind of punting it a little bit here on the details of project-based vouchers or our Wednesday webinar on the topic but it is something to consider at the outset. Kathy, again, before I get to [inaudible] --

Kathy Szybist: Yeah.

Dan Esterling: -- [inaudible] want to.

Kathy Szybist: Thanks, Dan, that made a lot of sense. So I think Dan kind of touched on this already but another question we get a lot of are how do we project base the TPVs. And as Dan said, there's this upcoming webinar on that. So we're kind of going to punt that for the time being. It is possible. We touched on tenant consent as part of an earlier slide but there's also a lot

of logistical things involved with planning for the TBV project. So we encourage you to tune into that upcoming webinar for more details on that.

Personal property on this other consideration slide. I also touched on that briefly already. If there is snow blowers, vehicles, other personal property that's not part of their real property, it can be included in a streamline voluntary conversion plan as long as that property supports the real property under the conversion plan. So the project will be retained as affordable and there's you know, a vehicle, snow blowers, lawn mowers, all that can be kind of transferred along with the project under the streamline voluntary conversion plan.

Any personal property that's part of the kind of central office of the housing authorities public housing program that will need to be considered and dealt with as part of the close out of the public housing program. If it's worth less than \$5,000 housing authorities can generally retain or dispose without any HUD approval, so it's not that big of a deal if it is central equipment, but if it is associated with a project then it might be administratively easier just to include it in the description of the property as a part of the SVC plan.

Four on this slide is if you have any EPC or CFFP capital fund financing programmed to energy performance contracted with your units or that are proposed for conversion here, you need to think through how you plan to resolve that debt: Engage the lenders, engage HUD, the respective HUD offices early on to come up with a plan. No one size fits all. You may or may not have to repay it all but you just have to start thinking about it early on and SAC's not going to approve an FCC plan if there is this outstanding unresolved debt that's tied to the units.

Also start thinking about supportive services. If you have lost an FSS and other supportive services programs attached to your units, think about the impact of the conversion on those programs, the residents, the grants. HUD has developed a really nice matrix. There's a link from this PowerPoint that talks about the implications. Some of the programs are only for public housing families and residents. Others can nicely move over to serve the same residents under the HCV program. So again, just start thinking about that early on if you do have these programs.

Impact on existing public housing funds. So after the conversion, after the properties are released from DOT you won't be able to spend any more public housing funds at the project. So you can continue to spend public housing funds including public housing operating reserves, other money on the properties up through DOT release if the project will continue, but after DOT release no more spending of the public housing funds. So again, as you consider the planning and timeline for your conversion, think about spending down your public housing funds prior to converting the property.

Impact on future public housing funds. Voluntary conversions are not eligible for any additional operating funding through the asset repositioning fee or any future capital funding through DDTF, demolition disposition transition funding. So public housing and operating funds are pretty much cut off at the time of conversion in the next funding cycle and DOT release but that kind of makes sense since you're required to close out your public housing programs anyway. Public housing only THAs are definitely eligible for streamline voluntary conversion, but HUD's not going to award new HCV program funding to these public housing only PHAs.

So what's required is these public housing only agencies to work with an HCV administrating agency for the TPV award. So HUD would fund the TPVs but to a partnering HCV administrating agency. So there's some logistical details there and HUD field office staff and other headquarter staff are available to help housing authorities to facilitate those partnerships.

And then finally, start thinking about your close out options. You can just do a straight ECC termination under PH news 2019-13. The biggest advantage of this is it's really easy administratively. You just do all the close out requirements described in that notice and then HUD terminates the ACC. The other thing you can do is think about transferring or consolidating your public housing program to another PHA and this is particularly attractive to PHAs if a housing authority isn't able to spend down all their public housing funds prior to when they want to close out.

And in this instance, they can transfer what's left of their public housing program, even if they have no units or real property left they can transfer any remaining public housing funds including operating reserves to another housing authority and as well as any remaining fair cost authority to another housing authority prior to closing out. So there's two big options to close out. Again, just kind of flagging that as a consideration as you start thinking whether this makes sense.

Okay, so moving on to the next slide.

Dan Esterling: So this is what we call, we refer to it as as the matrix or the asset repositioning overview. And it is available on our external HUD repositioning website, just kind of Google asset repositioning overview if you can't locate it directly. But what we tried to do here is break down some of the most important elements that are considerations that housing authorities have under their various repositioning options into one handy chart.

