



**Housing Authority**  
of the **City of Pittsburgh**

# 2019 Moving to Work Annual Plan

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# Housing Authority of the City of Pittsburgh

## Moving To Work Annual Plan

2019

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## Introduction

The Housing Authority of the City of Pittsburgh (HACP) is committed to building better communities and improving the lives of the families who reside in HACP housing. Throughout 2018, HACP strived to provide its 20,000 residents with housing that is safe and high quality; while working to provide additional housing opportunities to the thousands of Pittsburgh families currently waiting to find suitable, affordable housing accommodations.

The HACP has committed to expanding our affordable housing portfolio to help meet the city's growing demand. This will be accomplished by developing hundreds of new units in locations throughout the city – including mixed-income developments in the East End, Hill District and the North Side, as well as Scattered Site housing located throughout the city limits.

As Pittsburgh's Renaissance continues, the Authority is taking measures to ensure that Pittsburgh's most vulnerable residents – our senior citizens, our disabled individuals and our low-income working families also are able to enjoy the benefits of our City's Renaissance. That is why it is essential to rebuild an adequate supply of affordable housing and why HACP is committed to creating a variety of new affordable homes.

In addition to our efforts to develop safe, affordable housing, HACP is also poised to move forward with efforts to assist the 20,000 Pittsburgh residents who currently reside in an HACP home or receive support through our voucher program. We're providing our residents with the tools they need to become upwardly mobile and attain a higher quality of life; and, we're providing training and employment opportunities to any HACP resident committed to achieving self-sufficiency.

Residents continue to enroll in our Family Self-Sufficiency Program – working hard every day to provide a better life for their families through participation in training programs designed to produce quality, sustainable employment opportunities. We are changing the face of affordable housing in communities like Skyline Terrace and Larimer/ East Liberty. More importantly, we're helping to change the lives of the residents who call these communities their home.

## B.1 Overview of HACP's Moving To Work Goals and Objectives

The Housing Authority of the City of Pittsburgh (HACP)'s overarching Moving To Work (MTW) Goals are as follows:

1. To reposition HACP's housing stock to preserve and expand affordable housing options and stabilize neighborhoods. These efforts are designed to result in housing that is competitive in the local housing market, is cost-effective to operate, provides a positive environment for residents, and provides broader options of high quality housing for low-income families.
2. To promote independence for residents via programs and policies that promote work and self-sufficiency for those able, and promote independent living for the elderly and disabled.
3. To increase housing choices for low income families through initiatives designed to increase the quality and quantity of housing available to households utilizing tenant-based rental assistance and other available resources.

## B.2 Long Term Goals and Vision

HACP's vision for its Moving To Work Program is built around three major themes that together will achieve the statutory objectives of the Moving To Work Demonstration Program.

- *Theme one* is to reposition HACP's housing stock to compete in the local market, stabilize neighborhoods, improve operational efficiencies, and expand housing choices for low-income families.
- *Theme two* is to promote self-sufficiency and independent living through a variety of enhanced services and policy adjustments. These programs and policies are designed to provide incentives to work for adult, able bodied, non-elderly heads of households and family members, and to promote social and academic achievement for children and youth. In addition to increasing economic self-sufficiency among assisted families, these programs and policies are expected to result in increased revenue for the HACP (increasing the cost effectiveness of federal expenditures) while increasing housing choices for families (with increased work and income they will have additional housing choices both within the HACP portfolio and within the larger housing market).
- *Theme three* is to increase housing choices for low income families through initiatives designed to increase the quality and quantity of housing available to households utilizing rental assistance and other available resources.



## Theme One: Repositioning of HACP's Housing Stock

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Since the initial HACP Moving To Work Annual Plan in 2001, a major component of HACP's Moving To Work strategy has been to reposition HACP's housing stock through a) preservation of successful developments and b) revitalization of distressed developments through strategic investments that re-link public housing properties to their surrounding neighborhoods and act as a driver of other public and private investments to revitalize entire neighborhoods.

