

# Project Based Vouchers

Pierce County Housing Authority operates a Project Based Voucher program in accord with 24 CFR 983, 24 CFR 982 and its Administrative Plan, Chapter Seventeen.

Pierce County Housing Authority may allocate up to 20% of its Housing Choice Vouchers for Project Based Vouchers (PBV). This portion of the annual plan includes:

- How sponsors may apply for Project Based Vouchers
- How requests for project based vouchers will be assessed
- How an additional 10% of the Housing Choice Vouchers available to PCHA may be used for PBV in certain circumstances (Housing Opportunities through Modernization Act)

In 2018/2019 Pierce County Housing Authority intends to make significant changes to the allocation of Project Based Vouchers and therefore is including PBV as part of new activities reported in the annual planning process.

Landlords or project sponsors are largely interested in Project Based Vouchers (PBV) for two reasons:

- PBV allow landlords to provide housing affordable to low and very low income households in *new construction* or following *significant renovations* that have significant development or redevelopment costs that might limit the affordability to those earning less than 80% of Area Median Income.

In such instances, the landlord typically will be requesting Project Based Vouchers for their project before construction begins as part of their application for funding to other entities (e.g. Low Income Housing Tax Credits, HOME, etc.). However, in such instances there are a number of rules which must be followed *before* a housing authority can commit to provide vouchers. Changes to the Administrative Plan regarding PBV will make clear to PBV applicants that vouchers cannot be committed for an activity until all required pre- Agreement to Enter a Housing Assistance Payment contract (AHAP) are complete.

- PBV in *existing housing* offer landlords, human services providers, and PCHA an opportunity to provide permanent supportive housing to households that benefit from social services and permanent housing. PBV may also play an important part in a very tight rental market to allow waitlist participants to locate housing.

In such instances a human service providing agency is typically seeking housing for a vulnerable or special needs population (e.g homeless, disabled, etc). The landlord agrees to make certain units of housing available and the human service provider typically agrees to provide tailored services to the occupants of the unit in support of a communities larger plan (for example Pierce County's Plan to End Homelessness). Permanent supportive (with services) housing is a highly successful model that has been used to provide housing to low and very low income households that might not be successful in housing, but for a deep housing subsidy *and* supportive services to help them maintain housing).

## **Applications for Project Based Vouchers:**

Changes to Pierce County Housing Authority's Administrative Plan will include the process by which PBV will be allocated. Pierce County Housing Authority must comply with the rules for awarding Project Based Vouchers at 24 CFR 983 Sub Part B, which includes:

- § 983.51 Owner proposal selection procedures.
- § 983.52 Housing type.

## Annual Plan New Activities 2019

- § 983.53 Prohibition of assistance for ineligible units.
- § 983.54 Prohibition of assistance for units in subsidized housing.
- § 983.55 Prohibition of excess public assistance.
- § 983.56 Cap on number of PBV units in each project.
- § 983.57 Site selection standards.
- § 983.58 Environmental review.
- § 983.59 PHA-owned units.

Housing Authorities must comply with very complex, time intensive, and costly requirements associated with selecting and awarding project based vouchers. Changes to the Annual Plan related to vouchers include how the housing authority will meet these requirements while preserving the assets of the housing authority and transferring risk appropriately to other entities when possible. Pierce County Housing Authority will award PBV only when applicants can demonstrate compliance, or when appropriate, a plan for compliance with the requirements at 983. It is anticipated that other units of local government (Lakewood, Tacoma, and Pierce County) will play an essential role in meeting PBV requirements. This is particularly so in regard to environmental review, labor standards, and other requirements usually required by the complimentary expertise developed as participating jurisdictions under the HOME and Community Development Block Grant (CDBG) programs.

### Owner Selection:

Pierce County Housing Authority anticipates changes to its Administrative Plan at Chapter Seventeen to allow application for Project Based Vouchers (PBV) through a competitive application process facilitated by the Pierce County Housing Authority. The application process will not be changed in such a way as to:

- limit proposals to a single site, or
- impose restrictions that explicitly or practically preclude owner submission of proposals for PBV housing on different sites

Changes will include the process by which Pierce County Housing Authority may make application for PBV for PCHA owned units (24 CFR 983.59).

