

15. SECTION 8 PROJECT-BASED VOUCHER PROGRAM

A. **Statement of Section 8 Project-Based Voucher Program Goal and Approach**

1. The Section 8 Project-Based Voucher Program (PBV) goal is designed to accomplish two major objectives for the PHA:
 - a. To increase the supply of assisted rental housing for eligible individual families; and
 - b. To improve the efficiency and utilization of the Section 8 Housing Choice Voucher Program.
2. To facilitate the administration of the PBV Program and to develop a system of checks and balances the following will occur:
 - a. The PHA will administer the PBV program for up to 20% of the maximum number or units HUD allows to be leased as stated in the annual HUD budget email to the PHA.
 - b. The Section 8 staff will be responsible for processing applicants as well as administering the waiting list; and
 - c. The Section 8 staff will be responsible for determining eligibility for the HCV program and will continue to administer the PBV program for the duration of the housing assistance payment contract with the owner.
3. The PHA reserves the right to consider all three (3) site selection options:
 - a. Request for PBV Proposals.
 - b. Winning a Previous Competition.
 - c. Attaching PBV to Certain PHA Owned or Controlled Projects without Competition.
4. The PHA reserves the right to do any one or any combination of the following three (3) types of housing for PBV as defined in the PBV regulations.
 - a. Existing housing
 - b. Rehabilitation
 - c. New Construction

B. **Site Selection Option: Process for Request for PBV Proposals Public Notice, Owner Proposal Submission Requirements, and Site Selection Policy (24 CFR 983.51)**

1. The PHA will 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.
2. Public Notice Requirements
 - a. The PHA will publish a Public Notice for Request for PBV Proposals.

- b. This notice will be published in the newspaper with the widest general circulation in the PHA's jurisdiction, as well as posted on the HACE website.
 - c. This notice may include but not necessarily be limited to the following:
 - 1) A request for PBV proposal
 - 2) Contact information to request a proposal submission package
 - 3) The addresses to send the proposal
 - 4) A statement that the submission package contains all required details and only proposals submitted using the PHA provided PBV Proposal format will be considered, and
 - 5) The time and date proposals are to be received.
 - d. The Public Notice will be published once each week for three (3) consecutive weeks.
 - e. The deadlines for receipt of proposals will be at least 30 calendar days from the publication date of the last public notice.
 - f. The public notice may specify the estimated number of units that may be available.
 - g. Interested parties will draw down the RFP off the HACE website and notification is automatically sent via email to the Executive Director as to who is receiving the RFP package.
 - h. The PHA will maintain a list of proposals received and the date they are received.
 - i. The PHA will date, and time stamp the outside of the envelope.
 - j. The PHA may hold a voluntary briefing for potential applicants. The date, time and location of the briefing are to be provided in the Public Notice.
3. Owner Proposal Submission Requirements
- a. A proposal package will be prepared and provided to interested parties upon request.
 - b. This package may include at least:
 - 1) Detailed information required to be included in the proposal
 - 2) Selection evaluation factors
 - 3) Instructions to mark the outside of the proposal with the words "PBV Proposal" in the lower left-hand corner of the envelope or package.
 - c. As appropriate the PHA may select what items are to be included in the Owners PBV proposal and list these items in the Request for PBV Proposals from the following items:
 - 1) A description of the existing housing or housing to be constructed or rehabilitated, including:

- a) The number or units by size (square footage)
 - b) Bedroom count
 - c) Bathroom count
 - d) Sketches of the proposed new construction or rehabilitation
 - e) Unit plans
 - f) Listing of amenities and services and
 - g) Estimated date of completion
- 2) For rehabilitation, description must describe the property as is and must also describe the proposed rehabilitation
 - 3) Evidence of site control
 - 4) For new construction, identification and description of the proposed site, site plan, and neighborhood
 - 5) Evidence that proposed new construction or rehabilitation is permitted by current zoning or regulations, or evidence to indicate the needed re-zoning is likely and will not delay the project
 - 6) Proposed contract rent per unit, including:
 - a. Indication of utilities, services and equipment included in rent
 - b. For utilities not included, estimated monthly average cost for each unit type for the first year of occupancy.
 - 7) A statement identifying:
 - a. The number of persons (families, individuals, businesses and non-profit organizations) occupying the property on application submission date
 - b. Number of persons to be displaced, temporarily relocated or moved permanently within the building or complex
 - c. Estimated cost of relocation payments and services, and the sources of the funding
 - d. The organizations(s) that will carry out the relocation activities
 - e. Identify the owner and other project principals and the names of officers and principal members, shareholders, investors and other parties having a substantial interest
 - f. Certification showing the above-mentioned parties are not on the U.S. General Services Administration list parties excluded from federal procurement and non-procurement programs
 - g. Disclosure of any possible conflict of interest by any of the parties that would be in violation of the Agreement to Enter into a HAP Contract or the HAP Contract itself.

