

Public Housing Repositioning: Wednesday Webinar Series

Preservation Strategies - 3/17/21

Dan: We really do take into account your survey responses to try to make things better and particularly for future topics. I know one of our upcoming topics is as a result of the survey respondent's requests. So with that, we have tons of good content today. Next slide, please.

Just introducing our two presenters, Jane Hornstein, who's been on several of these. She's the director of the Special Applications Center. And Eva Tafoya from the voucher office, that should say, PBV expert from the Office of Housing Voucher Programs. Next slide.

Okay. So just to orient everyone before we kick it off, why are we here today? So we're really mainly talking about preservation of reposition properties. So the speakers today are going to talk about -- are going to review the options available to the PHAs that are on the phone here interested in preserving their public housing units that need some level of rehabilitation. Also talk about some of the barriers that might exist as you try to project-based vouchers, project-based voucher those units after conversion.

And understanding, what are your some of your options for attaching that PBV assistance when you're planning redevelopment? Either right after conversion or at some later date. Next slide.

And again, as Caila mentioned, all of these Wednesday webinars have been recorded. They're up on the HUD exchange. The next webinar we have planned is for environmental review procedures for housing authorities repositioning. The registration link for that should be up in, I'm guessing, a couple of days or so. So be on the lookout for that if that's something of interest to you.

And we're also going to do, like I mentioned, working with the developer, which was a survey request sometime, I'm guessing, either late spring or early summer. And so that link will be forthcoming as well. And so, any of these previous webinar topics are available for review at any time if you just go onto the HUD exchange. Next slide.

Okay, I'm going to turn it over to Jane.

Jane Hornstein: Thanks, Dan, and welcome, everybody. So we're going to talk today about preservation tools. I mean, we really want to look at how can you preserve public housing? Obviously, the primary tool that we have today is RAD. Under the new RAD rent just came out. We'd like everybody to look.

At this point 45 percent of all the public housing authorities can secure RAD rent at least 90 percent of the fair market rent, so we're in a really good environment for folks to be looking at RAD. In addition, Congress has recently locked in the new four percent low-income housing tax

credit floor. So this should also help to raise capital for public housing authorities, as well as other affordable housing programs and.

There's more information on the RAD resource desk. There's the -- we also just put out in January the new PIH notice 2021-07, which now provides more flexibility under the RAD Section 18 blends. So we did a Wednesday webinar on that last month, and that should be up on the -- I can't remember where, but it's up, as Dan mentioned above. If you click on the link in your PowerPoint, you can get to that and that should help you understand the blend a little better.

And the third major preservation tool we have is choice neighborhoods. Again, we know that's a rare resource, but it is available and people should consider it as -- even if it's a planning grant, may also have implementation grants. But that's to help you with repositioning and thinking about how to preserve your existing stock.

Two more tools -- you want to go ahead, Caila -- two more tools include the streamlined voluntary conversion, which would allow you to remove units from public housing, section 9 to section 8, housing choice vouchers and/or Section 18. And again, we have all the different justifications.

Today, we're really going to focus in on Section 18 obsolescence, but it will apply as well to Section 22 and some of the other Section 18 justifications as well into how you can preserve your units and create project-based voucher units.

So the timing and the disposition in redevelopment. This is this is a critical piece if you're planning to go -- if you're planning to preserve your unit and try to project-based them, if that's your direction, that's what you want. So one major thing that we want to stress here is that you cannot sell your property to an interim entity and then hold it for two years while you put your financing together.

We want to know that you're going to send it to the new entity that's going to do rehab. No hab can be put onto units that had been deemed obsolete and just hold them. The renovation has to occur immediately. I want to stress that, that there's no interim time period while you put everything together. It has to be -- we have to know that your financing is there, ready to go and that you can do that.

So your financing must be secured, your rehab needs to start right away. Okay. So I just do want to stress that. Now, okay, go ahead. Going on to -- now comes the path to project banking and vouchers and we are going to talk about all the pitfalls and what concerns we're going to have as you're going through this path and how, and recommend ways that we can go forward. So with that, I'm going to turn it over to Eva.

Eva Tafoya: Thanks, Jane. So really, the reason a lot of the bulk of this presentation is going to focus on project-based voucher assistance, is that the most common method we are seeing for using Section 18 or Section 22 to preserve former public housing units is attaching project-based vouchers or PBVs to the project. So we're really going to spend a lot of time in this section of the presentation focusing on using PBVs for this preservation purpose.

In general, just as a general consideration, PHAs that remove public housing through Section 18 or Section 22 or streamline voluntary conversion may place PBV assistance on the sites. I tend to go back and forth between saying streamlined voluntary conversion or Section 22, so just apologies if that gets confusing. I use those interchangeably to mean some kind of voluntary conversion.