### Housing Type:

Changes to Pierce County Housing Authority's Administrative Plan will address the type of housing that will receive project based vouchers. The changes will include the additional requirements of newly constructed housing versus existing housing. Newly constructed or rehabilitated units also require compliance that is very expensive and time consuming. Similarly to the Environmental Review requirements, PCHA will not incur expenses or exposure for such compliance unless it is for a PCHA owned unit. Again, similarly to Environmental Review compliance, many of the requirements of Sub Part D of 24 CFR 983 will be transferred to Pierce County entities receiving CDBG and HOME funds (City of Tacoma, City of Lakewood, and Pierce County Human Services).

### Prohibition of Excess Public Assistance

Units requesting Project Based Vouchers may not include duplicate subsidy as defined at 24 CFR 983:

- (a) A public housing dwelling unit;
- (b) A unit subsidized with any other form of Section 8 assistance (tenant-based or project-based);
- (c) A unit subsidized with any governmental rent subsidy (a subsidy that pays all or any part of the rent);
- (d) A unit subsidized with any governmental subsidy that covers all or any part of the operating costs of the housing;
- (e) A unit subsidized with Section 236 rental assistance payments ( 12 U.S.C. 1715z-1). However, the PHA may attach assistance to a unit subsidized with Section 236 interest reduction payments;

## Annual Plan New Activities 2019

- (f) A unit subsidized with rental assistance payments under Section 521 of the Housing Act of 1949, 42 U.S.C. 1490a (a Rural Housing Service Program). However, the PHA may attach assistance for a unit subsidized with Section 515 interest reduction payments ( 42 U.S.C. 1485);
- (g) A Section 202 project for non-elderly persons with disabilities (assistance under Section 162 of the Housing and Community Development Act of 1987, 12 U.S.C. 1701q note);
- (h) Section 811 project-based supportive housing for persons with disabilities ( 42 U.S.C. 8013);
- (i) Section 202 supportive housing for the elderly ( 12 U.S.C. 1701q);
- (j) A Section 101 rent supplement project ( 12 U.S.C. 1701s);
- (k) A unit subsidized with any form of tenant-based rental assistance (as defined at 24 CFR 982.1(b)(2)) (e.g., a unit subsidized with tenant-based rental assistance under the HOME program, 42 U.S.C. 12701et seq.);
- (l) A unit with any other duplicative federal, state, or local housing subsidy, as determined by HUD or by the PHA in accordance with HUD requirements. For this purpose, “housing subsidy” does not include the housing component of a welfare payment; a social security payment; or a federal, state, or local tax concession (such as relief from local real property taxes).

Pierce County Housing Authority, through its funding application process, will not award PBV to any applicant where prohibited duplication of subsidy occurs.

### Cap on Number of PBV Units in Each Project:

Changes to Pierce County’s Administrative Plan will address the 25% cap on project based units within a property and PCHA’s policy regarding such units, known as qualifying families. Excepted units allow for units in excess of 25% to be project based because the units are specifically available to serve elderly, disabled, or families receiving supportive services (known as “qualifying families”).

Pierce County Housing Authority, through its application for PBV, will address the source of funds to pay for qualifying families regarding supportive services. Applicants seeking PBV seeking in excess of 25% of units in a development must demonstrate a source of funding that is commensurate with the length of the HAP contract.

### Site Selection Standards:

Site selection of Project Based Vouchers is an important consideration for Pierce County Housing Authority and its obligation to affirmatively further fair housing. Changes to the PBV rules in Chapter 17 of the Administrative Plan will comply with the following:

§ 983.57 Site selection standards.

(a)Applicability. The site selection requirements in paragraph (d) of this section apply only to site selection for *existing housing and rehabilitated* PBV housing. The site selection requirements in paragraph (e) of this section apply only to site selection for *newly constructed PBV housing*. Other provisions of this section apply to selection of a site for any form of PBV housing, including existing housing, newly constructed housing, and rehabilitated housing.