And I just think, I mean it's something that you'd want to take a look at after you familiarize yourself with all the options. Just looking at it by itself, it might be a little overwhelming, but in case you're ever wondering or you're having a conversation with your board or as staff members, what's the impact to the future impact on the housing authority if we do streamline versus going Section -- or RAD on our eligibility for DDTF or eligibility for ARF. You know, this is kind of a quick way to get those answers in one location. And like I said, it's linked in our repositioning website which we have a link to that at the conclusion of this presentation.

Kathy Szybist: Great, thanks, Dan. Okay. The next slide, so we talked about it a lot here and the net couple slides are just a few kind of big picture slides about the different ways a streamline voluntary conversion could play out with your housing authority.

So the first one here, this slide is if your goal is to truly voucher out, that you don't really want to preserve the property as affordable rental housing. You really just want to let the families take their vouchers, tenant-based vouchers, and find housing in the private market. So if that's the goal, definitely possible under streamline voluntary conversion. Unlike RAD, you know there's no preservation, one for one replacement, anything like that.

So a housing authority could propose a future use plan for the property that doesn't propose any kind of preservation or continue affordable housing use of the properties. And instead they could say in their streamline voluntary conversion plan, hey, what's in the best interest of the PHA, the residents and the community is for us to remove all our public housing units from the program and get this new award of HCVs through the tenant protection vouchers and voucher out.

And this is good for my housing authority, we're going to have an expanded HCV program, more admin fee to administer that program and there's of plenty of places where the families can use their HCV in our community. We don't have a tight market, voucher utilization rates support this and this could be one kind of scenario of how a SVC plan could work. In this instance, the future use of the property could be put a for sale sign out, sell it fair market value, take the proceeds to support your HVC program or use for other eligible Section 18 uses.

Alternatively, maybe someone else, a developer or anyone thinks that the property would be great as continued affordable housing and the housing authority is agreeable and amenable to selling it to another unrelated third party at or below fair market value so that other third party can use it for affordable housing. So but again, this scenario is more the housing authority itself doesn't really want to stay involved in that property. They just want to be focused on their role as HCV administrator and protecting the families through tenant-based assistance. So this is kind of one huge bucket of how the FCC program could work.

Next slide is this is if a housing authority is interested in preserving the asset and the asset's in great condition. You know in this instance maybe no rehab, no new demo or reconstruction or redevelopment is necessary. The project's in good condition. You know, HCV doesn't require any finding of obsolescence or anything like that. So here the housing authority could say, yep, converting the units from public housing to HCV makes sense. And preserving the asset as continued affordable housing makes sense, so I either want to retain it myself or I want to sell it to an affiliate non-profit, LLC, another entity so the project can continue to be used as affordable housing for the long term future.

And here, again, the statutory right of the families to stay in their units with tenant-based assistance is triggered. PBV is possible and allowable with tenant consent that we discussed about. Here the housing authority with an HCV program would likely assume the role as the administrator of the HAP contract if the program is PBV'd and then some other entity would need to sign this project donor, either the nonprofit it controls or some contract through a relationship if it retains.

And again, like this kind of plan again could be in the best interest of the housing authority, the residents, and the community because the property can now access private financing for long term operation, maintenance and upgrades. If there's excess cash flow, the housing authority can use it to expand and further its other mission related affordable housing purposes, whether that means acquiring, building, developing, resident services, lots of flexibility and potentials there. And I will add that the FCC's applications we've seen to date and even the ones we've approved, I think are generally falling into this bucket. But, so this is one viable option.

Going on to the next slide, another kind of scenario for how SVC could work for your housing authority, is if your goal is voucher out, preserve the asset with some kind of redevelopment. So this redevelopment could mean substantial rehab with tax credits. This redevelopment could mean demolition and new construction. And again this is possible as a scenario under an SVC plan. It has some additional complications, especially again we mentioned this in the relocation slide a little bit, how the housing authority will fully protect the families during the redevelopment process, when those TPVs will be issued.

If they're going to be issued initially as tenant-based assistance and then the housing authority will develop after that or if the housing authority is somehow going to try to preserve it -- initially convert and offer the families the ability to stay in their units and then do the redevelopment, kind of in phases with temporary relocation or something like that. So there's different ways this could play out. Again, there's some internal discussions still going on for best practices involved with kind of redevelopment, but I guess for today's purposes, we'll just mention this is one possible viable scenario for an SVC plan.