An important thing to keep in mind is Section 18 and 22 do not contain any waivers of PBV rules. A PHA must comply with all standard PBV rules and processes when project basing a former public housing project. Just as a reminder, we did a PBV program overview webinar in December of last year that covered the basics of project basing in the context of repositioning. So you may also want to check out that recording as a refresher for just the basics on what that process typically looks like and information about the limitations that apply. And you can find a link to that webinar actually at the beginning and end of the slide show.

So this somewhat straightforward process to get to PBVs does get more complicated if the public housing property requires rehabilitation. And in the next few slides we'll focus on those considerations to be aware of when the property requires rehabilitation. And I do want to just highlight for you that these same issues that I'll be discussing apply to the Section 18 unit within RAD Section 18 blends for the most part. So do keep that in mind that I'm talking about all Section 18, including blends generally. All right, let's go to the next one. Thanks.

So let's start with just a couple of foundational concepts. The PBV program enables a PHA to attach some of its voucher authority to specific units, those units are then reserved for voucher assisted families for the duration of the contract. Typically, it's a very long-term contract, so the particular families living in the units may come and go, but the owner always keeps the units reserved for voucher families.

The process for attaching PBVs to a property is largely determined by whether the property qualifies as existing housing on the one hand, or as rehabilitated or newly constructed housing on the other. With existing housing, the PHA attaches PBVs to a project using a housing assistance payment contract or a HAP contract. When repositioning projects are existing housing, the PBV HAP contract is often immediately executed following removal of the project from the public housing program and residents become PBV program participants right out of the gate.

With newly constructed and rehabilitated housing, PHAs do not enter into HAP contract until after first signing an agreement to enter into a HAP contract, and AHAP. And then after performing the rehab or construction. During the AHAP period, the units are not occupied by PBV assisted families and the owner does not receive HAP. Only after work is completed is a HAP contract signed and are families moved onto the PBV program.

The really beneficial part of this process is that there are very clear rules for how work can proceed. So it's a very clear process for how to perform that work and get from AHAP to HAP contract. Let's go to the next one.

These are the basic definitions of those three housing types under the PBV program so that you know which path your project is going to go down. There are some nuances that are better explained in the regulation in the FAQs. So I do recommend reviewing those. But just to give you the basic definitions, existing housing is units that substantially comply with the housing quality standards or HQS on the proposal selection date.

Newly constructed housing is where units do not exist on the proposal selection date and rehabilitated housing is where units exist but do not substantially comply with HQS on the proposal selection date. So an important note here is that the PHA defines what substantially complying with HQS means.

However, we do want to caution that a PHA's definition of substantially complies still has to be reasonable. A PHA can't look at a pile of rubble and say that substantially complies with HQS. That would not be a reasonable definition. So that's kind of the evaluation that a housing authority will need to make in order to determine which path to project-based vouchers a project is going to take.

But we do want to note that a PHA can classify a project as rehabilitated, even if it meets the definition of existing in order to follow the rehabilitated housing process for project basing units, that AHAB process. Why point that out? Well, choosing a path to project-based vouchers is not just about meeting the regulatory definition of existing housing. PHAs and owners also have to take into account all of the PBV program requirements in determining the appropriate path.

A common issue is that owners cannot comply with the ongoing requirements of the PBV program if the project is project-based as existing housing and then still needs major work. So we just want to point you right away to a solution, classifying the project as rehabilitated. We'll discuss various options we're working on later with in this vein. But first, I want to just dig into the PBV rules a little bit and give you an idea of what I'm talking about when it comes to those issues with project basing as existing housing when the project still needs major work. Let's go to the next one, please.

So here's the biggest consideration when trying to classify a former public housing project as existing right after conversion when a project needs work. The regulations regarding project basing existing housing expect that a PHA and an owner will enter into a contract and both parties will reasonably expect to fulfill the terms of the contract. The units will meet HQS, be in good tenantable condition, and to be available for eligible tenants for the duration of the contract. This is the framework that the PBV program was established under, and the rules really assume that if the project needs work, that work will occur under an AHAP prior to contract execution.

So a really good example of this principle is in Title 24 of the Code of Federal Regulations, Section 983.210(a), which provides that the owner certifies that at execution of the HAP contract and at all times during the term of the HAP contract, all units, all contract units are in good and tenantable condition, and the owner is maintaining the premises and contract units in accordance with HQS. So let's go to the next slide, please.

