

Public Housing Repositioning: Wednesday Webinar Series

Repositioning Office Hours, 5-15-23

Antonella Salmeron: All right. Good afternoon. Thank you for joining the final installment of the Wednesday webinar series. My name is Antonella Salmeron, and I am your host for today. Today's session will be in an office hours format, so we'll have subject matter experts from HUD's Office of Recapitalization, the Special Application Center Voucher Program, and Field Operations, who will be available to answer questions about repositioning. You may ask questions using the Q&A function on Zoom that I will monitor, and I will read your questions to the speakers, or you can also raise your hand to be unmuted if you'd rather ask your question verbally. If you would like to notify our team of any technical difficulties, please send us a message using the chat box.

Today's session is being recorded and will be available on HUD Exchange in about three weeks following the webinar. Immediately following the webinar, you will receive an invitation to complete a survey, and we ask that you please complete this with any feedback that you might have you might have for us with that. Jane, please take it away.

Jane Hornstein: Thanks, Antonella. This is -- I'm Jane Hornstein, and I'm with the special application center. We have on the line with us John Ardovini. Kathy Szybist out of the sack. John is with the recap team, Melissa West from the voucher office, Tamika Green and Will Lavie also from recap. So just really quickly, what -- why we're here. The goal of this series, this webinar is to sort of put a wrap on the whole Wednesday webinar series that we've been doing since 2020 and answer your questions in an office hour setting.

So, it's a pretty straightforward, simple -- we're going to just give you a little bit of background on what we did and then we'll open it up for questions. We started this the webinar series in 2020 with the objective to reach PHAs considering a repositioning strategy. We tried to identify specific issues that were -- that we were hearing a lot about from various housing authorities. There has been a total of 27 webinars, and we've had over 3,000 attendees. All of the webinars have been recorded and are posted on HUD Exchange. We'll be sending around this slide deck after -- afterwards, so you'll have this for your records, and you'll be able to go back and look

We also have listed out all the webinars we have done, so all 27 and those are all listed below. Just really quickly, we also know that there are -- with this -- with HIP coming online, there's lots and lots of questions. There is a webinar scheduled for the HIP implementation on Tuesday, the same with HOTMA. All the new rules and regulations coming out around HOTMA, and they're having a training on Monday. So, we may not have all the answers today, and we will -- we're going to try not to entertain a lot of questions on this, so can you -- if you can please save those for next week.

But, you know, we do know that there are lots of questions and concerns about them, but we're trying to do as best we can with them. And Antonella is putting the links in the chat now for you for all -- for those two webinars. So, you may want to create your own invite there. It's on a broadcast format, so you can just join it, you don't have to pre-register.

And let's see, so this is, again, this is the list of what we've done over the years, and it's pretty extensive. Thank you. Antonella. Yeah. And the key takeaways. The main thing we want to want you all to know that repositioning is optional and voluntary. No one's telling you have to do it. There's a lot of good reasons to do it, and a lot of good reasons not to. So, these are individual decisions by each housing authority. We want to make sure you're engaging your residents in the field office in your repositioning plans early on.

You know, the sooner you can let everybody know what's going on, the more input you can get and make sure it's not -- you don't end up somewhere you don't want to be. We want you to explore the repositioning options that align with your goals in the PHA plan, and there is a specialized panel call that you can request with headquarters on repositioning to discuss either specific projects or an entire portfolio. Please contact your field office and they will call it in, and we can set it up for you. We may do some pre-interview, or have you fill out a form prior to, so we have some background coming into the call, but the calls are usually about an hour, and they're usually pretty helpful.

Okay. So, should we start? Oh, the next one talks about asking questions on the Zoom platform. Okay. Yeah, so --

Antonella Salmeron: Thank you. Jane. Yeah. So, the chat is disabled in terms of you can reach us, but not everyone on the call, so that keep it just in case you need any technical assistance -- tech assistance there. But if you raise your hand, I will unmute you. If you like to ask your question verbally or if you rather use the Q&A function as depicted here on screen, you can do that as well. So I'll go back to this slide, and then I'll just invite folks to raise your hand to come off mute, and I'll unmute you or please start plugging in your questions using the Q&A function. I think some folks are sending it via chat directly to me. So, I'll start copying and pasting those here in the chat for everyone to see. But we have a question from Jen asking how PBVs -- how are PBVs project-based?

Melissa West: Hi, this is Melissa, I'm happy to address that question. So, I think the primary thing for housing authorities to think about when it comes to repositioning and project-basing your PBVs is that you need to have a clear plan from the start, and you need to ensure that you comply with all PBV requirements. Now, as Jane alluded to, the HOTMA final rule has been published and we will provide significant training on some of the implications and new flexibilities afforded.