Initiated prior to Moving To Work through three HOPE VI redevelopment projects and continued through the Moving To Work Program, HACP has achieved great success.

A by-product of these redevelopment efforts, which feature reduced densities, mixed income, and modern conveniences, is a reduced number of traditional public housing units. This has been balanced by the addition of new affordable units supported by tax credits, project based housing choice vouchers, and new units rented at market rates. In some of HACP's mixed finance/mixed income developments, a portion of the market rate units are rented at levels affordable to some low-income (80% of AMI) households. Traditional Housing Choice Vouchers also support low income families and occupancy of units available in the private market.

In recent years, however, Pittsburgh has experienced rapid growth in the technology and healthcare industries attracting high end developers to meet the influx of higher income residents moving to the region. Neighborhoods once abundant with affordable market rate rents have experienced a surge in pricing for both new and existing units. Low income families, including those utilizing Housing Choice Vouchers, have increasing difficulty locating units in neighborhoods of opportunity and are increasingly priced out of additional neighborhoods as the market continues to shift. There is a lack of affordable units in the City of Pittsburgh that disproportionately affects families at and below 30 percent of area medium income. HACP recognizes the affordable housing need and is working to address these concerns through a variety of strategies, including increasing landlord outreach and the development of a payment standard reflective of the increasing cost of housing. One core strategy continues to be the creation of new affordable units supported by tax credits and project based vouchers. This approach has enabled HACP to continue serving substantially the same number of families as would have been served absent the demonstration.

In 2012 and 2013, in light of continued erosion of funding available for affordable housing development and redevelopment, HACP engaged in extensive collaborative work with HUD and other partners to develop new mechanisms for financing redevelopment of distressed properties. The resulting Step Up To Market Financing Program, as detailed in Section IV, was designed to be a key component of future HACP repositioning activities.

HACP has also invested in its successful housing in recent years, including completion of partial comprehensive modernization renovation as noted below and in Section II. HACP completed phases I, II and III of Addison redevelopment resulting in 263 new Project Based Voucher (PBV) units and Phase I of Larimer Redevelopment resulting in 29 PBV units. HACP has also

implemented an Energy Performance Contract for improvements that included the installation of energy efficient and cost saving geothermal heating (and cooling) systems at several developments. HACP is committed to continuing these preservation and revitalization efforts to the greatest extent feasible with the funding available throughout the Moving To Work demonstration.

The charts at the end of this chapter shows projected sources of funds that can be used for capital projects, and projected uses of those funds over the next ten years. All of these numbers reflect projected obligations (not expenditure) of funds and are projections only and are subject to change based upon funding levels and opportunities, financial and real estate market conditions, new or changing regulations or requirements, and other unforeseen developments.

The highlights of this plan relating to Repositioning of HACP's Housing Stock are as follows:

Development	FY19 Plans
<b>Addison Terrace Phase III</b>	Project construction is complete, and property is fully occupied.
<b>Larimer/East Liberty Phase II</b>	This phase is part of Larimer/East Liberty Choice Neighborhoods Implementation Grant Program. It will result in approximately 150 mixed-income rental units. Seventy-Five (75) will be assisted via transferred HUD Multifamily HAP. Building construction started in November 2017 and plans to be completed by April 2019.
<b>Larimer/East Liberty Phase III</b>	Also known as Larimer/East Liberty Phase 3A (New construction, mixed-use development). This phase is part of Larimer/East Liberty Choice Neighborhoods Implementation Grant Program. Approximately 42 mixed-income rental units will be developed with a 9% low income housing tax credit application that will be submitted in 2019. Construction will start in 2020.
<b>Larimer/East Liberty Phase IV</b>	Also known as Larimer/East Liberty Phase 3B (Larimer School historic adaptive reuse project and new construction of townhomes). This phase is part of Larimer/East Liberty Choice Neighborhoods Implementation Grant Program. The Phases