(b)Compliance with PBV goals, civil rights requirements, and HQS. PCHA may not select a proposal for existing, newly constructed, or rehabilitated PBV housing on a site or enter into an Agreement or HAP contract for units on the site, unless Pierce County Housing Authority has determined that:

## Annual Plan New Activities 2019

(1) Project-based assistance for housing at the selected site is consistent with the goal of deconcentrating poverty and expanding housing and economic opportunities. The standard for deconcentrating poverty and expanding housing and economic opportunities must be consistent with the PHA Plan under 24 CFR part 903 and the PHA Administrative Plan. In developing the standards to apply in determining whether a proposed PBV development will be selected, a PHA must consider the following:

(i) Whether the census tract in which the proposed PBV development will be located is in a HUD-designated Enterprise Zone, Economic Community, or Renewal Community;

(ii) Whether a PBV development will be located in a census tract where the concentration of assisted units will be or has decreased as a result of public housing demolition;

(iii) Whether the census tract in which the proposed PBV development will be located is undergoing significant revitalization;

(iv) Whether state, local, or federal dollars have been invested in the area that has assisted in the achievement of the statutory requirement;

(v) Whether new market rate units are being developed in the same census tract where the proposed PBV development will be located and the likelihood that such market rate units will positively impact the poverty rate in the area;

(vi) If the poverty rate in the area where the proposed PBV development will be located is greater than 20 percent, the PHA should consider whether in the past five years there has been an overall decline in the poverty rate;

(vii) Whether there are meaningful opportunities for educational and economic advancement in the census tract where the proposed PBV development will be located.

(2) The site is suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964 ( 42 U.S.C. 2000d- 2000d(4)) and HUD's implementing regulations at 24 CFR part 1; Title VIII of the Civil Rights Act of 1968 ( 42 U.S.C. 3601- 3629); and HUD's implementing regulations at 24 CFR parts 100 through 199; Executive Order 11063 ( 27 FR 11527; 3 CFR, 1959-1963 Comp., p. 652) and HUD's implementing regulations at 24 CFR part 107. The site must meet the section 504 site selection requirements described in 24 CFR 8.4(b)(5).

(3) The site meets the HQS site standards at 24 CFR 982.401(I).

(c)PHA PBV site selection policy.

(1) The PHA administrative plan must establish the PHA's policy for selection of PBV sites in accordance with this section.

### **PCHA Site Selection Policy:**

It is the Pierce County Housing Authority's goal to select sites for PBV housing that provide for deconcentrating poverty and expanding housing and economic opportunities. In complying with this

## Annual Plan New Activities 2019

goal the PCHA will limit approval of sites for PBV housing in census tracts that have poverty concentrations of 20 percent or less.

However, PCHA will grant exceptions to the 20 percent standard where PCHA determines that the PBV assistance will complement other local redevelopment activities designed to deconcentrate poverty and expand housing and economic opportunities in census tracts with poverty concentrations greater than 20 percent, such as sites in:

- A census tract in which the proposed PBV development will be located in a HUD- designated Enterprise Zone, Economic Community, or Renewal Community;
- A census tract where the concentration of assisted units will be or has decreased as a result of public housing demolition and HOPE VI redevelopment;
- A census tract in which the proposed PBV development will be located is undergoing significant revitalization as a result of state, local, or federal dollars invested in the area;
- A census tract where new market rate units are being developed where such market rate units will positively impact the poverty rate in the area;
- A census tract where there has been an overall decline in the poverty rate within the past five years; or
- A census tract where there are meaningful opportunities for educational and economic advancement.

(2) The site selection policy must explain how the Pierce County Housing Authority site selection procedures promote the PBV goals.

(3) The PHA must select PBV sites in accordance with the PHA's site selection policy in the PHA administrative plan.

(d) Existing and rehabilitated housing site and neighborhood standards. A site for existing or rehabilitated housing must meet the following site and neighborhood standards. The site must:

(1) Be adequate in size, exposure, and contour to accommodate the number and type of units proposed, and adequate utilities and streets must be available to service the site. (The existence of a private disposal system and private sanitary water supply for the site, approved in accordance with law, may be considered adequate utilities.)

(2) Promote greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons.

(3) Be accessible to social, recreational, educational, commercial, and health facilities and services and other municipal facilities and services that are at least equivalent to those typically found in neighborhoods consisting largely of unassisted, standard housing of similar market rents.

(4) Be so located that travel time and cost via public transportation or private automobile from the neighborhood to places of employment providing a range of jobs for lower-income workers is not excessive. While it is important that housing for the elderly not be totally isolated from employment opportunities, this requirement need not be adhered to rigidly for such projects.