But, by and large, the lion's share of the standard PBV rules still apply, and you need to think about on the front end what exactly you want to do with your units. And the starting point is really when you're looking at your PHA plan, your admin plan updates, and your discussion with your residents, and notifying the public. And so, my kind of big picture cautionary tale is making sure that you're thinking about PBV at the outset and you're clear on what your PBV goal is. And if you do that, then you can follow the standard process of making sure you have the right information in those plans, making sure you're letting your residents know what their offer of comparable housing is going to be.

One of the biggest things that we see is a lot of times, housing authorities tell their residents that a tenant-based voucher is going to be their offer of comparable housing, but really the housing authority wants to project-based those, and under Section 18, the housing authority can choose

either one. But if your end goal is project-basing, that needs to be part of your plan from the beginning, not backing into it once you get your TPV allocation. So procedurally, you know that your plan should be clear at the point that you submit your application to the SAC.

Once you receive your approval and you're ready to move forward with your 90-day notice, we generally recommend that you apply for your TPVs at least 30 to 60 days before you need them. I usually recommend closer to the 60-day mark just to ensure that they are processed, and you have them in hand when you need them. But what I want to make really clear is that approval letter from the SAC is not approval to project base. Frankly, housing authorities have the discretion to project base, but you have to make sure that you comply with all of the applicable requirements.

So, one just little anecdote really quick, something we see a lot that I alluded to, making sure your plans clear from the get-go, is housing authorities tell their residents that they're making an offer -- an offer of comparable housing in the form of a tenant-based voucher, but ultimately they want to PBV the property. Well, you can't then on the back end, go to these families after the 90 days, once you have your PBV and enter into a PBV HAP. The residents needed to know that their offer of comparable housing was actually going to be project-based assistance. Or another common scenario is if you're -- let's say you're planning to do rehab on those units. If you can't project-base immediately, and again, under HOTMA, they're going to be some new flexibilities and options, and we encourage you to tune into the training on Monday where we'll go over some of those new options.

But the bottom line is if what you really need to give those residents is tenant-based assistance because they -- you want to give them the option to relocate, maybe you want to give them the right to return as well. But ultimately, if you're not taking them straight off the public housing lease for their public housing unit and putting -- and they're going under a -- their unit's going under a PBV HAP, you're not -- their offer of comparable housing isn't project-based assistance. So, you certainly can PBV you as the housing authority has the discretion to PBV, but it is absolutely imperative that you don't mistake the SAC approval letter as approval to PBV. And you have to go through both the process to project base, as well as the process to request the TBVs that ultimately you seek to project base.

Antonella Salmeron: Thank you. We have a good bit of questions related to PBVs, and I forgot to mention this earlier, but thank you to everyone who took the time to fill out the survey that we sent, along with the registration link asking for folks to submit questions ahead of time. I put one of those in the chat here for our speakers to take a look at. The question was asking, is there a process to follow for project-based in Section 18 PBVs, like the PBV checklist provided for the read Section 18 program? Or should we follow the PVB checklist provided by Section 18 program?

Kathy Szybist: Melissa. Yeah.

Melissa West: Yeah. So, a RAD/Section 18 team blends certainly has its nuances. So, you -- if you're not doing a blend, yes, you should follow the PBV checklist that's provided after you submit your notice of intent to PBV to HUD. That's generally the most helpful. We have lots of other guidance out there, and one of the greatest benefits of the HOTMA final rule being published is that our program regulations have been fully updated for the first time in about 20

years. So, we feel like it's going to be a little bit more intuitive to help you move through the regulations, have everything in one place, all of the updates are in there to help you know the steps that you need to take.

Antonella Salmeron: Thank you. We have a couple more questions from the survey on that, but I will actually switch to the Q&A for people who are writing down their questions there. I have a questions from Diane. We just recently received notification that seek approval of application for Section 22 Voluntary conversion, very excited. We're also approached by (inaudible) of one of our non-dwelling buildings to purchase it. They are the Head Start program and they were awarded money to purchase a building. They have been using this building for over 20 years. They're asking if they're able to sell before they close out of their public housing, and can they sell at fair market or under?

Jane Hornstein: This so -- yeah. So, yeah, she -- you can go ahead. Sorry. You can go ahead and sell it. I mean, you've gotten the voluntary conversion. So, and this is -- I'm assuming this site, that the head start is part of the development we gave the voluntary conversion to. Assuming that it is, if it's a separate site, it may need to come back in for Section 18 disposition. But if it's not, if it's on the same site and was part of the application, then you would then adhere -- you're clear to go ahead with the sale, and I think whether it's fair market value or not is between you and the buyers. If they have enough money to pay the fair market, that's going to be easier for you in the long run.

Kathy Szybist: But the SAC approval of the SBC should outline how the building was approved and who it's going to, right Jane?

Jane Hornstein: Right. Yes.