And we'll dig a little bit deeper here on that HQS concern. The PHA is required to vigorously enforce the HQS during the HAP contract. This presents a concern when units must come out of HQS compliance during the work period. So for example, when a project is disposed for obsolescence under Section 18, we know that even if the units meet HQS upon initial conversion, by nature of being deemed obsolete, the owner must conduct some significant amount of work in order to keep the unit at HQS for the duration of the PBV HAP contract.

Beyond the general concern, there are some specific regulatory provisions to be aware of. The first one on this slide is the PHA cannot pay half for any period PBV units do not comply with HQS. This is probably our clearest example of the need to vigorously enforce HQS.

On the last bullet on the slide, I think some background is helpful. So generally in the PBV program, all proposed PBV units must fully comply with HQS before the PHA can execute the PBV HAP contract. There is a limited exception if the Housing Authority has adopted either or both of the HQS flexibilities authorized under the HOPMA, the Housing Opportunities for Modernization Act. I'm not going to get into those right now, but I just want to mention that that's a very limited exception that does exist.

The general rule for existing housing projects is that all PBV units must comply fully with HQS before contract execution. Additionally, in the repositioning context, families displaced by a Section 18 or Section 22 action generally need to be offered comparable housing that fully meets HQS.

So all of this is to say that work is likely to be required in order to bring units up to HQS compliance prior to HAP contract, even if units will later be renovated. All right, let's move on. Thanks.

Another major area of consideration is PBV tenants' rights under a lease. In the PBV program, the owner can choose to unilaterally terminate a family's lease only under limited conditions. These limited conditions do not include a business or economic reasons such as renovation. So in order to relocate a family after occupancy of a PBV unit, the owner must secure tenant consent. Tenants and landlords can mutually agree to terminate a PBV lease, but tenants cannot be coerced.

So sometimes we get the question of whether the family can just be required to move temporarily, not terminating the lease. And the answer there is PBV leases, like all leases, allow the tenant to use and occupy the unit rented. The owner cannot force the family to live elsewhere while under lease. Let's go to next one. Thanks.

Another consideration here is, is whether it really is in the owner's best interest to project-base the units as existing housing prior to work, given that the PBV subsidy the owner is entitled to may be less than expected. So a first consideration is PBV rents cannot be set at an amount higher than the rent reasonableness standard.

Regardless of the local FMR, the PBV rent paid to the property owner cannot be higher than comparable units in the market based on the PBV units in their current state. And I really want to

emphasize this point. The PHA has to look at the as-is condition of the unit to determine if the rent is reasonable, not the condition the units will be in after work is performed. This initial rent to owner is also the rent amount that the PHA can use to set a rent floor. So the PHA can provide in the PBV HAP contract that the rent will not fall below the initial rent to owner except under limited circumstances.

So a lower initial rent to owner provides the owner less protection under the rent floor in years to come. Secondly, in this vein, owners can only ask for rent increases at the contract anniversary date. So if a HAP contract is executed and two months later all of the work is done, the owner still has to wait until that first year is up before being eligible for a new reasonable rent based on the new condition of the unit.

The next major consideration here is there are no rehab assistance payments and the owner will not get vacancy payments during work. The PBV program does not allow for vacancy or move out month payments if the vacancy is the owner's fault. So if a unit is vacant because the owner is doing work on the unit, then the owner is not getting HAP for that unit while work occurs.

The owner also cannot keep the HAP paid for a partial month in which the family moved out so that work could occur. And also, as I mentioned earlier, the PHA cannot pay HAP for any period PBV units do not comply with HQS regardless of whether the unit is vacant or occupied.

I just want to point out that a common area of confusion on this point is that RAD is the program that allows for full contract rent on day one and rehab assistance payments for vacant units during rehab. These are features specific to RAD and do not apply to Section 18 or 22. And they also do not apply to the Section 18 units in a RAD blend. All right, let's go to the next one. Thanks.

A further consideration when project basing the units of existing housing prior to work is the impact on cost. So there are two points here. The first is Davis-Bacon wage rates may apply to the work. We see a lot of confusion on this because there's a misconception that Davis-Bacon doesn't apply to existing housing projects. That's incorrect. Development activity initiated on existing housing within 18 months after the effective date of the HAP contract is subject to Davis-Bacon if the project has nine or more PBV units. So that's not a cost that you're necessarily going to avoid by classifying a project as existing.

Secondly, a PHA cannot use capital funds at the site after disposition. So in contrast to RAD, under Section 18 and 22, once the Declaration of Trust or DOT, is released from the land, the units are no longer public housing, so no public housing funds can be used. This isn't really a consideration specific to PBV. The point here is just to remind everybody that the PHA will have to come up with funds to complete work from a source other than public housing funding. And that's in contrast to the way it works in RAD.