## Annual Plan New Activities 2019

(e) New construction site and neighborhood standards. A site for newly constructed housing must meet the following site and neighborhood standards:

(1) The site must be adequate in size, exposure, and contour to accommodate the number and type of units proposed, and adequate utilities (water, sewer, gas, and electricity) and streets must be available to service the site.

(2) The site must not be located in an area of minority concentration, except as permitted under paragraph (e)(3) of this section, and must not be located in a racially mixed area if the project will cause a significant increase in the proportion of minority to non-minority residents in the area.

(3) A project may be located in an area of minority concentration only if:

(i) Sufficient, comparable opportunities exist for housing for minority families in the income range to be served by the proposed project outside areas of minority concentration (see paragraph (e)(3)(iii), (iv), and (v) of this section for further guidance on this criterion); or

(ii) The project is necessary to meet overriding housing needs that cannot be met in that housing market area (see paragraph (e) (3)(vi)) of this section for further guidance on this criterion).

(iii) As used in paragraph (e)(3)(i) of this section, "sufficient" does not require that in every locality there be an equal number of assisted units within and outside of areas of minority concentration. Rather, application of this standard should produce a reasonable distribution of assisted units each year, that, over a period of several years, will approach an appropriate balance of housing choices within and outside areas of minority concentration. An appropriate balance in any jurisdiction must be determined in light of local conditions affecting the range of housing choices available for low-income minority families and in relation to the racial mix of the locality's population.

(iv) Units may be considered "comparable opportunities," as used in paragraph (e)(3)(i) of this section, if they have the same household type (elderly, disabled, family, large family) and tenure type (owner/renter); require approximately the same tenant contribution towards rent; serve the same income group; are located in the same housing market; and are in standard condition.

(v) Application of this sufficient, comparable opportunities standard involves assessing the overall impact of HUD-assisted housing on the availability of housing choices for low-income minority families in and outside areas of minority concentration, and must take into account the extent to which the following factors are present, along with other factors relevant to housing choice:

(A) A significant number of assisted housing units are available outside areas of minority concentration.

(B) There is significant integration of assisted housing projects constructed or rehabilitated in the past 10 years, relative to the racial mix of the eligible population.

(C) There are racially integrated neighborhoods in the locality.

(D) Programs are operated by the locality to assist minority families that wish to find housing outside areas of minority concentration.

## Annual Plan New Activities 2019

(E) Minority families have benefited from local activities (e.g., acquisition and write-down of sites, tax relief programs for homeowners, acquisitions of units for use as assisted housing units) undertaken to expand choice for minority families outside of areas of minority concentration.

(F) A significant proportion of minority households has been successful in finding units in non-minority areas under the tenant-based assistance programs.

(G) Comparable housing opportunities have been made available outside areas of minority concentration through other programs.

(vi) Application of the “overriding housing needs” criterion, for example, permits approval of sites that are an integral part of an overall local strategy for the preservation or restoration of the immediate neighborhood and of sites in a neighborhood experiencing significant private investment that is demonstrably improving the economic character of the area (a “revitalizing area”). An “overriding housing need,” however, may not serve as the basis for determining that a site is acceptable, if the only reason the need cannot otherwise be feasibly met is that discrimination on the basis of race, color, religion, sex, national origin, age, familial status, or disability renders sites outside areas of minority concentration unavailable or if the use of this standard in recent years has had the effect of circumventing the obligation to provide housing choice.

(4) The site must promote greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons.

(5) The neighborhood must not be one that is seriously detrimental to family life or in which substandard dwellings or other undesirable conditions predominate, unless there is actively in progress a concerted program to remedy the undesirable conditions.

(6) The housing must be accessible to social, recreational, educational, commercial, and health facilities and services and other municipal facilities and services that are at least equivalent to those typically found in neighborhoods consisting largely of unassisted, standard housing of similar market rents.

(7) Except for new construction, housing designed for elderly persons, travel time, and cost via public transportation or private automobile from the neighborhood to places of employment providing a range of jobs for lower-income workers, must not be excessive. Pierce County Housing Authority’s application for PBV will include weighting to favor sites that are concussive to deconcentrating poverty and promoting economic and educational opportunity.