Kathy Szybist: And if it doesn't, if, as Jane said, this is even on the same site or a different site, if it wasn't specifically included as a non-dwelling building in the application and part of the approval, then you should come back in and request that disposition.

Antonella Salmeron: Great. Thank you. Going back to the survey questions, we had a question related -- relocation. If we are relocating residents to a different unit at the housing authority as comparable housing, do we have to use TPV or can that rent be paid out Section 8 funds.

Kathy Szybist: Yeah, I can take this one. So, a housing authority must offer residents one or more form of comparable housing. It could be another public housing unit, could be a tenant-based voucher, or it could be a hard unit with project-based assistance. So, TPVs are not automatically issued as a result of a SAC approval. The SAC approval authorizes a certain number of TPVs, but the housing authority must apply for them separately after SAC issues the approval. PHAs are not required to apply for the TPVs that the SAC approval authorizes, so if I understand this question, if the housing authority is saying, hey, we're underutilized in our HCV, we got plenty of resources to just use our own HCV allocation to relocate the families with Section 8. Then by all means, they can do that. You know, most housing authorities, if HUD is willing to give them TPVs, especially if they're going to be permanently renewed under their baseline, will and do apply for them, but it's not required. So hopefully that answered the question.

Antonella Salmeron: Thank you. Thank you, Kathy. Yeah, if there are any follow ups if you identify that we cover the question that you submitted through the survey, and you want to follow up, you can just either add it to the Q&A or raise your hand so I can unmute you. I'm going to move to the next question that we actually also receive through the survey, so thank you for putting it here as well, Kyle. I'm just going to read it out, but I also encourage the HUD staff to take a look. Our question is on preserving read Section 18 blend eligibility for projects where early demolition under RAD is contemplated.

In certain developments, the PHA has buildings that require costly repairs to pass local code compliance certification, and the PHA receive early relocation approval to vacate these buildings. Demolition and new construction of the entire developments are planned over multiple phases, but in the meantime, the vacant buildings are subject to crime, including squatting and the community (inaudible) would benefit from demolishing them in advance of closing. However, doing this would negatively impact the ability to pursue RAD Section 18 blend, if the assistance for early removal units is saved in a CAD CHAP or at RAD rent levels. Why is there no similar mechanism for preserving the RAD Section 18 blend TPV assistance those units could generate? Is HUD considering modifying this one once pic sunsets?

Tamieka Green: Antonella, I'll take that. So, the problem is that a property is eligible for a Section 18 construction blend based on what it's proposing in the RAD financing plan. And in the scenario described where HUD's providing, in rare circumstances, early demolition approval, i.e., demolition before the housing authority has even prepared a financing plan, we were unable to confirm that the property would be eligible for the construction blend. So, it's unfortunately a little bit of a technicality, and we can look at this in the future, but it's not something that's going to be resolved or is anything related to pick or hit, but it's -- and not anything in the immediate term that's on the horizon to be fixed.

Yeah, but I'll just say an alternative option here, given that we're talking broadly about repositioning, is another approach this property could take is you could see if it would qualify fully under Section 18. Say if it's in -- if it requires so much work, and including work to get it to code, the property might or viably reach the Section 18 obsolescence test. It might still be important to the PHA to hold on to the RAD tenant rights, which can still be done if the PHA takes a portion of the units out through RAD, but takes the rest through Section 18 under obsolescence. So that might be another way of getting to the higher rents at the property. And Kyle, if you want to follow up here on this call, take yourself off mute and keep talking about it, or if you want to, just take it offline, whatever you prefer.

Antonella Salmeron: Thank you. Great. It seems like that was helpful. If there are any follow up questions, please feel free to let us know. So, moving on to our next question here in the Q&A. If you are doing a rare transfer of assistance, unit by unit at a property, is this the best option or could you do a TOA for all total units, let's say 300 at the property?

John Ardovini: Antonella. I can take this one. It's a great question. So, with RAD, we often see PHAs think about transfer of assistance where yeah, they can take all of their units and transfer them from what we call the current site or originating site, and transfer them to the new site all at once, but 300 units? That's a whole lot of units, so often when PHAs have that many, what they'll do is they'll think about what we call a partial transfer of assistance, and they'll take it in phases.

And when they're taking it in phases, a couple of things that a PHAs going to want to think about. One is it cleanly separable?

So, if you have a public housing property, can we take off portions of buildings in certain maybe corners of the property? What we want to try to avoid is checkerboarding. So some in some in this building and some in that building, some in this floor and some in that floor, we want to make it as clean as possible, but we see FAS do both, transferring it in one fell swoop when there's less than 300 units, but also doing it portion by portion. So, both are feasible approaches, just got to think about a way to do it cleanly in the partial transfer of assistance.