All right, let's move on to potential solutions. What do we do when a project that is being repositioned needs work? So the first option is the one that I mentioned earlier. If the project needs rehab, follow the rehabilitated housing PBV procedures. By classifying the project as

rehabilitated housing, the PHA follows the PBV process as it was designed to work, execute an AHAP, conduct rehabilitation, and then execute the PBV HAP contract.

One point of clarification on this is that the AHAP can't be executed while the project is still public housing. The property has to first be removed from the public housing inventory and released from DOT prior to execution of the AHAP. It's also important to consider that there's no subsidy associated with an AHAP. Current tenants must be either temporarily or permanently housed during the AHAP period. The current tenants will not be under a PBV lease with HAPs paid on their behalf during the AHAP period.

One important consideration here is a PHA's flexibility with regard to staged AHAP. A housing authority can provide in the AHAP that work on units will be completed in stages and then units can be added to the HAP contract as they are completed. This can mitigate some of that concern with delayed HAPs because some units will come online and be occupied earlier because they'll be online and occupied as soon as they are completed. So the owner doesn't have to wait until every single PBV unit complies with HQS to start getting HAPs in the context of rehabilitated housing.

In fact, some units will not -- if there are units that won't have any work done at all and they already comply with housing quality standards, then those units can constitute the first stage and be added to the HAP contract at execution of the AHAP. All right, let's go to the next one. Thanks.

So on this slide, I'll talk about some options that can help housing authorities address the issue of where families can reside during the AHAP period if there's going to be an AHAP. So let's talk about this first bullet. Many PHAs happen to have multiple PBV projects in the works at any given time. PHAs can consider their other PBV inventory to be a relocation resource when repositioning a public housing property.

So the example that we have on this slide is you can use the PBVs awarded in connection with the repositioned project to offer PBV units at another PBV project to current residents of the property being repositioned. So if that PHA already has a project that's already under PBV HAP contract or will be placed under a PBV HAP contract, then the Housing Authority can offer the residents who are being displaced to go and live in that other PBV project.

This would vacate the former public housing project so that it can be renovated under an AHAP and then those units could be project-based once complete. At that time, once the units were complete, the PHA could use the housing authority's current voucher budget authority to project base the newly completed units or could offer to move the displaced families back to their original project.

I do want to point out that this option may be more feasible for Section 18 dispositions than for a streamlined voluntary conversion. For SBC, you just have to remember that in most cases the tenants would have to consent to take a PBV unit in lieu of using a TPV as tenant-based assistance in their current unit. So that's one consideration to keep in mind, there, is whether you're going through Section 18 or Section 22.

Another option is to face the disposition. A PHA may be able to relocate families within public housing units in order to vacate an initial set of units that will constitute the first phase of disposition. So typically, what we would expect to happen here is the PHA would move families within the public housing project while it's still public housing. And then ultimately the housing authority would eventually move every family in the project into the PBV units.

If families were permanently relocated to other public housing units without an offer of voucher assistance in the PBV units, the PHA would not be eligible for an award of tenant protection vouchers for those families that had been permanently relocated into public housing. So that's why we'd expect that the plan in a phased disposition would be to ultimately offer all families a PBV, basically to preserve that full tenant protection voucher eligibility.

So what's the benefit of these phased dispositions? Well, having a vacant first phase would make it easier to complete work on the first phase under any HAP because there would be no tenants to relocate. Once the first phase is completed and placed under HAP contract, the PHA could offer to move public housing tenants in the next phase into those completed public project-based voucher units. And doing that will vacate the next phase of public housing units to allow that next phase to go under an AHAP and begin work.

So the PHA could proceed like this in phases until all of the units have been vacated, removed from the public housing program, renovated and then placed under a PBV HAP contract. The PHA would typically get batches of tenant protection vouchers as those PBVs become ready. The PHA would also continue to operate the units in the later phases as public housing until those later phases are vacated and removed.

And really, the most important consideration here is that the PHA would be able to better manage tenant relocations with as little disruption as possible, ultimately putting families into good quality, renovated PBV units. Again, just keep in mind that using this method for streamlined voluntary conversion may have some added work involved to get tenant consent to take a PBV unit. All right, let's go to the next one. Thanks.

One more set of options to consider involves offering tenant-based assistance to impacted families rather than project-based assistance, at least initially. So the first thing that we've highlighted here is the PHA could provide current residents a tenant-based voucher to move out of the unit. Again, PHAs do have to keep in mind for streamlined voluntary conversion that residents have a right to remain in the unit with tenant-based assistance if the unit will continue to be used as rental housing.

But in many cases, PHAs are able to vacate projects by offering tenant-based assistance. Again, vacating a project allows work to proceed under an AHAP, and then the units can be placed under a PBVHAP contract once complete.