- h. Any information on the qualifications and experience of the principal participants
- i. The owners plan for managing and maintaining units
- j. Evidence of financing or lender interest and the proposed terms of financing
- k. Documentation that site is free from environmental or safety hazards
- l. Documentation that site is not on a 100-year Flood Plain or does not involve a historic property, and
- m. Statement the rehabilitation is not being undertaken in areas targeted for revitalization.

4. Site Selection Policy

The site selection policy and procedures herein promote the PBV goals by ensuring the supply of assisted rental housing is expanded while being in compliance with the Section 8 Project-Based Voucher Program Final Rule.

- a. A three (3) member team of the PHA staff will review, evaluate and recommend a proposal. Proposals will not be opened until after the submission deadline.
- b. The PHA is under no obligation to award a PBV to any proposal received.
- c. As appropriate the Executive Director shall recommend a proposal to the Board of Commissioners (Board), subject to the proposed site passing environmental review requirements, subsidy layering review, and Site and Neighborhood Housing Quality Standards (HQS) inspection.
- d. The proposal evaluation will be in two (2) tiers:
 - 1) The first tier is meeting written qualifying factors required in a HUD regulation or a HUD notice. Proposals not meeting the qualifying factors will not be evaluated/rated in the second tier. The PHA will prepare a qualifying factor form listing each factor and results of the qualifying factor review for each item and the signature of the persons performing the review. The qualifying factors are as follows:
 - a) The proposal was received by the deadline.
 - b) The property is eligible housing per HUD regulations. The PHA will confirm the proposed units are not part of the list of prohibited units.
 - c) The proposal complies with the cap on the number of PBV units per building.
 - d) The proposal meets the Site Selection standards per HUD regulations.
 - e) The proposal meets zoning requirements.
 - f) The site is consistent with the goal of deconcentrating poverty and expanding housing opportunity pursuant to elements listed in HUD regulations. The PHA will use a form to document that each element listed in the regulation was considered.

- g) The site facilitates compliance with Civil Rights Requirements listed in HUD PBV regulations.
 - h) The site meets Housing Choice Voucher HQS site standards.
 - i) If needed, the proposal passes the HUD environmental review and HUD subsidy layering review.
- 2) Proposals meeting all Qualifying Factors are then evaluated in the second evaluation tier based upon the PHA's Evaluation Selection Criteria:
- a) The Evaluation Selection Criteria will be consistent with HUD regulations and guidelines, including 24 CFR 983.57 (d) and (e).
 - b) The criteria will be written and adopted by the PHA's Board of Commissioners prior to the first Public Notice.
 - c) Each criteria will be assigned a maximum point value indicative of its relative importance.
 - d) An Evaluation Selection Criteria rating sheet will be prepared, listing each criteria, the maximum points, the points awarded for each criteria, the total points awarded, voluntary comments, the name of the reviewer, and the date of the review.
 - e) Each proposal will be independently rated by each evaluator over the same period of time.
 - f) The evaluation team will meet to determine a recommendation.
 - g) The PHA is not obligated to select the highest rated proposal if a reasonable explanation can be provided to the PHA's Board of Commissioners.
 - h) If appropriate, the PHA's quality and design requirements in addition to Housing Quality Standards may be included as a rating factor.
 - i) For Existing Housing, a pre-selection HQS inspection will be made to document that the units substantially meet HQS requirements. The results of pre-selection inspection of existing units will be an evaluation/rating factor if existing units are being considered. The definition for "substantially meets HQS" is a unit that has HQS deficiencies that require only minor repairs to correct. "Minor repair's" is defined as repairs that could be expected to be made within 48 hours of receiving the Notice of Needed Repairs.
 - j) All proposed PBV units in the project must meet the definition of substantially meets HQS.
 - k) Evidence of financial commitment as compared to construction/rehabilitation cost and debt service may be a rating factor.
 - l) An operation cash flow projection may be a rating factor.