Antonella Salmeron: Thank you. John. Just bring in a question from the survey. Actually, I guess two questions together. If a RAD Section 18 blend project has submitted its financing plan, received its RCC, and it's ready to draw down the TPVs from SAC during the transition period, will SAC be able to issue the new HCBs during the transition period as long as the RAD financing plan was submitted before July 1st? And similarly, if a RAD Section 18 blend project submits its financing plan before July 1st, will SAC be able to underwrite and approve the Section 18 disposition during the transition period?

Jane Hornstein: So, let me take that one. We are not -- so the RAD Section -- RAD -- the RAD desk will continue to be open. All RAD Section 18 blends should be submitted through the RAD desk, so you -- there's no shut down period for the RAD Section 18 blends. It's only for straight either. Section 18, Section 22, eminent domain, Section 32, Section 33 that comes through the SAC, only. If you can get it into the RAD desk, get it into the RAD desk, they will continue to process it.

When it hits that point, we will keep a log of any Section 18 applications we approve during the shutdown, and will go back into HIP once it's up and running and put those in. So don't worry so much about the RAD portion, the RAD Section 18 blends. It's just SAC itself. Because there's no way for you to submit it there, we can't check things, we can't do anything really, during that shutdown period, because we won't have access to any of the data. I'm hoping that helps, okay.

Antonella Salmeron: Thank you. Moving to our next question here in the Q&A function, are TPVs issued in streamline or straight voluntary conversions considered relocation vouchers or replacement vouchers?

Jane Hornstein: In a streamlined voluntary conversion, they are considered replacement, because our understanding is you're not building -- you're not going to bring back any kind of public housing. On that site, you're actually going to close out your ACC. Now, even if you're going to do Faircloth to RAD, those will convert to RAD very quickly, so we still would give you the replacement vouchers. Under voluntary conversion, I think that's something you all need to tell us, but I -- for the most part, it's going to be replacement. Not relocation. Relocation, we only issue relocation vouchers if you are bringing back ACC Section 9 units on site. Now, Kathy, if you have something to add to that.

Kathy Szybist: No, sorry. I was getting off mute. That was perfect.

Jane Hornstein: Thank you.

Antonella Salmeron: Okay, thanks. Just once again, folks, if you want to rather ask your question verbally, just make sure that you raise your hand using the Zoom function for that, or you can also write down any questions using the Q&A function. I'm going back to the questions we received through the survey. Someone asked, are PBVs officially project-based when we enter into a PVB HAP contract?

Melissa West: So, the easiest interpretation and answer to that question is yes, once units are under a PBV HAP contract, or they're considered part of the PBV program, so those -- that voucher assistance would be considered PBV. There are lots of other things that we could read into this question and other scenarios and think about AHAB situations and so on and so forth, but ultimately your tenant protection vouchers eventually just become part of your overall voucher authority, and if you choose to project-base them, then once you enter into that HAP, then yes, that assistance is considered project-based.

You know, there are circumstances where units can be removed from a HAP contract, certain circumstances where that can even be required. So, it's -- I would think of it more as in the budget authority context of the goal of the TBVs is to sort of try to make you whole for those units that were occupied. They can be used as tenant-based assistance, you, as the housing authority, can exercise your discretion to project-based them as long as you follow all program requirements. But it's not really this notion that like once PBV forever PBV necessarily.

Antonella Salmeron: Great, thank you. Just moving to the next question here in the Q&A. The HUD USDA project, or -- can be repositioned -- this position under SBC.

Jane Hornstein: If those units are in PIC, then yes, I think so. Kathy, unless you know something different than I do.

Kathy Szybist: Yeah, I missed the first part of that question. What was the question?

Jane Hornstein: The HUD USDA projects. Can they be repositioned under SPC?

Kathy Szybist: I mean, I don't think so. I don't think USDA projects are public housing. I think it's a different program. So yeah, as Jane said, unless those projects are public housing units in PIC under an ACC, then no.

Melissa West: To jump back to the last question about when do PBV officially become project-based? One of my fellow panelists put a note in the chat to make a good point that it's really important that you are accurately reporting that your units in VMS. So, you want to make sure at the point that they do go under a HAP contract, that you were reporting them in VMs as being project-based. You know, that can have ultimately, we look at all of these different data sources and determining things like where you are with your program cap, for example. So, you want to make sure that you're always reporting them accurately and monitoring that data to make sure it's accurate as you go as well.

Antonella Salmeron: Thank you. So going to your next question here in the Q&A. We have a scenario here where PHA has unapproved Section 18 demolition for their development. They have successfully vacated and moved all residents, they're ready for demolition. They have had many residents from the area speak up, and the PFA has been asked to keep the community building on site for many that are being served there. That building seems to be a central hub for

various social, educational, and cultural activities. How can the PHA pull that building from their approved demolition application since they already have an approved board recommendation?