Many housing authorities offer families the choice to return to the project and use the family tenant protection voucher as project-based assistance in that original project once the project is

complete and under HAP contract. Families that have relocated with tenant-based assistance cannot be required to return to the project, but that offer can be made.

So if for one reason or another, tenants do not return to the PBV project, then the PHA would have to use current budget authority to fund the project-based vouchers. In either case, the PHA gets the tenant protection vouchers. It's just a matter of whether the PHA uses the TPVs in the project or existing budget authority in the project.

We do sometimes hear concerns that if PHAs are not able to get the families that were issued tenant protection vouchers to return, they might not have the voucher budget authority to backfill the project. So I think it's important to note here that this is a pretty standard business process for housing authorities. PHAs do regularly prepare to use current voucher budget authority for PBVs. They may be able to use turnover vouchers to do some or they may choose to shelve some vouchers, meaning they would withhold some vouchers from youth leading up to the PBV HAP contract in order to be able to meet the PBV commitment when the time comes.

Any shelved vouchers held for PBV may impact the housing authority's utilization rates. So because of that, it's generally a best practice for PHAs to manage having sufficient budget authority available for PBVs by shelving vouchers for no longer than is really necessary, based on the planned end of construction and the PHA's turnover rate.

Also, I just want to know that HUD typically offers a PBV set aside option in the annual HDB funding notice, and that enables housing authorities to get funding if vouchers were shelved during the prior calendar year re-benchmarking period in order to be available to meet that commitment for PBV assistance. So there is some leeway there that we can provide.

Okay. So this last bullet on this screen is just to highlight the increased flexibility of the tenant-based voucher program. So when a family is offered a tenant-based voucher, the family chooses where to live. But a lot of families don't want to move and may be happy to just use their voucher in their current unit. So the flexibility here is that if a PHA offers the family the ability to remain in unit with tenant-based assistance rather than a PBV, then after the first year of tenant-based assistance, an owner can terminate a lease for a business or economic reason such as renovations.

Just because this is more flexible than the PBV program, PHAs may want to consider incorporating a period of tenant-based assistance following repositioning into their longer term redevelopment plans. Proceeding in this way tends to be a little easier to navigate than offering PBV in unit and then renovating because the program rules for tenant-based vouchers already are set up to handle this.

One caution, though, is what Jane mentioned earlier. A housing authority would really need to make sure that this aligns with Section 18 or streamline voluntary conversion plans. This path just might not work if the PHA is representing to the fact that it has immediate rehab plans, so do keep that in mind. All right, let's go to the next one.

Okay. So I'm just moving on to a few reminders on tenant protection vouchers or TPVs. If a PHA applies for and receives tenant protection vouchers, it must offer the TPVs to the impacted residents. The form of the TPV assistance may be tenant-based or maybe project-based, depending on circumstances, but the PHA must ensure that affected families are offered the TPV if the families are otherwise eligible to participate in the voucher program.

Second, if a tenant moves offsite with tenant-based assistance using that TPV, then that tenant and their associated TPV assistance cannot be forced to return to the site. So in other words, a PHA cannot use a TPV just to temporarily relocate a family and then require the family to move back to a PBV unit after rehab. Let's go to the next one.

Okay, just a couple more reminders on TPV's. So one reminder is there is no such thing as a PBV award that can be granted in lieu of a TPV award. We get asked that question from time to time. What's really happening is that a PHA simply requests the tenant protection vouchers and then project bases them. That's how you get to PBV.

I want to clarify here that there are some limited circumstances in which tenant protection vouchers cannot be project-based. One is if the housing authority's TPV award is for relocation TPVs, which are a temporary resource, rather than replacement TPVs, which are a permanent resource. Those relocations TPVs cannot be project-based. We're probably not going to see that too often in the context that we're talking about. It's probably a pretty rare occurrence. But just an example of one of the times when you can't project-base a tenant protection voucher.

Another is somewhat rare case where a family -- a particular family, happens to be zero HAP at admission to the PBV program, but not an admission to the HDB program. We sometimes see this happen if a family's total tenant payment exceeds the PBV contract rent. A family in that scenario would have to be offered TPV assistance as tenant-based assistance, so that would mean that the PHA would not be able to project-base that family's TPV.

The PHA may still be able to project-base the unit using regular HDB budget authority if the zero HAP family moved out of the unit with its TPV. So I won't go any further into the weeds on this, I just wanted to give you a couple of examples of those exceptions and we have a lot more information on that on the TPV site linked in this slide and also in the PBV resources that are linked at the end of the presentation. So if you want to get a little further into those exceptions, check out those resources.