And last slide on this, if you're housing authority doesn't have HVC program any of the three things we just talked about are still viable and possible but obviously if there's no HVC program for the first one for vouchering out, then the housing authority would in essence go away in terms of this federal programming. And if there is preservation, then the public housing only agency would likely either just serve as the project owner and then the partner agency would be the HCV administrator. So again, all these are possible scenarios, just more things to think through in terms of planning.

Dan, I'll pass it back to you.

Dan Esterling: Thanks, Kathy. Yeah, so I know we have quite a few questions in the queue so I want to leave as much time as possible for that but just [inaudible] linked resources and like I said before, repositioning@hud.gov is the generic email box with a real person answering, so if you have any questions regarding this or other general repositioning questions, feel free to reach out there. And the SAC email address is the SACTA@hud.gov.

So Caila, why don't we just go right into questions. I know we had some from before and any new ones that might have popped up.

Caila Prendergast: All righty, yeah, let's do it. We have a quite a few so bear with me as I'm sort of sorting through them all. I'm going to start with one that came in earlier, someone raised their hand so I'm going to go ahead and unmute their line. Hi, Laura, you're unmuted and can ask your question.

Laura: I actually posed the question in the chat. I wanted to know, "How does the 100 percent conversion requirement affect those units that currently have residents with PTB plans to keep their vouchers as opposed to converting to project-based vouchers?" Because I know you were saying that it has to be converted one hundred percent.

Kathy Szybist: Right. So all units need to be removed from the public housing program as part of a conversion plan. If the project will be retained as rental housing, then the family can choose to stay in their unit using tenant-based assistance. But HUD still considers that unit to be converted from public housing under the conversion plan because it's going to be removed from ACC and the public housing programming through PIC even though the unit itself will be retained as affordable and the family will remain using tenant-based or project-based assistance.

Laura: Okay. Thank you.

Caila Prendergast: Thanks to both of you. Next question, would it be an accurate statement to say that a PHA with 50 units or less that wishes to demolish the property and redevelop might choose SVC over Section 18? Because under Section 18 the PHA would need to prove obsolescence to demolish the property.

Dan Esterling: Caila did they say under 50 or --

Kathy Szybist: So --

Dan Esterling: -- under. Caila, just clarify, did they ask under 50 or 250? Because I think those are two very different questions?

Caila Prendergast: Under 50, with 50 units or less.

Dan Esterling: Okay. Go ahead, Kathy.

Kathy Szybist: Yeah, so Dan, chime in here. So if a housing authority has under 50 units, then they are eligible to dispose under Section 18 just based on being a housing authority with a very small public housing program. If I'm understanding correctly, if it's a 50 and under PHA but they want to demolish under Section 18 with capital funds, then I think I understand the concern that, yes, they would need HUD authority based on obsolescence under Section 18 to do the demolition because the authority for very small PHAs under Section 18 is disposition and demolition.

So it sounds like if it's a 50 and under housing authority, the goal is demolition. The housing authority could submit under 18 and prove obsolescence, where sure you could also be eligible to submit your streamline voluntary conversion, your future use of the property could be demolition and as part of the processing at the SAC, we would not necessarily need to apply and wouldn't necessarily apply the Section 18 970 demo obsolescence requirements, the site demolition plan but we'd want to fully understand why the housing authority would demolish the property under the voluntary conversion plan as well as the totality of the future use. So yeah, I don't know if that answered the question, but you could submit a streamline voluntary conversion plan that proposed demolition.

Jane Hornstein: But the major difference being under SVC the vouchers go directly and the residents can take those and leave with them and it doesn't necessarily go to the housing

authority, so that's something to consider. If the housing authority wants to redevelop, then they may want to keep those vouchers.

Caila Prendergast: Okay. Thanks. And James Isaac is also here with us from the SACs [inaudible] asked me to unmute his line. James, did you have anything you wanted to add?

James Isaac: No, I'm just ready to chime in whenever Jane has to move on to her other call.

Caila Prendergast: All right. Sounds good. If you could go ahead and put yourself on mute while we get to the next questions, that would be great. So the next question is, "Is the requirement for HUD participation and tenant briefing just for streamline voluntary conversion? Can a recording of the briefing be used in lieu of HUD staff attendance?"

Kathy Szybist: So yeah, generally attendance of a field office at a family briefing is only in conjunction with voluntary conversions. And only require when a housing authority is proposing to attach PBV assistance to the units and wants the tenants to consent. So under Section 18 or other kind of action, tenant briefings and family briefings are not required.