Jane Hornstein: So, I would go ahead and send an e-mail to SAC-TA, identify exactly which building it is, and include your board resolution, and what we'll do is we'll rescind that building from the demolition order. Now, if you decide you want to sell that building to someone else, you would need to do a separate disposition application at a later time, or whenever you're ready to do it. But if you're going to keep it and just leave it in the portfolio as is, then go ahead and just submit an e-mail to SAC-TA, identify the DDA that was approved, the building that you want rescinded, and the board resolution, and we can go ahead and issue a rescission of that building.

Antonella Salmeron: Thank you, Jane. I'm going to another question from the survey. Does the percentage limitation cap for PVS applied to Section 18?

Melissa West: This is one of those areas that HOTMA has a major impact on in our final rule. We could probably, frankly, spend an hour just going over all of the different nuances of that, so we're going to ask you to tune in on Monday for an initial overview of some of the changes there, but one thing, one big picture thing I'd like to point out here, is that one takeaway is that a lot of times where we see issues with the program cap, the project -- and the project cap for repositioning projects, is that there's confusion about exceptions that apply to allow for noncompetitive selection of projects, and exceptions that apply to either the program cap or the project cap, or both.

And if there's one big thing you can take away to jot down with respect to this question before we get more into the weeds next week, I think that's it. I just want to -- that's one of the most common issues that we see is that a housing authority conflates those two requirements, and so they dig into the details of their project, they meet one of the exceptions for either the income mixing or the percentage limitation, and yet they don't meet the noncompetitive selection exception, or vice versa.

So, I just want to highlight that those are two different things and then acknowledge that the general rule is that the program and project caps apply, but there are very specific criteria that can be met for Section 18 side of the transactions in your -- for Section 18 or the Section 18 side of transaction and blends. It's just not as easy of an answer of a one size fits all. It always does or it always doesn't. So again, tune in on Monday and we'll start to scratch the tip of the iceberg on that and with more in-depth training to come. And then it looks like we have a follow up related question there. So, when we're talking about the income mixing requirement, or the project cap requirement, when we're talking about straight RAD conversions, the units are -- do not count towards the cap and if you're talking about straight RAD.

Again, on the Section 18 side, we will want to walk through those specific requirements to make sure that everything is met. It's -- the good news now is that prior to publication of the final rule, all of this guidance was in different places based upon what our existing rules are, what was under various implementation notices, what was changed already implemented by HOTMA, and what was still awaiting implementation. And so, we've really made an effort to pull that all under the final rule. But again, we'll go over the details of that starting next week.

Antonella Salmeron: Thank you. I know that we also have training regarding HIP transition, but we do have a question in the Q&A. I'm not sure if they're referring to SAC technical assistance applications, or just SAC applications for other types of transactions. But, Jake, would you be able to speak to how current applications will be impacted?

Jane Hornstein: So, I think -- I mean, you asked the right question there, Antonella. I'm not sure, because SAC-TA is an information email box. It's not really -- there are -- there isn't really something as this SAC-TA applications. SAC-TA does do -- the people that work that tend to do most of the RAD Section 18 blends, and they will continue to do that.

If there's amendments and things they can come in there, we may not be able to deal with it during the shutdown, because we won't be able to check on the old applications that are in PIC, so there's not much we can do during that -- the shutdown period, because we may have to go back and do some research on what was approved, and we won't be able to do that. But we'll do what we can with what we've got. Just know that we won't have access to any data. So, we're -- while we may get something, we probably would write you back and say "I'm sorry. We can't do anything with this right now. We'll have to wait until PIC is -- or HIP is up and running." Which should be late October early November, at the latest.

Antonella Salmeron: Thank you. And just before we moved on to the next question here in the Q&A, a related question about the transition came through the survey. Not sure, Jane, if you would like to take on that. How will PHAs process or submit monthly 558 seconds for HCBs PVBs during the transition period? it seems like it was not clear from the notice.

Jane Hornstein: Well, Kathy or Melissa, do you understand that? I think that it's -- and I'm not really clear.

Melissa West: Yeah. And this is one that when we saw the question come in, I reached out to our internal folks about whether we should try and address the question on this call. And, and like many of these questions, it could be interpreted a little bit differently. So, they, again, requested that we point these types of questions to the associated trainings that are coming down the line, as opposed to trying to interpret it and address it here.

Antonella Salmeron: Okay. Thank you. And I'm putting this here in the Q&A, I'm going to put it again in the chat. So, for the upcoming training, you do not need a registration. This will be a broadcast, so all you need to do is mark your calendar for Monday, May 20th at 11 a.m. Eastern time, and then copy and paste the link that I'm sharing here in the Q&A, and I will copy it again on the chat.

So, you do not need to register, and this will not be through hot exchange. And Monday training is the HOTMA one and the one on Tuesday is on HIP. I'll put the one on HIP on the chat again just in one second. I wanted to go to the next question for the HUD panel. Are you aware of any housing authorities in California that have gone through the SBC that can be contacted? I guess you would like to reach out to people in that position. Do we have any context to share, or should we mark that as a follow up?