Okay. So in order to get from repositioning to TPDs to PBVs, the PHS is really following three separate processes. The first is the SAC application or RAD application in the case of a RAD Section 18 blend. The second is the TPV application. So after the SAC approval, the PHA request, tenant protection vouchers. Including, in the case of Section 18 units in a blend. So all Section 18, if you want tenant protection vouchers, you make a separate request for TPDs for HUD.

And then finally, the third is the process to project-base the vouchers. The PHA must follow all normal rules to project-base the TPDs, and this includes Section 18 units in a blend. There are

very few RAD waivers that apply to Section 18 units when it comes to the steps that a PHA needs to take to project-base the units. So keep that in mind when you are going through a blend.

It's a good idea to start the PBV process early during repositioning planning to ensure that all of those PBV requirements are met by the time that the PHA wants to project-base the property. Okay. So I know that was a lot, I'll turn it over to Jane to finish us out and then we'll go to questions.

Jane Hornstein: Eva, thank you. This was really helpful. So just in closing, I want to make sure you consider all of your preservation strategies when you're looking at this. Again, there's previous webinars. If you want to look at them. There's the RAD Section 18 blends, which I talked about earlier, choice neighborhoods we've added here a website you guys to look at, and there's RAD. You can always go to the RAD resource desk and look at that as well.

There's also resident considerations, a webinar that we did a while ago. I highly recommend that you look at that. I also want to make sure everybody, again, looks at your RAD rents. They're significantly higher this year. So I want people to look at that and to think about that very clearly.

We've added some additional resources for RAD. Here's the resource desk and some RAD training materials and videos and how to apply for RAD, et cetera, so that's all here.

And then, lastly, I want to just really, really, really stress that if you want to convert to PBV, you need to know the requirements. You need to know the project-based voucher program overview, as well as there's a website for it, a webinar and a website to understand that. So please check those out.

Questions? We can open up for questions at this point. I did see a question in the chat box about getting the PowerPoint. That would be emailed out. Caila had sent that out to everyone prior to. If you did not get it, put your email into the chat box and Caila will send it to you.

Caila Prendergast: Yes. Thanks, Jane. We had a few questions come in during the presentation, but also just want to remind folks who maybe weren't able to join us right at the top that you can either just put your question in the chat box and I can read it out loud or you can sort of raise your hand to ask it verbally, there's a hand icon on the right-hand navigation panel. And I can check where you can just send me a note saying you want to ask your question out loud and I will unmute you.

But, without further ado, this is the first question. And they put a little precursor that they might need to provide some additional details. So just let me know if you need that. But if a PHA does a conversion and utilizes PBVs, but does not plan to do rehab for several years, individual tenants can stop the rehab plan for a project if they refuse to move and there is no recourse for the owner; is that correct?

Eva Tafoya: Well, so basically what is happening when a housing authority and owner execute a HAP contract is they typically would set the length of the HAP contract for whatever period the owner plans to have those units be in good and tenantable condition. So unless there's a use

restriction or some other reason why that wouldn't be possible, probably if an owner is planning to do work years down the line, the best bet would be to end the HAP contract, to have the length of the HAP contract be set initially at the appropriate length to allow it to end at that time.

Caila Prendergast: Okay, thanks. And just we got a question about remaining time, so, yeah, all the time that we have remaining will be used for questions. So you know, we could end up potentially a little early, but definitely seeing a lot of questions. So I'll just go ahead and move on to the next one.

To clarify, phased dispositions cannot work in a single building. The phasing would need to be separate between buildings; correct?

Jane Hornstein: Well, we've been seeing some that have been doing it by floor. So but you have to make sure that all the common area is clean and meets HQS standards. So you can't, if you're replacing elevators, you probably can't we can't do it, but if you're doing mostly work in units, there may be a way to do it by floor. Depends on what the work is.

Caila Prendergast: Jane, I think I think the question was actually phased disposition, not staged AHAP.

Jane Hornstein: That's true. Yes. That's a little more -- disposition, no, you can't. You have to remove that, you have to remove it all at once. You have to remove from the buildings and the DOT all at once.

Eva Tafoya: Unless you do a phased DDA removal and do partial DOT releases based on different portions of the property, if it's multibuilding or something like that.

Jane Hornstein: You could -- well, that would be really complicated unless you really want to condo the building or something. Do it in one building. But multiple buildings, you could do it usually.

Caila Prendergast: Is the person who asked the question, does that answer, or do you have a follow up?

Let me -- Shannon, I'm going to unmute your line. Does that answer your question, Shannon? Okay, taking silence as a yes. Okay, next question, who pays for the tenant protection voucher?