In terms of field office attendance, I think we need to read the appendix to the notice at face value. It indicates field staff attendance is required either in person or remotely. I don't know that a recording would suffice but I think the SAC defers to the field office is to ensure to kind of make that call in working with their local housing authorities.

Caila Prendergast: All right, thanks. "If the resident wants to move out of the state does the PHA still pay moving costs?"

Kathy Szybist: So there's some local discretion here. Again, we're back to the term actual and reasonable relocation expenses. So a housing authority has the local discretion to determine if an out of state move and the cost of that out of state move is a reasonable expense. Clearly if the costs incurred, their actual, but the housing authority can choose not to pay for those expenses if it deems them to be unreasonable. So for instance, if a housing authority and a family lives in New York and the family wants to move to Hawaii and wants the housing authority to pay those moving expenses, the housing authority could say those aren't reasonable and they would not be statutorily obligated to pay.

Caila Prendergast: All right, thanks. "If we only have one public housing unit left then the resident participation requirement is just with a single family, correct? Not with all of our RAD residents and HVC residents, correct?"

Kathy Szybist: Correct. So under streamline voluntary conversion you would need to consult with the impacted resident, so that's family. And then if there's a resident counsel at the development, which it sounds like there's not, so those would be the consultation requirements, no requirement to consult with HVC residents and no requirement to consult with the RAD, the resident advisory board under a streamline voluntary conversion.

Caila Prendergast: Okay. Thanks. Sorry for that feedback there that happened a few minutes ago. That was when we were adding James on, we got some feedback so hopefully everyone can hear us pretty clearly now. Let me move on to the next question. One second. [inaudible] a lot of great questions, so I want to make sure I get all of them. Okay. So, "What does mobility counseling entail?"

Kathy Szybist: I think it's again, local discussion case by case. I think there's more guidance through the HVC program on what appropriate mobility counseling may be. Under Section 22, the statute requirement is to provide any necessary counseling. Again, generally, we think of that as mobility counseling, but it could be other counseling. Section 22 and 927 aren't specific in what's required there, so I encourage to reach out to your field office, HCV resources that discuss more about mobility counseling. I don't know if anyone else from HUD or anywhere else can add to that.

Carla Prendergast: All right. Hearing nothing, I'll move on to the next question. "Can the "conversion" go to sleep one night and wake up with having choice vouchers or can the conversion be done over an extended period for time?" For example, 30 --

Kathy Szybist: What was it? For example, 30 what?

Carla Prendergast: 30 days.

Kathy Szybist: Yeah. At 30 days, I think is reasonable. So yeah, I mean the conversion's not going to happen instantaneously unless every single-family opts to stay in the project using tenant-based or project-based assistance. In that instance conceivably all the families could be converted from public housing to Section 8 through the 50058 on the same day, but more often than not, some families are going to choose to move off site with the tenant-based assistance. That might be the only option if the project isn't going to be used as affordable housing but even if it's not the only option, it's likely some families are going to choose to move and in that case then the conversion of the families is going to happen over a reasonable timeframe.

So after HUD approves the conversion and the family applies for and receives the tenant-protection voucher award, they can issue the notification to families that here's a TPV, you have tenant-based assistance, you can move off site, we'll pay your moving expenses, we'll provide mobility counseling, we'll help you find a unit. So over the next 90 days the housing authority can work with the family to help them find a private unit off site if that's the family's preferred housing of choice.

And as the families find units, the families will move from public housing to HCV through the 50058 and that is the "conversion" of the families from public housing to tenant-based assistance. And so again, with off-site relocation, the conversion isn't of all families is very unlikely to happen on the same day. And then when a property will remain as affordable rental housing, for any families that choose to remain, then conceivably those families can be converted on the same day after the other families have moved off site. And the order of operations document kind of outlines these steps of how the conversion could look, kind of how I just described.

Caila Prendergast: All right. Thanks. Next question. "How many SVC conversions have occurred to date?"

Kathy Szybist: I don't know that any have been fully implemented. Jane, I'd defer to you or James. I think that SAC has approved maybe four or five at this point.

James Isaac: That's pretty much it. We got a few in the queue ready to go, I think another two or three waiting for approval from headquarters.

Caila Prendergast: Great. So, "How fast is HUD headquarters approving an HVC application for TPV from submission to executed ACT?"