- m) A written Management Plan describing how the owner will fulfill the occupancy and maintenance requirements may be a rating factor.
- 3) For proposals with omissions or discrepancies applicants will be notified by letter and will be allowed 10 calendar days to correct or complete the proposal. If the corrections or additional requested information is not received by the deadline, the proposal will be considered incomplete and rejected.
 - 4) Within seven (7) calendar days of the PHA's Board of Commissioners approval, the PHA will provide written notification of the selected proposal(s) to all parties submitting a proposal.
 - 5) Within 14 calendar days of Board approval, the PHA will publish a public notice announcing the parties selected to receive PBV in the same newspaper in which the Public Notice of PHA Request for PBV Proposals was published.
 - 6) If the PHA has any direct or indirect interest in selected proposals, the PHA will request the selection process be reviewed by the local HUD Field Office or HUD approved independent entity, to determine the proposal was appropriately selected based on the selection procedures specified in the PHA's HCV Administrative Plan and HUD regulations. The requirements at 24 CFR 983.59 for independent entity to perform the inspection, reasonable rent determination and determination of initial occupant rent shall be followed.
 - 7) Documentation regarding the basis for the proposal selection will be made available at the Executive Director's office under the control of an assistant to the Executive Director for at least three (3) years from the date the Board approved the proposal.

C. Site Selection Option: Process for Winning a Previous Competition

NOTE: The regulations permit agencies to attach Project Based Vouchers to projects that have won a previous local, state, or federal housing related competition.

1. The PHA will not issue a Public Notice.
2. The PHA may provide owners with a PBV Request for Proposals to give them information about the PBV program.
3. The PHA will provide the owners with its PBV Owner Proposal format so it can collect all of the information needed for the PBV process.
4. Documentation must be provided by the owner or the entity responsible for the housing competition to show that having a commitment for PBV units was NOT a factor in winning the competition. Examples of potential competitions include LIHTC and the HOME program.
5. The housing-related award must be given within 3 years of the PBV selection date.

6. All of the procedures in Section B.4.d.1) through 7) above will be followed for proper evaluation of all required factors for site selection, with the exception of the following items that do not apply to the process for winning a previous competition:
 - a. Receiving the proposal by the deadline B.4.d.1)a).
 - b. Providing written notification to all parties submitting a proposal. B.4.d.4)., and
 - c. Publishing a public notice announcing the parties receiving PBV.

D. Site Selection Option: Attaching PBV's to Certain PHA-Owned or Controlled Projects without following a Competitive Process

1. The PHA may attach PBV assistance to units in a project in which the PHA has an ownership interest or over which the PHA has control without following a competitive process. The PHA may implement this option only if it is engaged in an initiative to improve, develop, or replace a public housing property or site.
2. The PHA will follow the most recent HUD definition of "ownership interest" and "control" provided in regulation or Notice.
3. The public housing properties or sites may be in the public housing inventory or may have been removed from the public housing inventory through any available legal removal tool within 5 years from the date on which the PHA executed the AHAP or HAP Contract pursuant to the non-competitive selection.
4. Any rehabilitation or new construction project will meet the required \$25,000 per unit minimum threshold.
5. The PHA may also consider Existing Housing under this site selection method. The units must meet the definition for "substantially meets HQS" in item B.4.d2) i) above. The \$25,000 unit minimum threshold is not required.
6. All of the procedures in items 4.d.1) b) through i), 4.d.2. and 3., and 4.d.6 and 7. above will be followed for proper evaluation of all required factors and site selection.

E. Selection of PHA –Owned Units

1. The PHA may select PHA –owned units no matter which site selection option is used.
2. A unit is "owned by a PHA" if the unit is in a project that is either owned by the PHA, including having a controlling interest in the entity that owns the unit, or owned by an entity that is wholly controlled by the PHA, or owned by a limited liability company (LLC) or limited partnership in which the PHA (or an entity wholly controlled by the PHA) holds a controlling interest in the managing member or general partner.
3. When needed, the PHA will use the HUD definition for "controlling interest" as published in a regulation or notice.
4. As needed, the PHA will establish a separate legal entity solely to be the Owner for the PBV HAP Contract.

5. The PHA will engage an Independent Entity to perform various functions of the PBV process as indicated by HUD. An independent entity is either a unit of general local government or a HUD-approved independent entity. The PHA will submit to the local HUD Office of Public Housing a joint PHA and independent entity certification certifying that the PHA and the independent entity have no legal, financial or other connection that could cause either party to be improperly influenced by the other, and that the independent entity will perform its duties in an unbiased manner.