Jane Hornstein: Yeah, let's do that as a follow up. And we can -- I'd prefer to talk to the housing authorities to make sure they're comfortable if I use them as a resource before putting that out publicly.

Antonella Salmeron: Okay.

Jane Hornstein: But I think that's something we can follow up with.

Antonella Salmeron: I just marking that so I when I look back at the Q&A, I can make sure we follow up via e-mail. I did put the -- oh, I guess use the same one twice, one second. Just make sure that training -- the HIP training link is here. Yeah, so put it here in the chat again, be sure to mark your calendar and join the broadcast at the time listed here in the description. So, we have rather -- we'll have some kind of I think, copy and paste from the notice. I'll get to that in a second, but if we could answer the following question in (inaudible) to RAD is a mixed finance segment, subject to the site and neighborhood standards regarding the number of permissible replacement, public housing, etc., whereas a RAD option -- sorry, the RAD portion would be exempt from PBV caps?

Tamiaka Green: I'll take this one. Antonella. So, I think this question might be confusing to concepts. In a development where a PHA is bringing public housing units on using its Faircloth authority and then converting those units through RAD, the new construction -- well, sorry, the whole property is subject to the public housing site neighborhood standards, but that doesn't put any -- that has no impact on the number of units. The only thing that impacts number of units is how many Faircloth units the PHA has available. Once the property converts through RAD, and is placed under a project-based voucher contract, those project-based voucher units are not -- are exempt from the project-based voucher cap. So that -- there is no cap that's relevant for the development of public housing units in the mixed finance setting. The project-based voucher cap only comes into play at conversion, and it doesn't actually come into play because the RAD units or the RAD conversion exempts those units from the project-based voucher cap.

Antonella Salmeron: Thank you. So, we -- I have some portions of the notice, I think, here. Not necessarily if that was the same attendee who posted a question later at 1:47, but unless the HUD team would like to highlight anything from the HUD notice right for me comment, I think I can maybe move those out of the way and continue with the questions. Okay. So, I know that we've done this in previous webinars, I think a couple of times, but can you explain what is a Section 18 blend and how it differs from a regular RAD deal?

Tamiaka Green: Yeah, we'd love to, and other folks can chime in if they want. So, in a regular RAD conversion, we are converting the public housing subsidy to a Section 8 contract. And one of the biggest constraints there is the initial contract rents are based on the public housing funding levels, which are often below market. A few years ago, HUD developed something called the RAD and Section 18 blend, in which a portion of the units convert through RAD, and a portion of the units are approved under Section 18.

They're not approved because of obsolescence, or one of the standard Section 18 justifications, but because of the construction amounts that are proposed in the conversion itself, or for small PHAs, we'll get to that in a second. But there's an automatic approval if you meet certain criteria for a portion of the units to be approved under Section 18, which means it triggers the issuance of new voucher authority called Tenant Protection vouchers, and those tenant protection vouchers can be project-based immediately. And that means you have a property with where some of the units have contract rents at their normal RAD rents, often below market, and some of the units at the property have rents based on the normal project-based voucher rules.

So, the rent, reasonable rent or market rent, up to 110 percent of the FMR, which means higher revenue, which means you can support more financing, which makes these preservation and redevelopment deals more viable. So that's the basics of a RAD Section 18 blend. We've done a lot of work on this over the years and including making sure that the resident rights across the board are the same, because it doesn't make sense for residents to be treated differently just because the HUD program that is removing those units from public housing are different. So, we've made those resident rights as at least one example, uniform. And there's a whole bunch of other information too, so we've got -- I think you've seen a few links being put on the webinar chat that has more information on that.

Antonella Salmeron: Thank you. Great. Yes, I did put some links here in the chat. You'll also receive those once you get the slideshow, all the links will be available through that. I just want to get to one more question that we received from the survey. Can the conversion Assessment and Conversion Plan for Section 22 be submitted to HUD via significant amendment to the Annual Plan?

Jane Hornstein: Yes. Okay.

Kathy Szybist: Yeah. I mean, the significant amendment is considered, an extension of the PHA plan, and so as long as it's part of that, it's fine.

Antonella Salmeron: Kathy, if you could take a look at the chat, I think we received a message directly there. I'll let you address that after we get to our next question. Does that sound okay?

Kathy Szybist: I mean yeah. Which issue is this? Which -- which chat --

Antonella Salmeron: In the chat. Not the Q&A, just the chat.

Melissa West: This is Melissa and I think we can try to reach out individually, but just real quickly, I would point out that the question that came in seems to be conflating selection of a project under 983.51 and they say PBV percentage limitations, so I'm not clear if they're conflating the program cap or the project cap with selection of a project under 983.51, but the person submitting the question is right. There is a waiver of 983.51, but that doesn't have anything to do with quote unquote PBV percentage limitations. And again, we can follow up more detail because it's a pretty lengthy question, but I think there's just some confusion there overlap of different requirements.