Kathy Szybist: So after SAC approves the streamline voluntary conversion, the housing authority can apply for TPVs; the application is submitted to the field office; field office kind of does a due diligence review and then sends it on to the FMC or FMD for funding and approval. I think generally it is occurring within two to three weeks or two to four weeks, provided the TPV application and leasing schedule and everything is complete, but I don't know if anyone has more experience but I think it's generally within at least a month that the TPVs get funded, oftentimes less.

Caila Prendergast: All right. Next question. "Is HUD considering modifying the PVV process?" So PHAs who are partnering with another PHA to act as a contract administrator for many small public housing only PHA's uncertainty around the need to respond to a competitive RFP, the CA makes SVC a lot less appealing and many PHAs do not want to share ownership in order to not have to utilize a competitive process. Any thoughts?

Kathy Szybist: Dan, I defer to you or James, but my understanding is this might be a question to bring up as part of a PVV webinar in a couple weeks. My understanding is HUD is also willing to entertain waivers of the competition requirement in this instance for good cause and this could be a good cause that HUD would grant such a waiver for. Dan, James, if you have any more to add on that for the time being?

James Isaac: No, I think that's it, and yeah, I think this is something that should come up as part of the PVV presentation.

Caila Prendergast: All right. Thanks. I have a question from someone who wants to unmute their line, so I'm going to go scroll down and find them. Naomi, you can ask your question.

Naomi: Hi, Jane, Kathy, it's Naomi. Thanks for having a great webinar. It's good to talk to you. I was actually the one that asked the question about the competitive process. When you mentioned the waiver, is that something else that needs to be discussed during the PVV webinar? As someone who's actually worked with the housing authority to successfully submit an FCC application, this has been a big concern for a lot of housing authorities. But if this is not the right time to discuss the waiver that they could request, I could definitely wait until the next session.

Kathy Szybist: Yeah, I think it would be better to wait for the next session, given it's a PVV requirement and that office would be processing and reviewing the waiver requests. I would defer to that office in terms of what would be a good cause to grant the waiver and is kind of detailed.

Naomi: Okay. Will do. Thanks.

Caila Prendergast: All right, thanks everybody. The next question -- nope, not a question, just someone commenting on the great [inaudible] repositioning chart.

So next one, "So a phased SVC over 24 to 30 months for three properties does not allow [inaudible] after repositioning fee to be acquired from the first development being removed from the ACC to use at the second and third property. Can you remove the first property but still get CFDP funds until all units are converted and the ACT versus the DOT alone being terminated?" I know that was a big one so if you need me to repeat it, I'd be happy to do that.

Kathy Szybist: Yeah, I'll break it down and let me know if I'm missing some of it. So in terms of the first part of the question, correct, you are not eligible to receive DDTF or R for any kind of phases of the dispositions or demolitions that are proposed under an SVC plan. So even if the housing authority has three sites and different men doing different phased sequential demolition, dispositions on all sites, they cannot get DPTF and R for the first site in order to use -- in general until they're done with everything. Nothing approved under an SVC code and PIC is going to be eligible for DPTF or R.

In terms of when your current public housing operating and capital funds get kind of shut off, this will depend on largely when the units go into RMI status and PIC. So in the instance where you would be doing a phased sequential implementation of a SVC plan, we would work with you probably to establish the application under three DDA numbers and PIC, and our notice 2018-04 kind of describes how to do a phased DDA application through PIC with multiple DDA numbers.

The principal reason here is so the housing authority can come up with different timelines for each sites. So different timelines for the relocation, different timelines for when they're going to enter into the disposition or demolition contract for each site. So in the instance where you would have DDAs for each site, different DDA applications and PIC, you could create different relocation starts and different dates where the projects would go into RMI status.

And the opt and cap funds for each project would in essence could be shut off differently for each site depending on that timeline. So it's possible for a later site, later on in the sequential process to continue to be eligible for ongoing opt and caps of because those units aren't an RMI yet whereas an earlier project would no longer be eligible for opt and cap in the next funding cycle because they're now in RMI status. So I think I answered your question with as much of a mouthful as the question itself but let me know if that didn't address it.

Caila Prendergast: Okay, thanks, Kathy. For the person that asked that question, if you need any additional information, just send me a chat. The next thing that we have in the queue is, "In states

that permit benefit corporations as a corporate form, may a project be transferred to a benefit corporation as opposed to a related non-profit or LLC?"