### Environmental Review:

Applications for Project Based Voucher will not be considered by Pierce County Housing Authority until an environmental review is complete. Complete means that either HUD, Pierce County, the cities of Lakewood, or Tacoma, have completed an environmental review in accordance with 24 CFR Part 50 or Part 58 and created an Environmental Review Record that includes the release of federal funds. Applicants for PBV must not initiate or take any choice limiting options until this review is complete.

New construction or substantial redevelopment projects will typically require a more intensive environmental review process. This can be expensive. Pierce County Housing Authority will not incur *any* uncompensated expenses associated with the completion of the environmental review, with the exception of projects which are or are anticipated to be, PCHA owned.

## Annual Plan New Activities 2019

**Who performs the environmental review?** (1) Under 24 CFR part 58, a unit of general local government, a county or a state (the “responsible entity” or “RE”) is responsible for the federal environmental review under the National Environmental Policy Act of 1969 ( 42 U.S.C. 4321et seq.) and related applicable federal laws and authorities in accordance with 24 CFR 58.5 and 58.6. If a PHA objects in writing to having the RE perform the federal environmental review, or if the RE declines to perform it, then HUD may perform the review itself ( 24 CFR 58.11). 24 CFR part 50 governs HUD performance of the review.

It is anticipated that Pierce County Human Services and Pierce County Housing Authority will enter into a memorandum of agreement (MOA) whereby, for a fee to be paid to the Housing Authority by the entity seeking vouchers, Pierce County Human Services will assume responsibility for the NEPA level review. Pierce County Human Services does not wish to bill entities directly, but will agree to bill PCHA on their behalf. PCHA will refer projects seeking PBV in the City of Lakewood to the City of Lakewood. Project located in the City of Tacoma will be referred to the City of Tacoma. It should be noted that project located in Pierce County, but outside PCHA’s jurisdiction (within the City of Tacoma), will only be considered for PBV for PBV serving applicants whose last known address was within Pierce County outside of the City of Tacoma, which is customary for activities located in Tacoma, but funded by the City of Lakewood or Pierce County Human Services.

### PCHA Owned Units:

Pierce County Housing Authority believes that new units of affordable housing are essential to the community’s efforts to increase the availability of affordable housing. Project Based Vouchers can play an important role in making units affordable and available to special needs populations and low and very low income households. Pierce County Housing Authority intends to utilize PBV within housing that is developed or operated by PCHA. In such instances, the rules at 24 CFR 983 relating to housing authority owned/sponsored units apply. Changes to the Administrative Plan, Chapter 17, will comply with these requirements.

The selection of PCHA-owned units must be done in accordance with § 983.51(e). Therefore, PCHA must apply for vouchers through a Request for Proposals (RFP). The PCHA may not limit proposals to a single site or impose restrictions that explicitly or practically preclude owner submission of proposals for PBV housing on different sites.

Inspection and determination of reasonable rent by independent entity. In the case of PCHA-owned units, the following program services may not be performed by PCHA, but must be performed instead by an independent entity approved by HUD.

- Determination of rent to owner for the PCHA-owned units. Rent to owner for PCHA-owned units is determined pursuant to §§ 983.301 through 983.305 in accordance with the same requirements as for other units, except that the ***independent entity approved by HUD must establish the initial contract rents based on PBV program requirements;***
- Initial and renewal HAP contract term. The term of the HAP contract and any HAP contract renewal for PCHA-owned units must be agreed upon by PCHA and the independent entity approved by HUD. Any costs associated with implementing this requirement must be paid for by PCHA; and
- Inspection of PHA-owned units as required by § 983.103(f).



## Annual Plan New Activities 2019

- Nature of independent entity. The independent entity that performs these program services may be the unit of general local government for the housing authority jurisdiction (unless the PHA is itself the unit of general local government or an agency of such government) or another HUD-approved public or private independent entity.

Payment to independent entity.

(1) The PCHA may compensate the independent entity from PHA ongoing administrative fee income (including amounts credited to the administrative fee reserve). ***The PHA may not use other program receipts to compensate the independent entity for its services.***

(2) The PCHA, and the independent entity, **may not** charge the family any fee for the services provided by the independent entity.