Eva Tafoya: So I think if I'm understanding correctly, the question is basically, where does an award of tenant protection vouchers come from? So hopefully that's the question. And please clarify in the chat if that's not the question. But basically, HUD has an extra pot of voucher funding available to fund tenant protection vouchers.

So a housing authority normally gets all of its regular voucher budget authority through formula grants every year. And then a housing authority can then also apply for an additional award of new money, new tenant protection voucher money from HUD in connection with one of these

repositioning actions. For example, a Section 18 or Section 22. So this is new additional permanent voucher budget authority in most cases that a housing authority gets from HUD.

Caila Prendergast: Awesome. Thank you.

Jane Hornstein: It's a congressional appropriation that comes to HUD and HUD disperses it.

Caila Prendergast: Okay, next question. Okay, I just want to clarify that if we have under 100 HCBs, we have to have our whole HCB program administered by a partner, not the affiliate that we transfer the title to. We will lose the admin fee under this structure. Correct.

Jane Hornstein: I'm assuming that refers to the blends where they have to have a larger HCB program.

Eva Tafoya: Yeah, I guess, I mean, it sounds like there is a little bit of confusion here, because there's a requirement under RAD for streamlined RAD conversions that requires a voucher agency that will administer vouchers to have a certain threshold number of vouchers. And then there's also a provision for RAD Section 18 blends that has a different threshold for how big a voucher agency that will administer the vouchers would need to be.

But those are the only programs, I think, that have such a restriction. So when vouchers that are awarded are administered by a different PHA, it is correct that the different PHA is the one that gets the admin fee.

Caila Prendergast: Okay, and that person clarified while you were asking the question that she is referring to Section 18.

Okay, next question. Oh, go ahead.

Eva Tafoya: No, that's okay.

Caila Prendergast: Okay, for any of these repositioning tools, for PHAs that don't administer a voucher program and have to partner with a voucher program -- with another voucher agency to administer the PBV contract, has there been any consideration from HUD to provide an automatic waiver of the competitive RFP process? I understand that you can request a good cause exemption, but it would be helpful to make this process more automatic without having to submit a good cause waiver.

Eva Tafoya: Yeah, I don't actually think that we have authority to waive requirements for, just generally for a program, but certainly if you take a look at the proposed rule that will amend that provision in the regulations, you'll see that we are considering such an approach, and keep an eye out for the final rule where hopefully we will be able to respond to any public comments that have been received and address that in the best way possible.

Caila Prendergast: Okay, thank you.

What would be the best option if you want to redevelop an existing large public housing property in phases in order to minimize displacement and community concerns? Over a period of time? And have newly constructed units under some form of a HAP contract.

Eva Tafoya: I guess my initial thought is probably that would be a good question to bring to a panel call so that we could actually talk through the specifics of the particular community and what the plans are. I don't know that I can think of anything, general, that we can say would be a best option across the board. But anyone else on the panel have any thoughts there?

Will: Maybe one overarching theme in terms of minimizing disruption to residents and having community buy-in is build first strategy whenever possible. If you're doing a major redevelopment of a property, it's going to be done over multiple phases. If there is any way to build first, then move renters one at a time into the new units and demolish the properties, the property that they were living in, build the second phase there and then keep going. That's always the least disruptive and that generally works with the tools, whether Section 18 or RAD or positioning tools. So I think the details of that, we can get into -- we have to get into more on a [inaudible].

Caila Prendergast: Thanks, Will.

Next question: Can you touch on the AHAP a little more? Can you collect vacancy under AHAP?

Eva Tafoya: No, there are no HAP -- there are no housing assistance payments of any kind, whether they be housing assistance payments or vacancy payments for units that are under an AHAP. That is not a feature of an AHAP.

Caila Prendergast: Ok, great.

When a project is proposed to be RAD, but is going to be demolished, it will need demo [inaudible] approval directly by SAC? Or is that going to be a part of the RAD deal process approval? In that case, how is it going to be shown in the pic?

Jane Hornstein: It can be -- RAD can approve the demo. Or Section 18 can be approved. It can be approved under Section 18. I think it's at the housing authority discretion. If they do it through RAD, they get RAD rent. If they do it through Section 18, they would be eligible for TPSs.

Male: If you're converting the assistance through RAD to demolish and redevelop the property, you don't need to -- you would not need a separate Section 18 approval. You would approve it through the RAD process. And all the significant requirements would be per the RAD notice. You wouldn't have to submit a complete Section 18 application into [inaudible] to demolish the units.

Caila Prendergast: Okay, thanks. Please discuss the proposal selection and what defines that date.

Eva Tafoya: Okay. So for the PBV program, the proposal selection date is defined under the regulation as the date that the housing authority notifies the owner that the project has been selected for project-based voucher assistance. So there's a lot to unpack there, trying to simplify just a little bit. Basically, typically what happens under the project-based voucher program is the housing authority either has a competition in order to select a project or selects a project, non-competitively or based on a previous competition.