Kathy Szybist: Could you repeat that one more time?

Caila Prendergast: Sure. "So in states that permit benefit corporations as a corporate forum, may a project be transferred to a benefit corporation as opposed to a related non-profit or LLC?"

Kathy Szybist: Yeah, I think so. I'm not that familiar with that kind of entity, but there's no real restrictions on the kind of future use or disposition a property could go to under an SPC plan. So the housing authority would just need to describe the nature of the acquiring entity and if it's a below fair market value transfer, then again what the commensurate public benefit would be in the future use of transferring it to that entity.

Jim Isaac: And I would just point out that what the SAC will be looking for is whether that entity is recognized as a separate entity in your state, right? So the one thing that is a red flag for us is for you to just not convey to somebody else. So if a benefits corporation, whatever that is recognized as a separate entity in your state, then that more than likely will be approvable.

Caila Prendergast: All right. Sounds good. Next question. "Are public housing and HVC programs are run by two different housing authorities? Is the HA running the HCV program currently does not have any PVV. If they are unwilling or not interested in administering PVVs but only TBA then can we not offer that as an option for tenants to get consent to convert to TBA -- TBRA? In other words, does the HVC administrator control that decision?"

Kathy Szybist: So the streamline voluntary conversion will allow HUD to provide tenant protection vouchers and tenant protection vouchers can only be project based through TBV and not TBRA. So I guess I'm a little confused how we would get from the tenant protection voucher award to the administrating agency to any possible PBRA.

Jim Isaac: I think, Kathy, just to clarify, I think what they're saying is that -- I don't think they were talking about switching to multi-family. I think the question is that the voucher administrator does not want to operate a PBV program, right, and so who is the initial PHA, the PHA undergoing the conversion. If they not convert to PBV must they do tenant -- must they provide those families tenant protection vouchers in the form of either TPVs as opposed to PBVs because of that administrating agency's unwillingness to PBV? In other words --

Kathy Szybist: Yeah, I think --

Jim Isaac: -- who gets to make the call?

Kathy Szybist: Yeah, I mean, well it's kind of a mutual thing. So if it's a public housing only agency and they want to proceed with a voluntary streamline voluntary conversion plan, and again these are all voluntary applications, HUD's not requiring any housing authority to submit these applications, then because they don't have the ability to get those TPVs themselves and create a PBV program, they would either have to find a HVC agency -- if the goal of the public

housing only agency was to serve as project owner and PBV the site, and they really wanted to PBV it, then they would need to find an HVC administrating agency that was willing to operate a PBV program and be the contract administrator of that site.

And if they want to partner with a particular HVC agency that is unwilling to operate a PBV program, then, yeah, then they would have to be comfortable with an HVC plan that would propose only tenant-based assistance. Now remember they could continue to operate the same project as private donor as an affordable rental housing project and all the families would have the option to stay in place using tenant-based assistance. So they would still get that HCV rent, fair market rent, maybe not a 110 percent like under the PBV program they allow, but they could still operate the project as affordable rental housing and accept HVC tenant-based assistance and it might work out just fine.

That's one of the approvals we've done so far; the housing authority's controlled nonprofit is doing just that. They're going to continue to operate the project as affordable rental housing accepting tenant-based assistance but have no plans to PBV it. So I think the two options for that housing authority would be just get comfortable with maintaining the property as affordable housing, accepting tenant-based assistance, or find another HCV agency that is willing to have a PBV program and work with the housing authority to PBV that asset.

Caila Prendergast: All right, thanks. "Can a PHA utilize other owned non-THA property to place project-based vouchers?"

Kathy Szydist: Yes. This could be an option for relocation. So for instance, if a housing authority does not plan to use the current project as rental housing after the conversion and instead says but I have this other really great project across town and I want to take my entire TPV award and project base voucher this other project, with that TPV award and I'm going to fit all the families, I'm offering you comparable housing in the form of a PBV lease across town in this particular unit. The housing authority could conceivably do that under an SCV plan as a relocation option.

To clarify, the families only have the right to tenant-base mobility assistance, the statutory right to tenant-based mobility assistance if the same public housing project is going to be used as rental housing. If the housing authority is truly going to walk from that current site and not continue to use it as affordable rental housing and they have this other site across town, they could say to the families, I'm going to pay for your moving expenses but it's only to this PBV unit. This is your form of comparable housing.