F. Site Selection for HUD-VASH Project Based Vouchers Set Aside Award and for PHA Option to PBV VASH

1. The items below apply to HUD VASH set aside awards to the PHA.
 - a. HUD-VASH units awarded through the HUD-VASH set aside are exempt from both the project cap and the PBV program limitation.
2. The items below apply to VASH units that the PHA voluntarily applies to the VASH program.
 - a. All units exclusively made available to HUD VASH families are exempt from the PBV project cap, but they do apply to the PBV program limitation.
 - b. HUD approval to project based VASH units is not needed. Agencies must consult with the partnering Veterans Affairs Medical Center (VAMC) or Direct Support Professionals (DSP) to ensure their support.
 - c. The PHA may execute a single PBV HAP Contract to include both HUD VASH and other PBV units. The PHA must indicate the number of units exclusively available to HUD VASH families in Exhibit A of the PBV HAP Contract.
 - d. The PHA and the Owner may agree to amend the PBV HAP Contract to re-designate a regular PBV unit as a HUD VASH unit. The PHA must first consult with the VAMC or DSP.
 - e. The PHA and the Owner may agree to amend the PBV HAP Contract to re-designate a unit specifically designated for HUD VASH families as a regular PBV unit as long as the unit is not funded through a HUD funded VASH PBV set aside award.

The unit cannot be on the grounds of a medical facility. The unit must also be eligible under the PHA's PBV program limitation and project cap.
3. The items below apply to both HUD VASH awards and units the PHA voluntarily applies to VASH families.
 - a. If the PHA is going to use the competition site selection method and include VASH units, the site selection procedures in item B. above will be followed.
 - b. If the PHA is going to use the winning previous competition site selection method, the site selection procedures in item C. above must be followed.

- c. If the PHA is going to use the attaching PBV to certain PHA owned or controlled site selection method, then the site selection procedures in item D. above will be followed.
- d. If the PHA is going to use the site selection method of PHA Owned units, then the site selection procedures in item E. above will be followed.
- e. HUD-VASH supportive services only need to be provided to all HUD-VASH families receiving PBV assistance in the project, not all families receiving PBV assistance in the project.
- f. If a HUD-VASH family does not require or no longer requires case management, the unit continues to count as exempted from the project cap as long as the family resides in the unit.
- g. When the PHA is informed by the VAMC or DSP that the family's assistance must be terminated for failure to participate in the required case management without good cause, the PHA must terminate the family's assistance and provide a reasonable time to vacate the unit. The PHA must terminate assistance to the family at the earlier of the time the family vacates, or expiration of the reasonable time period given for the family to vacate. A reasonable time period to vacate the unit is 60 days, with the possibility of one additional extension of 60 days. The PHA realizes that terminating assistance for failure to participate in case management without good cause, can be a very sensitive and volatile issue that may take time to resolve to enable the family to relocate.
- h. The Lease terminates at the same time as the termination of assistance. If the family fails to vacate the unit within the established time, the Owner may evict the family. If the Owner does not evict the family, the PHA will remove the unit from the PBV HAP Contract or amend the PBV Hap Contract to substitute a different unit in the project if the project is partially assisted. The PHA may add the removed unit to the PBV HAP Contract after the ineligible family vacates the property.

G. PBV Percent Limitation-10% Increase for Eligible Units

The PHA may project-base an additional 10% of its ACC authorized units above the 20% program limit by serving one or more of the exception categories listed in this section.

Whether the PHA serves one or more of the exception categories, the total exception units will not be more than 10% of the authorized ACC units as noted on the most recent annual budget memo from HUD.

1. Homeless: For the PBV Program, HUD requires the definition used in Section 103 of the McKinney-Vento Act to be used for PBV Program Cap purposes. It is also provided in

Notice 2017-21. Note that this definition is different than the definition used for the PHA's Homeless preference.