	3A and 3B are clustered in Larimer Avenue and Winslow Street. Phases will consist of approximately 42 mixed-income rental units. The project will be financed with a 9% low income housing tax credit application scheduled for submission in November 2018.
<b>Larimer/East Liberty Large-family Scattered Site Replacement units</b>	HACP's instrumentality, ARMDC, and its co-developer, McCormack Baron Salazar, of Larimer/East Liberty Choice Neighborhoods Implementation program will use a conventional public housing development method (24 CFR 905.600) to develop two 5-bedroom units and one 6-bedroom replacement units in the Larimer neighborhood. Development proposal and site acquisition proposal and implementation of the proposals will be done based on public housing development regulations.
<b>Bedford Dwellings Redevelopment</b> <b>(Choice Neighborhoods Implementation Grant and the initial phases of housing development)</b>	HACP (Lead-grantee) and the City of Pittsburgh (Co-grantee) submitted the final transformation plan in June 2018 to fulfill the FY 2015/2016 CN Planning Grant program for Bedford Dwellings/Hill District. HACP and its partners will submit FY2018 CN Implementation Grant Application (\$30M) to HUD by September 17 2018 or its final deadline. The CN Implementation Grant application is focused on a 5-7 year redevelopment plan for lower section of Bedford Dwellings and off-site mixed-income housing in CN target area. ARMDC and its co-developer, TREK Development Group, will concurrently move forward with planning and predevelopment activities of the first phase of the Bedford Dwellings redevelopment in 2018 and 2019.
<b>Northview Heights Midrise</b>	HACP will construct an 87 unit replacement building on 3.96 acres of vacant land within the community. HACP submitted a four percent LIHTC application in June of 2017. Opportunities for funding for the project are being considered and pursued, with financial closing and possible construction to begin in 2019.

<b>Allegheny Dwellings Phase I Redevelopment</b>	A total number of 65 units of mixed-income units (47 affordable/ 18 market rate units), consisting of one, two and three bedroom units will be built on-site and along Federal Street. A four percent tax credit application was submitted on June 30, 2017 and was awarded. All 47 affordable units will be PBV assigned units. Project closing was held in December 2017. Project is financed in part by the HACP MTW capital budget, program income, conventional/soft loan and apportioned tax credits. Construction began in late 2017 or first quarter 2018. Phase I is anticipated to be completed in the first quarter of 2019.
<b>Crawford Square</b>	Crawford square is a pre-existing LIHTC supported mixed income development overlooking downtown Pittsburgh and located a few blocks from the HACP owned mixed finance development Bedford Hill. The HACP collaborated with the Urban Redevelopment Authority and the current property owners to develop a solution to maintain the affordable units as the property entered the final year of its tax credit affordability period in 2016. As a mechanism to preserve 194 affordable units at Crawford Square, the HACP and its partners will re-syndicate the tax credits at the property and become a partial owner. Of the 194 units, 60 will be designated as Project Based Voucher units and 134 will remain as LIHTC units. The project closed June 4 – 6, 2018. The developer received their notice to proceed on June 11, 2018 and construction is scheduled to be completed by November 2019.
<b>Manchester</b>	Manchester is an early HOPE VI mixed-finance redevelopment with 86 units. The LIHTC compliance period ended in 2016 and HACP and its partners acquired the property in 2017. The HACP proposes to preserve the 86 affordable rental units for the next 20 year period through re-syndication and will submit a LIHTC application in June of 2019. HACP/ARMDC will also work to complete pre-development activities and consider opportunities for additional funding.