I think HUD with streamline voluntary conversion definitely encourages housing authorities to give a tenant based mobility option to use in the private market and the community but it's only statutorily required if the same site is going to be used as affordable rental housing.

Caila Prendergast: All right. So next question. "Could you review the language under three key points about SCC that states the TPV has issued [inaudible] occupied by an assisted family within the past 24 months? What is the tenant given if they have not resided for 24 months and you are converting a property with plans to continue managing the property for affordable

housing?" And I think this was on one of the first slides so you can begin answering and I'll try and find that.

Dan Esterling: Yeah, I think with --

Kathy Szybist: Right, I recall that.

Dan Esterling: I can --

Kathy Szybist: Yeah, go ahead.

Dan Esterling: -- [inaudible] Kathy. I mean I think what you're asking, it doesn't need to be continuously occupied for 24 months. It means that any assisted family would have needed to have resided in the unit for the PHA to be eligible to receive these TPVs. So if a family moves in one month before SCC approval, that family is eligible for a TPV. They would receive a --

Kathy Szybist: Right.

James Isaac: -- TPV and the PHA would receive the TPV. Does that clarify --

Kathy Szybist: And I also want to emphasize that there's two things going on. One is the TPV award that the housing authority's eligible for. So a housing authority is eligible to receive TPVs for any unit occupied by an assisted family within the previous 24 months even if the families occupying those particular units might not be eligible for the tenant protection voucher themselves.

So for instance, if you have 40 units and all 40 units are occupied but two are over occupied by over income families, you would be eligible to get 40 tenant protection vouchers but for two of those tenant protection vouchers, you wouldn't be able to give those to the over income families because the over income families themselves do not qualify for HVC assistance. So for those two families you would have to offer and provide another form of comparable housing and then you could just take the TPVs from your TPV award and use them for families on your wait list or to TPV or to do other eligible HVC things with them.

So I just want to make the distinction, two separate things going on: You're eligible for TPVs for occupied units, units occupied within the previous 24 months, but separately you need to offer relocation and comparable housing to every family even if those families aren't eligible for the TPVs.

Caila Prendergast: All right. Thanks, got about 13 minutes left, so I'll just keep [inaudible] anything, I have about four questions left. So first, "If our county voucher agency doesn't want to administer the PBVs can I go to the neighboring county that is willing to administer?"

Kathy Szybist: Yes. What the SAC is going to look for is the field office to concur and approve that agreement between the PHA only agency and the administrating agency. Field office might

look for things like capacity and just the ability, but as long as the field office is good with it, then, yeah, and there's a jurisdictional ability then they can go to any HCV agency they want to.

Caila Prendergast: All right, thanks. Next question. "If a tenant refuses to allow the unit to be project based, does it become project based upon the residents moving out?"

Kathy Szybist: And that's definitely an option. So if a family chooses to -- two things happen. If the family chooses to leave and take the mobility option with the PHA paying the moving expenses and move off site, the housing authority could immediately PVB that unit using its existing HCV resources. If a family chooses to stay in their unit using tenant-based assistance and then after one year, two years, three year, chooses to leave with that tenant-based assistance after a few years, then yeah, the housing authority could add that vacated unit to HAP at that time when the tenant leaves.

Alternatively, maybe after a year the family might say, oh, yeah, there's no real advantage to staying here with tenant-based assistance, I really like my unit, I'm agreeable to a PBV lease now. So it's either when the tenant moves out or later consents to a PBV lease the unit could be added to HAP. And this might get covered a little more in the webinar on PBV in a couple weeks, but I'll also note that five-year requirement. So the HAPMA [ph] allows a form of public housing property to be exempt from the PBV agency caps, the 20 percent agency caps, if the units are added to HAP within five years from being public housing.

So in order to take advantage of that HAPMA exemption and five-year ability to PBV outside of the cap, the family would have to move out or consent to the PBV lease within that five-year period from conversion. So if the family stayed in their unit with tenant-based assistance for six years and then moved out, the housing authority could still add that unit to HAP at that time but it wouldn't be with a tap into that five-year HAPMA exemption to be over the 20 percent cap.

Caila Prendergast. All right. Next question. "If the use remains rental affordable housing and substantial rehabilitation is planned, are we to expect to relocations as a part of the HVC process, one to transfer assistance from public housing to TPV from the actual relocation during construction?"