2. Veteran: The PHA will use the same definition for Veteran as used for the PHA's preference for the HCV program. That definition is the Verification of Local Preferences section of this HCV Administrative Plan. HUD VASH PBV allocation is not included in the 10% exception.
3. Supportive Housing Services: The units provide supportive housing to persons with disabilities or to elderly persons. Supportive housing services means a project that makes supportive services available for all of the assisted families in the project and provides a range of services tailored to the needs of the resident.
 - a. Such services may include but are not limited to meal service, housekeeping aid, personal assistance, transportation, health-related case management, childcare, educational and employment services, job training, counseling, or other services designed to help the recipient live in the community as independently as possible.
 - b. The services may or may not be provided by the owner or provided on site. They will be reasonably available to the families receiving assistance in the project.
 - c. The PHA will not require participation in supportive services as a condition to live in the accepted unit.
 - d. Services will be available as long as the resident is in the unit.
 - e. The length of time the services are actually provided, the frequency of services, and the depth or extent of the services will be reasonable as determined by the PHA's coordinator of services or by the Property Manager and may depend on the type of service being provided.
 - f. With the exception of an assisted living facility as defined by HUD PBV regulations, the Owner cannot require the participants to pay charges for meals or supportive services. For assisted living facilities as defined by HUD PBV regulations, owners may charge for meals and supportive services, but it will not be part of the rent nor counted in the reasonable rent determination process.
4. Poverty Rate of 20 percent or less: PBV units that are located in a census tract with a poverty rate of 20 percent or less, as determined in the most recent American Community Survey 5 Year Estimates. A project that qualifies for the increased project cap at the time of the HAP contract execution, continues to qualify for the increased cap regardless of the changes of the poverty rate for the census tract.

H. Housing Type

1. The PHA retains discretion to determine which housing type to select among the eligible Excepted units pursuant to 24 CFR 983.56(c)(2).
2. Depending on the PHA's needs, particular housing types may receive points in the

proposal evaluation/rating process.

I. Project Cap Excepted Units for Elderly, Disabled and Supportive Services Families

1. Excepted units may be of the PBV contract and are not to be counted toward the cap on the number of PBV units in a building.
2. Excepted units must be used for a “Qualifying” family.
3. The PHA may consider elderly or disabled families, or families offered a qualifying service as “Qualifying” families:
 - a. Families offered qualifying service that may include but is not limited to meal service, housekeeping aid, personal assistance, transportation, health-related case management, childcare, educational and employment services, job training, counseling, or other services designed to help the recipient live in the community as independently as possible.
 - b. The extent the services are actually provided will be reasonable as determined by the PHA’s coordinator of services or by the Property Manager and may depend on the type of service being provided.
 - c. The PHA is prohibited from requiring participation in medical or disability related services other than drug or alcohol treatment in the case of current abusers as a condition of living in an excepted unit.
 - d. The services do not need to be provided by or at the project.
 - e. At least one family member must be receiving at least one qualifying service.
 - f. If the tenant completes the FSS Contract of Participation or other supportive service requirement, the unit continues to count as an excepted unit for as long as the family resides in the unit.
 - g. If supportive services are discontinued the family shall continue to be a “Qualified” family as long as the family resides in the unit.
 - h. If the family vacates the unit, the unit shall remain as “Excepted” if it is re-rented to another “Qualifying” family.
 - i. The PHA shall monitor the family’s participation in supportive services once each year as part of the annual reexamination of the family. The family shall provide a third-party verification to document participation in supportive services.
 - j. If a family fails without good cause to complete its FSS Contract of Participation or other supportive services requirement by the PHA, the PHA will require the family to vacate within 60-90 calendar days ending on the last day of a month. At that time, the PHA will terminate the family’s assistance and cease paying HAP payments on behalf of the non-qualifying family.
 - k. If the non-qualifying family fails to vacate within the 60-90 calendar day period, the unit must be removed from the PBV HAP Contract unless the project is

partially assisted, and the Contract can be amended to substitute the unit. The Owner may terminate the Lease and evict the tenant.

- I. The PHA will monitor the receipt of supportive services during the annual family recertification. The family will be required to provide third party verification of the actual services received and how often the services were received.
4. New Construction or Rehabilitation.

If an owner is proposing to pledge the HAP Contract as security for financing, the owner must submit the financing document to the PHA for review. In determining approvability of the pledge arrangement, the PHA must ensure that the financing documents do not modify the contract and do not contain any requirements inconsistent with the contract. Any contract must be limited to amount payable under the contract in accordance with the terms of the contract.