Antonella Salmeron: Okay. I'll make myself a note to also follow up on that. Going back to the Q&A section, we have another question. Is it Section 18 plus RAD or RAD only and/or Section 18 only? I think this was related to the blends again.

Tamieka Green: So, I'm not -- so Kathy, if you want to come off mute to clarify, but in RAD Section 18 blend, there's always some mix of RAD in Section 18 (inaudible) to be a RAD Section 18 blend.

Antonella Salmeron: Yes. Not seeing any hands up to come off mute, but please feel free to do that or type down your follow ups here in the Q&A. Another question, is there any movement on utilizing the public health and income limits versus the HCV limits? It would be very helpful in our area to assist workforce housing needs. Should we mark that as a follow up maybe?

Jane Hornstein: Yeah. At this point I don't think that's been part of any discussion. Melissa, you may have a different -- oh, so I don't know. This has to do with the voucher program. And can they use the public housing income limits versus the HBC limits?

Tamiaka Green: And so, I'll chime in though. Melissa can correct me if I'm out of my league, but I know in a lot of this that we see this a lot in RAD conversions where properties leave public housing and enter into the project-based voucher program, so we'd be -- we see both sides. And I think we've seen PHAs have the -- just the standard income limit and the voucher program is 50 percent of AMI. PHAs have the discretion in their admin plan to serve families up to 80 percent of AMI. Melissa, is there anything -- did I get that right?

Melissa West: Yes. That's correct.

Antonella Salmeron: Thank you. I did ask the person that had submitted that to share their e-mail privately. (Inaudible) it showed us an anonymous attendee, and then I wouldn't be able to grab your contact information if you would like to be contacted again about your question. We have one more question here in the Q&A, and we definitely have some more time for more questions. We think we had allotted at least another three minutes, so if you have more questions, we'll have some more time. So, when submitting the application requirements for SBC through SAC, how old Environmental Reports Market study CNA, DNA studies need to be dated?

Jane Hornstein: So, for SPC, environmental reports need to be done within the last five years. If it's older than that, we'll ask you to have it redone. Market studies should be current. If it's an appraisal, it should be within the last year. It's probably to your advantage to have that market study done relatively recently and not use a very old one. We don't set a date on it, but clearly it should be within the last year or two, just as the markets change so much and drastically in particularly over these last four years. It's trained -- it's had a market change.

CNA, PNA studies. It's to your advantage to have them as early -- as close to the date -- to your submittal as possible, just because most of these buildings continue to deteriorate, and it's worth knowing what condition they're in currently. But if you have an old one that's still -- that you think still represents what the condition of the property is, by all means you can use that. I know those cost a lot to get redone. Is anybody have any other thoughts? There's a new question. Okay, go ahead.

Antonella Salmeron: No, just quick feedback that I'm getting that the volume seems to be very low for a couple of our speakers, so just flagging that I can hear you okay, probably because I have a very big headset on, but some of the folks connected online might be having a harder time listening. So just flagging that for you.

Jane Hornstein: Okay, all right.

Antonella Salmeron: For phase Section 18 demo dispo for the TDC cost analysis for later phase, does a PNA to be for that year versus an early year of phase one, for example?

Jane Hornstein: It should be -- the TDC should be the same year as the PNA was done in. And if you're doing a phased development over time, you can do a full PNA for the entire site. We can approve that up front with the idea that the buildings won't be demolished until later phases. So,

if you have a PNA done in 2024, and we would use the TDC cost for 2024, even though the buildings may not be demolished until 28 or 29, something like that.

Antonella Salmeron: Okay. I think that the same person had submitted follow up comments here. Yeah, the subpoena have to be updated for a year of the face? I think you covered that.

Jane Hornstein: And, I mean, unless there's been a significant change, no. Once we've approved it, we've approved it. There's no deadline on SAC approvals. So, it should be -- yeah. Once you -- once we issue an entire PNA for the entire site, that does not need to be updated. What you need to get back to us with is what -- we may not approve the disposition of the property until we know what you're going to do with that particular phase. So, for instance, if you come in and you say you have a 300-unit property and you want to break it into six phases, first phase, you're going to tear down the building. You're going to put the residents into other units around the site and/or other housing you have elsewhere, we would approve the demolition for the entire site, broken into phases, and this is why we ask you to do separate applications for each phase, because then it will have the time frame.