Kathy Szybist: So great question. And this is kind of where we kind of kinged that redevelopment concern. When a redevelopment is planned as part of a streamline voluntary conversion, these are the exact kind of questions that you need to consider.

At the time of the conversion, families need to be offered and provided with permanent comparable housing under Section 18. So either tenant-based assistance to move off site or tenant-based or project-based assistance in their current units. If the current units will maybe stay affordable rental housing for a few years while the housing authority is planning on securing financing for a redevelopment perhaps, redevelopment and rehab, substantial rehab or demo and new construction is pending, then it's possible also that the housing authority could say, your permanent housing we're going to offer you the ability to come back to a redeveloped PBV unit.

But I think in that instance unless the housing authority has a through temporary relocation plan, it would be better to just offer those family tenant-based assistance and to PBV on site with existing HVC resources unless the relocation budget for temporary location. So these are issues I think that need to be thought through.

I think the key thing to take away is again for purposes of Section 22 at the time of the conversion families should be offered permanent comparable housing, tenant-based assistance, project-based assistance and then later if they're offered tenant-based assistance and the housing authority wants to give the family the ability to return to a redeveloped PBV unit, they can offer the family that as a voluntary option but the family would not be obligated to accept that PBV, or return and the housing authority would not be obligated to offer it .

Caila Prendergast; All right, thanks. "So how does the PHA avoid having a unit under Section 9 ACC but with an HCV? Is that not statutory prohibited statutorily? Or do the changes in 50058 moot that issue?"

Kathy Szybist: Yeah, I mean I think that's the magic moment of the conversions. So if the project will continue to be used as affordable rental housing, as outlined in the SVC order of operations, there will be kind of this magic moment where for any family who chooses to remain that the project using tenant-based assistance, those families will get moved from on the 50058 from public housing and they'll get EOP'd in public housing and they'll go on under the 50058 and HVC program, HUD will release the DOT, the units will go into RMI status. So at no moment will the unit be both public housing and HCV, they're will be a magic moment where, boom, they're converted, the families, the property, everything goes from public housing to the HCV platform.

Caila Prendergast: All right. And we're coming up on time, so I think we have enough time for maybe one more and I think that's all I'm seeing on my queue right now. This was just a question about clarifying the timeline. So first submit the plan to the SAC 90 days for review and approval and then another month to PBV funding, approximately four months total.

Kathy Szybist: Okay, I'll qualify the SAC review a little bit. So under 972, HUD is required to respond to a submitted SVC plan within 90 days. We're not required to approve or disapprove or issue a final decision within 90 days. So we could ask for additional clarifying information, more supporting documentation. We definitely need to respond to the application submitted within 90 days but and I think the goal is to issue a final approval within 90 days but James, Jane, correct me if I'm wrong, but I think it's not an absolute that HUD's going to complete its review within 90 days.

James Isaac: Which is correct. What we typically do is we get the assignment, we give it to the reviewer; reviewer starts looking at it and then the reviewer will compile the questions and eventually send you an email or letter saying this is additional information we need so that interim letter or email in that compliance with communicating with the housing authority within the 90 days. We typically completed our reviews within 60 days. Sometimes because of the complexity of the issues that need to be resolved, it may take a little longer to process or it may

take a little longer to get it signed by headquarters. This application type is the one application type that the SAC does not sign itself.

Caila Prendergast: Okay. Thanks. One final question, so others who maybe had a question that they didn't get to answer [sic] or that comes in after, feel free to send me an email and I can pass it along and we can get your question answered that way. But to close us out, "Will the housing authorities FFY change for any reason as a result of conversion?"

Kathy Szybist: Will the housing authority's what -- what was that again?

Dan Esterling: I think they're asking that physical year end. No, the approval of streamline voluntary conversion wouldn't impact your physical year end. PHA can change their fiscal year end but that's a totally separate process from that.

Caila Prendergast: Okay, thanks, Dan. And then I'll pass it over to you to close us out really quick.

Dan Esterling: Well, that's it. I just honestly just want to thank Kathy for -- James and Jane for doing such a great job answering all those questions today and leading us out. And for all the great questions that came in, I think we had a lot clarification on a lot of good questions, so thanks everyone for joining and look forward to hearing from everyone and seeing everyone at our next Wednesday webinar.

Caila Prendergast: As just as a reminder, you'll get a little pop up to complete a survey after this and we really appreciate if you fill that out. So everybody enjoy the rest of your day and we'll see you next time. Thanks.

(END)