

The Project Based Voucher Improvement Act of 2015

Section by Section

Section 1: Title

Section 2: Definition of PHA-owned units

The purpose of the PHA-owned unit provisions in the statute is to avoid conflicts of interest when a PHA both owns the unit and administers the subsidy. This section inserts a statutory definition for PHA-owned units. This section is needed because the current regulatory definition is overbroad and applied inconsistently, causing confusion among HUD, the Office of Inspector General and agencies implementing these PBV programs. HUD's recent guidance (PIH 2015-5) has not alleviated these problems. The statutory definition clarifies that to qualify as a PHA-owned unit, the PHA must either directly own the unit or must participate as the controlling entity of the owner, and would exclude instances where the PHA only holds an indirect or non-controlling interest and exercises no control over the owner of the unit.

Section 3: PHA Project-Based Assistance

This section makes changes to the project-based voucher (PBV) program authorized under Section 8(o)(13) of the U.S. Housing Act of 1937. PHAs utilize the PBV program to create long-term affordable rental housing, generally in mixed-income properties, and to create supportive housing for the elderly, persons with disabilities, homeless veterans and families utilizing services.

Percentage limitation: Authorizes a PHA to project-base up to 20 percent of its authorized voucher allocation rather than 20 percent of its voucher funding. The authorized number of vouchers is more stable, and will allow some PHAs to project-base more of their vouchers than the current law funding measure. The amendment of subparagraph (B) also exempts PBVs used to preserve units previously subject to federally required rent restrictions or receiving another type of federal long-term housing subsidy from the limitation, and enables a PHA to provide up to an additional 10 percent of its authorized vouchers to create units targeting homeless individuals and families, veterans, or households with persons who are elderly or have disabilities; or units in areas where vouchers are difficult to use due to market conditions.

Income Mixing: Allows a PHA to provide PBV assistance to properties where the assistance does not exceed 25 percent of the units in a project or 25 units, whichever is greater. (Current law does not include the 25 unit measure.) This would enable PHAs in both rural communities and other lower-density areas to create small affordable rental apartment buildings. Further, in areas where vouchers are difficult to use, or in census tracts with a poverty rate of 20 percent or lower, PHAs may provide project-based assistance to up to 40 percent of units in a project. The limitations on the share of units in a project that may have

project-based assistance only apply to newly assisted properties. Units of project-based assistance that are attached to units previously subject to federally required rent restrictions or receiving other project-based assistance are exempted from these caps, as well as units that are exclusively made available to elderly households or households eligible for available supportive services.

Contract Terms: Extends the permissible term of PBV contracts and extensions from 15 to 20 years, and requires PHAs in the event of insufficient funding to prioritize payments for units subject to a PBV contract if other cost-saving measures are available. Enables a PHA and private owner to add eligible units to a PBV contract without competitive process and to agree on additional conditions, subject to statutory limitations, or to enter into a PBV contract after construction has begun provided that the owner demonstrates compliance with applicable requirements prior to execution of a HAP Contract. Further, this section would extend tenant-based assistance for households to continue to reside in the property or to choose to move in the event the PBV contract is not extended or is terminated.

Rent Adjustments: The amendment to this subparagraph allows PHAs and owners to agree to limit the amount of a requested rent increase to the operating cost adjustment factor (OCAF) permitted for most properties with section 8 contracts with HUD, and similarly allows owners limited to annual OCAF increases to request an additional adjustment periodically up to the reasonable rent for the units. This change enables private owners to receive adequate rent to cover operating expenses of a property and remain financially stable while at the same time giving PHAs more predictability about the subsidy costs of long-term contracts in a property and saving subsidy costs in areas where changes in operating costs are less than increases in market rents.

Site-based Waiting Lists: The amendment allows PHAs to continue to manage waiting lists for PBV units or to permit site-specific waiting lists managed by owners, in which case residents may place their names on waiting lists for particular properties at the PHA or by contacting the property manager. This gives eligible households more choices to determine where they want to live based on the types of services available at the property, the location of a property, or other factors, enables owners to fill units more quickly by eliminating delays due to reliance on referrals of applicants by PHAs, and reduces administrative burdens for PHAs.

Redevelopment of PHA Owned Property: Allows a PHA to provide PBV assistance to improve, develop or replace a public housing property or property that it controls or has an ownership interest in without having to use a competitive process, so long as it notifies residents and the public through its annual plan.

Project-basing of Special Purpose Vouchers: Clarifies that PHAs may project-base HUD-Veterans Affairs Supportive Housing (HUD-VASH) and Family Unification Program (FUP) vouchers under the same policies and procedures applicable to general purpose vouchers. This change will facilitate the use of these vouchers — which provide stable affordable homes for homeless veterans and families involved with the child welfare system — for supportive housing and in areas where there is a shortage of suitable rental units.