J. Project-Based Housing Assistance Payments Contract (HAP) Process for Rehabilitation or Newly Constructed Units.

1. The PHA and the owner will enter into an Agreement to Enter into a HAP Contract (AHAP) for Project –Based Voucher provided by HUD.
2. “Timely completion” of the development shall be defined in the AHAP.
3. If the development work is not completed (i.e., occupying permit being issued) within the timely completion period, the PHA reserves the right to either terminate the AHAP or provide an extension to the timely completion period.
4. The PHA may, as needed, determine the acceptability of work drawings and specifications and require additional drawings and specifications in the work description section of the AHAP.
5. The AHAP cannot be executed until after the PHA receives approval of the Subsidy Layering Review (if needed) and approval of the Environmental Review.
6. After receiving the approval in item 5 (above), the AHAP shall be executed within 30 calendar days.
7. The AHAP will clearly describe the required evidence of completion that will be provided by the owner.
8. The PHA will review all evidence of completion and either approve or require additional evidence.
9. The PHA will use the HUD issued Project-Based Voucher Housing Assistance Payments (HAP) contract.
10. For existing housing, the HAP Contract shall be executed within 14 calendar days after the units and buildings pass HQS inspection.
11. For newly constructed or rehabilitated housing, the HAP Contract will be executed 14 calendar days after:

- a. The PHA has inspected the completed units and buildings and determined the development work was completed pursuant to the AHAP;
 - b. The owner has submitted all required evidence of completion; and
 - c. The PHA has accepted the evidence of completion.
12. The term of the HAP Contract will be for up to 20 years unless there is a documented and compelling reason for a lesser term of not less than one (1) year.

K. Conduct of Development Work

1. If needed, the PHA shall monitor Davis-Bacon wage requirements bi-weekly.
2. The PHA will maintain adequate documentation in an easily audited format for all items required to be monitored per the AHAP.
3. The PHA will provide a Documentation of Completion Certification to the owner pursuant with 24 CFR 983.155.

L. Extension of HAP Contract

1. The HAP Contract may be extended for terms of up to 20 years if deemed appropriate by the PHA.
2. When determining appropriateness for a HAP Contract extension, the PHA may consider:
 - a. The owner's history of compliance with the HAP contract;
 - b. The owner's history of properly screening clients and enforcing the lease;
 - c. The PBV units can still be properly supported by the PHA Five-Year and Annual Plan or other documented community needs;
 - d. The PHA determines that PBV is still the best use of the HCV program budget authority; and
 - e. The project continues to provide affordable housing for low-income families.

M. Substitution and Addition of Contract Units

1. When considering the substitution of a contract unit, in addition to the substitute unit meeting HQS, the PHA may take into consideration:
 - a. A request for reasonable accommodation;
 - b. Changes in the condition or use of units in the building;
 - c. A resulting improvement in program or building management; and
 - d. Other reasonable justifications.
3. When adding units to PBV HAP Contract during the first three (3) years of the contract, the PHA may take into consideration:
 - a. The regulatory limits per building and 20% of the maximum number of units HUD allows to be leased as stated in the annual HUD budget email to the PHA;
 - b. A request for reasonable accommodation;

- c. Changes in the condition or use of units in the building;
- d. A resulting improvement in program or building management; and
- e. Other reasonable justifications.

N. Condition of Contract Unit

1. When determining the need for additional HQS requirements, the following items may be considered:
 - a. Assurance of continued compliance with any design, architecture or quality requirements listed in the AHAP or HAP Contract; and
 - b. Request for reasonable accommodation.
2. Additional HQS requirements are located in the HQS section of this Section 8 Administrative Plan.

O. Management

1. Owner Responsibilities
 - a. The owner shall develop a written management plan that will be reviewed by the PHA during the proposal evaluation/rating process.
 - b. The PHA will review the owner's compliance performance with the HAP Contract on or about the anniversary date of the contract.
 - c. The owner shall appropriately screen applicants referred by the PHA.
 - d. Provide the PHA with a copy of any termination of tenancy notifications on the following day.
 - e. Offer vacant, accessible units to a family with one or more members with a disability requiring accessibility features of the vacant unit.
2. Waiting List and Selection for Participation
 - a. The PHA HCV Program will establish a waiting list for each PBV project unless increased efficiency can be achieved by having the same waiting list for two or more PBV developments.
 - b. All applicants of the appropriate bedroom size(s) on the HCV Program will have the opportunity to be placed on the PBV waiting list when it is first established.
 - c. Applicants who pass the HUD required HCV program screening will be referred to the Owner.
 - d. The PHA may place families referred by the owner of the Project-based voucher units on its PBV waiting list. Families will be referred to housing units from the waiting list.
 - e. Concerning Income Targeting, in any fiscal year, not less than 75% of families admitted to the combined tenant-based and Project-Based Voucher Program should be extremely low-income families.