In any of those scenarios, what the housing authority does to officially select a project is to notify the owner in writing that the proposal has been selected. So in the repositioning context, it is confusing. So typically, the owner is still the public housing authority. So you're writing a letter to yourself, sort of, which is odd. And typically, in the repositioning context, a lot of these projects are going to be selected, noncompetitively.

So it's sort of an odd thing to think about to have the project be chosen after no competition has occurred in order to select the project. So one of the things that we've sort of been batting around is, is to clarify that it would probably make sense for a housing authority to issue that selection letter in the context of repositioning at the same time as the board approval to project base the property that's required for a noncompetitive selection.

So in any case, what our rules say and what our FAQ guidance says is that date is technically that date of the notification letter to the owner. But unpacking that a little bit more, probably what we'd expect to see in most cases is that letter is something that the housing authority officially notifies itself with at the same time that the board approves the noncompetitive selection. So hopefully that helps. I know it's confusing.

Caila Prendergast: Okay, thanks. Do you know the status of the HOPMA PBV HCV proposed regulation?

Eva Tafoya: Yeah, so the comment period was extended until early January, I believe, so we have all of the public comments now. We are in the process of reviewing them and we really hope to be able to consider all of those questions and get a final rule published as soon as possible. I can't really give you a great estimate of the time frame on that part, but I will -- I am able to just say that the comment period on the proposed rule has closed and we are in the process of drafting the final rule.

Caila Prendergast: Great, thanks, and Will, I got a follow up to your responses, have there been any examples where tax credits are used and there is a phased DOT release, maybe using escrow?

Will: So certainly there are tons of escrow transactions. Usually each escrow transaction is associated with a single DOT notice. So if they're doing a multiphase redevelopment, they are dividing, they're releasing a portion of the DOT and replacing it the RAD [inaudible]. It would be their RAD portion.

Caila Prendergast: Okay, thank you. And I think that is the last question that I had in my queue. So last call for questions. Either raise your hand or send me something in the chat. Okay. So we

got a question about training resources to learn more about the RAD process. I know there's a lot out there, but anything specific that you can direct the audience to for learning about the process?

Will: Okay. So on the RADresource.net, we have a ton of resources on the RAD process, including some one-on-one webinars. And so, if you could make [inaudible] the kinds of things you're looking for, or maybe we can just send you some general point you to the [inaudible] of where on the RAD resource desk you can access those webinars and trainings, we'd be happy to send that your way.

We also, of course, can offer if anyone is looking for technical assistance, we can offer some hours of TA to help folks navigate the process. So if you're an existing RAD awardee and you are feeling a little bit lost, we are very happy to send someone to you to help to kind of orient your way.

Caila Prendergast: And if you are interested in the TA that Will mentioned, I would just leave a note, that's one of the questions in the survey that will pop up when you close out. So just leave a note there and we'll flag it and get that process started. So I'm not seeing any other questions on my end. I'm going to ask my panelists if they have anything that came in to them directly.

Eva Tafoya: No, nothing for me.

Caila Prendergast: Okay. Well then, I think we're all set. I just want to thank everybody for joining. And again, there's a survey that pops up. You kind of, I think, sometimes have to give it permission, but just be aware of that and I will pass it over to Jane and Eva for their closing remarks.

Jane Hornstein: Thank you, Caila. And thank you, Eva and Will and Kathy and Chad and Dan for joining today. I thought it went really well and I hope everybody got what they needed out of it. But again, call us, write us, if you need more help.

Eva Tafoya: Thank you for that.

Dan: Sorry to talk over you there. I just wanted to highlight that we do -- there are just two more quick slides. I know there was some question about additional resources. So I'm sure by this time folks who have registered may know this already, but we have a nice website set up with a lot of additional repositioning resources. We have another recorded fall training session and repositioning that goes through at more of a high level RAD and the various repositioning tools that are available.

Will had already mentioned the RAD resource desk, which is a great resource, a lot of videos there for PHAs interested in RAD. And then, we also have your local field office. So if you haven't yet reached out to your local field office, they can help you.

We have these repositioning assistance panels, which Eva mentioned, where you can get some one-on-one assistance with some of the experts from headquarters and talk through some of your repositioning options. And there's also a series of regional repositioning convenings going on,

too. So if you, depending on where you are, you may have a chance to get in on one of those and you can get more assistance in figuring out what options are best for your housing authority in your local community.

Caila Prendergast: All right, thanks, everyone. Enjoy the rest of your Wednesday.

Jane Hornstein: Thanks.

(END)