So, the -- phase two is going to be two years out, phase three is going to be two years after that, and you need to put those days in each of those applications, and the exact units you want in each phase. So then when it comes to the first phase, you can send all six in at the same time, and a note in the phases two through six saying "Please see application one for all the backup data." We just need you to make sure that each application has the units and time frame for each phase. And then in for we would approve the entire demolition of the site by phases, whenever you're ready to do that. But we would only approve the disposition in phase one, unless you have financing and are ready to go on phase two too.

Antonella Salmeron: Thank you, Jean. Okay. I have from the survey. We have a couple more questions. I know that will receive more information on HIP on the Tuesday training. I was wondering if Jane, maybe you could speak on how will the shutdown of the -- I knew someone commented on the amount of acronyms. So, on the inventory management system PHA information center, affect PHAs doing inventory removals? And what should PHAs do during kind of the shutdown period until we transition to HIP?

Jane Hornstein: Make sure your field office is looped in and knows what's going on, and as soon as HIP comes in, we'll -- like if you do a demolition during that period, that you've already gotten approval for, and you just want to mark those units in, make sure your field office is aware of it, and the day that hip comes back online the HIP is live, we should go ahead and put those in. And that's the part. That's what we're trying to not overwhelm the system by having too much going on in that when HIP comes live. But I think for something like that, if you're -- your sale is you have your closing and it's scheduled for the middle of September, then go ahead. And just make sure that the field office is aware of it and that they should be planning to implement -- to put that into HIP the day that the HIP goes live. I mean, there's not much we can do between now and then. I mean during that -- during the transition when PIC is down and HIP's not up yet.

Antonella Salmeron: Okay, thank you. Now we have a question for Will, specifically. Are empty WPHAs also able to utilize the initial rent augmentation option and notice for B for non-empty WPHAs? And then they copy and pasted it, I believe, that related part of the notice. Will, would you like to take that on?

Will Lavy: Yeah. So MTWs have always been able to -- well, since nearly the beginning of RAD have always been able to augment the initial contract rents in RAD conversions, which included when FAS were -- or GW FAS were developing new public housing units under their Faircloth authority and then converting those to RAD. So, what we did in the RAD supplemental notice in for PHA is really just extend that authority to non MTW-PHAs in the context of Faircloth to Rad. So, I think the short answer is yes, they've always been able to do so. The mechanism is slightly different because some MTW-PHAs are funded differently than regular public housing authorities, but the basic flexibility of being able to set their own contract rents is permitted.

Antonella Salmeron: Thank you. I think I covered everything from the survey. We had a couple more questions also related to the transition to HIP that will be better suited for the training on Tuesday, so be sure to add that. And I think we have a follow up, actually, Will, if you want to take on that.

Will Lavy: Yeah. So, this is in relation to the different funding mechanics. So non-MTW-PHAs are funded based on the level of -- or the amount of voucher fundings -- funding that they've used in the year -- in the next year. And then the rest is held in reserves, whatever they haven't spent, and those reserves are potentially subject to being swept in certain budget years. MTW agencies are their voucher programs, or at least the original 39 MTW agencies are funded through as a block grant, so they get the same amount every year regardless of how much they've spent multiplied by inflation.

So, in both cases, the agencies are essentially working within their maximum budget authority, either in MTWs existing annual budget authority or a FAS maximum budget authority from what they've been renewed, plus what they have in reserves and that both agencies are working within those budgets to increase the rents. It's probably a little complicated to explain, we have some more detail in the Faircloth to RAD guide about how this works for both MTW and non-MTW agencies, so we can -- we'll put a link into the webinar chat for the for cost of that guide.

Antonella Salmeron: Thank you. Okay. I have reached the end of the question submitted via survey. And I think we have more questions in the chat. Jane, would you like to close out the session or do you want to give folks a couple more minutes?

Jane Hornstein: I'll give them another minute or two, and then let me go ahead and on the next page of the PowerPoint, we have listed resources again, so feel free to -- these will --you'll get this PowerPoint and it will also be posted on HUD Exchange, so make sure you look at these websites. We've tried to put as much information out there as we can, and we keep these up to date, so if there are changes, this is always a good place to come back to on these resources. So that's pretty much all we have, and we're not seeing any new questions. The webinar -- let me just make a quick correction.

Antonella, your webinar on the for on May 21st, the HIP webinar is -- oh, you know, you have it right at 1:00 pm. That's right. And on the 20th, it's at 11 p.m. Eastern time. Both of them okay. They're correct there. Thank you. Anything, any other questions? You see, Will's been posting. He's got the Faircloth guide in there for those who want it as well as other things. Does anybody else have more to say? You want to thank everybody for their time? Okay.

Antonella Salmeron: Yes. Thank you everyone for joining. Thank you to HUD for this incredible series. If you had any questions, we will still be available to guide you through who might have a better answer than us and enterprise, but our contact will still be there on how to exchange, and these materials will be posted. I'll send an e-mail out to everyone who registered and attended for the event once the materials are available, and we appreciate your time, have a good rest of your day.

(END)