- f. PBV units will not remain vacant for an excessive period of time to meet the Income Targeting percentage.
- g. Pursuant to 24 CFR Part 982.201 (b)(III), allowing low income participants to receive HCV/PBV assistance if continually assisted, Part 982.201(d), Continually Assisted Participants, and Part 982.203(b)(1), allowing special admissions continually assisted due to demolition/disposition of public housing units. Public housing residents being displaced due to demolition/disposition will be permitted to receive Project-Based Voucher assistance without being placed on the HCV/PBV Waiting List.

3. Filling Vacant Unit

- a. When the Owner notifies the PHA of vacancies in the PBV units, the PHA will refer to the owner one or more families of the appropriate size on the waiting list. A family that refuses the offer of a unit with Project-Based assistance will maintain its place on the waiting list.
- b. The owner must notify the PHA within two (2) calendar days of learning of a vacancy.
- c. The owner will confirm occupancy, usually through rent payment, once each month.
- d. The PHA will refer applicants to the Owner within two (2) calendar days after receiving notice of vacancies. Such referral shall be in the form of providing the Owner with a copy of the Section 8 pre-application or application.
- e. The Owner must rent all vacant units to eligible families referred by the PHA from its waiting list. The PHA will determine eligibility for participation in accordance with HUD requirements.
- f. If the PHA does not refer a sufficient number of interested applicants off the PHA waiting list to the Owner within 30 calendar days of the Owner's notifying the PHA of a vacancy, the Owner may advertise for or solicit applications from eligible very low-income families. The Owner must refer these applicants to the PHA to determine final eligibility.
- g. The Owner shall notify rejected applicants within three (3) calendar days of the decision in writing with a copy to the PHA.

4. Briefing the Family

Within five (5) calendar days after accepting PBV, the PHA will provide an oral briefing and written briefing packet pursuant to 24 CFR 983.252.

P. Overcrowded, Under-Occupied, and Accessible Units

The PHA's subsidy standards apply to the PBV program and will determine the appropriate

unit size for the family size and composition.

1. If the PHA determines that the family is occupying a wrong-size unit (overcrowded or under-occupied) or a unit with accessibility features that the family does not require and the unit is needed by a family that requires the accessibility features, the PHA will promptly notify the owner of this determination and offer the family continued assistance in the form of:
 - a. PBV assistance in an appropriate-size unit, in the same project or in another project;
 - b. Other project-based housing assistance;
 - c. Tenant-based rental assistance under the HCV program; or
 - d. Other comparable public or private tenant-based assistance (e.g., under the HOME program).

2. Termination of Housing Assistance Payment
 - a. If the PHA offers the family the opportunity to receive Tenant-based rental assistance under the HCV program, the PHA must terminate the HAP payment for a wrong-sized or accessible unit:
 - 1.) At the earlier of the expiration of the term of the family's voucher (including any extension granted by the PHA), or
 - 2.) The date upon which the family vacates the unit.
 - 3.) If the family does not move out of the wrong-sized unit or accessible unit by the expiration of the date of the term of the family's voucher, the PHA must remove the unit from the HAP contract.
 - b. If the PHA offers the family the opportunity for another form of continued housing assistance, not in the tenant-based voucher program, and the family does not accept the offer, does not move out of the PBV unit within a reasonable time as determined by the PHA, or both, the PHA will terminate the housing assistance payment for the wrong-sized or accessible unit at the expiration of a reasonable period as determined by the PHA and remove the unit from the HAP contract.

3. To support repositioning efforts and to enable continued assistance from PH to PBV, the PHA reserves the right to temporarily over-house tenants until a unit of the appropriate size becomes available in the project. If needed, pursuant to relocation requirements, the PHA would pay any difference between the unit size for which the tenant is eligible and the over-housed unit size.

Q. Reduction of Number of Units Covered by HAP Contract

1. Owners must lease all assisted units under HAP Contract to eligible families. Leasing of vacant units to ineligible tenants is a violation of the HAP Contract and grounds for all

available legal remedies including suspension or debarment from HUD contracts and reducing the number of contract units.