<b>Turnkey development of scattered sites</b>	Two Community Development Groups/Faith-based organizations were selected in 2016 to develop up to fifty (50) turnkey units over the next successive (five years). Turnkey Development of Scattered Sites in the East Liberty Neighborhoods is managed by East Liberty Development Corporation. (ELDI). The project for twenty (20) units is nearing completion. Additional 22 units managed by the Amani Christian Community Development Corporation (ACCD) are currently in the design and pre development stage.
<b>Addison Terrace Phase IV (Homewood Redevelopment)</b>	HACP and its private co-development partner, Keith B. Key Enterprises (KBK) have submitted a four percent LIHTC application in May 2017 with a goal of have a financing construction closing in November 2017. Bond closing occurred on December 29th, 2017, and final financial closing is scheduled for 2018. Part of that closing will involve the disposition of the former Kelly St high-rise site in Homewood has been disposed to the project as a main portion of the site, which will consist of 58 units total, 42 LIHTC units and 16 market rate units. along with the use of MTW funds will be used to prepare the site and construct the units.
<b>St. Clair and vacant lots</b>	The appraisal report for St. Clair is complete and negotiation is currently underway with the Urban Redevelopment Authority. Once complete, the HACP will undertake a disposition application process to be submitted for St. Clair.
<b>Disposition and or redevelopment of vacant properties</b>	HACP continues to plan for potential disposition and/or mixed finance development of vacant properties at Garfield Heights, Bedford Dwellings, St. Clair Village, Kelly Street in Homewood, and at Cove Place in Glen Hazel. Vacant properties located within the Glen Hazel community are not included in RAD and St. Clair Village and Kelly Street are former Low Income Public Housing communities prime for redevelopment.

<b>Elmer Williams Square</b>	The project consists of 36 rehabilitated units and 1 new construction unit, total 37 units. Two (2) units will also be fully accessible and meet Uniform Federal Accessibility Standards. All 37 units will be subsidized by HCV Project Based Vouchers. Financial closing took place on 6/14/18. The property is currently under construction. Planned date of completion: 7/31/2019.
<b>Miller Street Apartments</b>	Identified through the Project Based Voucher Plus Gap competitive selection process in 2016. HACP has awarded nine (9) PBV units and gap financing for the project located in the Crawford Roberts Neighborhood in the Middle Hill District. Project is currently under construction and is anticipated to be completed in the first quarter of 2019
<b>City's Edge</b>	Identified through the Project Based Voucher Plus Gap competitive selection process in 2017. HACP has committed to awarding 77 PBV Units and gap financing for the project located in the Uptown Neighborhood of Pittsburgh. The development is a new Construction, mixed-use, mixed-income, nine-story, condominium, elevator building. It will have 110 units total, 77 of which will be supported by Project-Based Vouchers, and 33 will be Market Rate. There will be a commercial component of the property that includes a parking garage and proposed space for a daycare, after school program, MBE/WBE incubation space, restaurant, medical care facility, business center, and a fitness room.
<b>Acquisition and Build-Out of New Administrative Space and Disposition of HACP Office</b>	The HACP is in the process of acquiring a new office space, which is expected to take place on September 20, 2018. The new space, 420 Boulevard of the Allies, will be renovated to suit the needs of the HACP's staff. HACP will also dispose of its current administrative space located in the John P. Robin Civic Building, which is expected to take place in 2019. All moving for the new space should be completed by summer of 2019.

<b>Oak Hill RAD</b>	A 9% tax credit application will be submitted to the PHFA in 2019 for the Oak Hill MROP units. If awarded, a closing for this phase should take place by the end of 2020. A Converted Awaiting Transfer will be submitted to HUD for early demolition of the units in the meantime.
<b>2017 PBV/Gap Financing RFP (MTW Local Non-Traditional activity)</b>	<ol style="list-style-type: none"> <li>1. City's Edge: In process of preparing for financial closing by the end of 2018. (For more details, refer to the "City's Edge" section above.)</li> <li>2. Lemington Senior Housing: In process of planning and predevelopment including other funding applications.</li> <li>3. Western Restoration: In process of planning and predevelopment including other funding applications.</li> </ol>

### **Pursuit of Rental Assistance Demonstration Conversions**

In order to secure the long-term viability of its existing housing stock, HACP is pursuing conversion of some public housing units to HUD contracts for multi-family housing rental assistance through the Rental Assistance Demonstration (RAD) Program. HACP received approval for the following properties:

- Glen Hazel and Glen Hazel High Rise
- Murray Towers
- Oak Hill
- New Pennley Place

Financial closing is expected to occur for Glen Hazel and Glen Hazel High Rise in 2018. Oak Hill will submit a nine percent tax credit application in 2019. If awarded, a closing for this phase should take place by the end of 2020. Lastly, after further financial consideration HACP has decided not to pursue RAD conversion for Murray Towers and New Pennley Place. The properties will continue as a public housing and mixed finance communities respectively.