2. The PHA may reduce the number of units if a unit is vacant for 120 days.

3. Restoration

The PHA will agree to an amendment of the HAP contract to provide subsequent restoration of any reduction made, if:

- a. The PHA determines that the reduction is justified by demand;
- b. The Owner otherwise has a record of compliance with obligations under the HAP contract; and
- c. Contract authority is available.

R. Maintenance and Inspections

1. The owner must provide all services, maintenance and utilities as agreed under the HAP Contract, subject to abatement of housing assistance payments or other applicable remedies if the owner fails to meet these obligations.

2. The PHA plans to at least perform annual HQS re-inspections of units under PBV HAP Contract. A random sample of at least 20% of the contract units for each building will be selected for the re-inspection. Turnover inspections will not be counted toward the number of annual re-inspections. If more than 20% of the re-inspections fail HQS standards, then 100% of contracted units in the building will be re-inspected. The PHA may provide the property manager with 60 days' notice of the re-inspections and encourage the owner to prepare for the re-inspections. If a unit has more than 15 HQS fail items, that unit will be re-inspected during the following year.

3. If the PHA notifies the owner the unit(s) under contract are not in decent, safe and sanitary condition and the owner fails to take corrective action within the time prescribed in the notice, the PHA may exercise any or all its rights or remedies under the HAP Contract, including abatement of the housing assistance payment or termination of the HAP Contract.

S. Rent and Housing Assistance Payments

1. The Owner will not charge more than one (1) month's rent as a security deposit and will not charge a security deposit that is higher than non-subsidized units.

2. The PHA will maintain documents to clearly justify the determination or rent to owner pursuant to 24 CFR 983.301.

3. Rent Adjustments

a. If the Owner wishes a rent increase, the Owner must request a rent increase by written notice to the PHA at least 90 days before the HAP Contract anniversary date.

- b. To be eligible for an increase, the Owner must comply with all requirements of the HAP Contract, including HQS for all contract units.
 - c. The adjusted rent will be reasonable in comparison with rents charged for comparable dwelling units in the private, unassisted local market.
4. Special Rent Adjustments
- a. A special rent adjustment may be approved only to reflect increases in the actual and necessary cost of owning and maintaining the contract units due to substantial and general increases in:
 - 1) Real Property taxes;
 - 2) Special governmental assessments;
 - 3) Cost of utilities not covered by regulated rates.
 - b. The owner must submit financial information, as requested by the PHA that supports the request for a special adjustment.
5. Owner Certification of Rent
- By accepting each monthly Housing Assistance Payment from the PHA, the owner certifies that the rent to owner is not more than rent charged by the owner for comparable unassisted units in the premises.
6. Reasonable Rent
- a. The PHA will not enter into an agreement or HAP Contract until it is determined the initial rent to the owner is a reasonable rent in comparison to rent for other comparable unassisted units. To make this determination the PHA will consider;
 - 1) The location, quality, size, unit type, and age of the contract unit; and
 - 2) Any amenities, housing services, maintenance and utilities to be provided by the owner in accordance with the lease.
 - b. The initial rent to the owner for a unit may not exceed the reasonable rent as determined by the PHA in accordance with 24 CFR 983.
7. FMR/Exception Rent Limit
- The initial gross rent for the unit shall not exceed 110% of the established Fair Market Rent on the date the Agreement to enter into a HAP Contract is executed. The FMR/exception rent is determined by the PHA in accordance with 24 CFR 982.504.

T. Using Project Based Vouchers with Section 18 Demolition/Disposition

- 1. The PHA may receive Tenant Protection Vouchers (TPV) as part of a Demolition/Disposition project for Public Housing units. The PHA may receive TPVs for relocation and a separate allocation to TPVs for replacement.
- 2. The PHA may project base the TPVs and follow the Project Based Voucher (PBV) requirements, with the possible exclusion of rent calculation. The receipt of TPVs may

enable the PHA to use higher Payment Standards depending on the amount of the TPV Award from HUD. The PHA will make the decision on a project-by-project basis.

3. Public Housing residents with an income that exceeds Very Low-Income limits but who are within the Low-Income limit may receive a Project Based Voucher under the Continually Assisted Participants regulations.
4. For Public Housing residents who are over income, the PHA will follow the relocation requirements for either temporary or permanent relocation. The PHA will consider enabling the resident to pay full rent in the project without the unit being part of the PBV contract. If the unit is vacated by the over income resident, the PHA may add the PBV unit to the PBV Housing Assistance Payment Contract.