Additional information on the planned conversion of the above properties is included in Section II and Appendix IV.

## Long Term Development and Redevelopment Funding Projections

Below are two charts showing projected funding obligations over the next five years.

Not included in the charts are funding and financing strategies, including those that use MTW funding flexibility and support and leverage MTW funds to support redevelopment of these properties. As funding opportunities and financing mechanisms change, and creative approaches are devised, HACP will adapt and adopt the approaches that are most advantageous to the agency. These approaches include but are not limited to the following:

- Low Income Housing Tax Credits, Historic Tax Credits, and/or New Market Tax Credits.
- Federal, State, and Local Housing Trust Funds dollars as available.
- Other Federal, State, and Local funds such as CDBG, HOME, PA Department of Community and Economic Development Programs, and others as can be secured.
- HUD's new and evolving financing and transformation initiatives (if authorized), or other similar approaches.
- Project basing up to 500 Housing Choice Vouchers.
- HACP's Moving to Work *Step Up To Market Financing Program*.
- Any and all other opportunities and mechanisms that are available or can be identified that will assist HACP in furthering its goals under MTW and under the Low Income Public Housing and Housing Choice Voucher programs.



<b>Proposed Development</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>5-Year Subtotals</b>
Addison IV - Homewood						0
Allegheny I						0
Allegheny II		500,000				500,000
Arlington Heights						0
Bedford 1	12,000,000					12,000,000
Bedford 2	1,000,000		4,000,000			5,000,000
Bedford 3				1,000,000	6,000,000	7,000,000
Bedford 4						0
Bedford 5						0
Larimer 3	1,200,000	500,000				1,700,000
Larimer 4	1,000,000	1,000,000				2,000,000
Larimer 5						0
Manchester		1,000,000	3,000,000			4,000,000
Murray Towers RAD						0
Northview 1	2,000,000					2,000,000
Northview 2	6,000,000		1,000,000			7,000,000
Oak Hill MROPs	1,000,000	1,000,000				2,000,000
Oak Hill Future						0
						0
Gap Financing						0
Scattered Sites						0
CHOICE						0
						0
<b>Subtotal Development</b>	<b>24,200,000</b>	<b>4,000,000</b>	<b>8,000,000</b>	<b>1,000,000</b>	<b>6,000,000</b>	<b>43,200,000</b>

Proposed Modernization		2019	2020	2021	2022	2023	5-Year Subtotals
901	Addison (201 Kirkpatrick St Central Maintenance)	0	0	0	0	280,778	280,778
902	Bedford Dwellings	0	0	0	0	0	0
904	Arlington Heights	4,858,250	140,164	485,939	78,060	265,423	5,827,836
905	Allegheny Dwellings	0	0	0	0	0	0
909	Northview Heights	1,792,121	1,236,000	0	0	0	3,028,121
915	PA Bidwell / D.O.C.	433,501	316,359	0	0	1,436,852	2,186,712
917	Pressley	79,703	1,773,969	128,932	13,404	19,879	2,015,887
920	Homewood North	1,961,509	39,057	0	95,938	0	2,096,504
922 & 939	Scattered Sites / Hamilton Larimer	170,471	1,150,718	0	500,269	1,802,869	3,624,327
931	Murray Towers	0	0	0	0	0	0
932	Glen Hazel Family (incl. Renova)	0	0	0	0	0	0
933	Glen Hazel Highrise	0	0	0	0	0	0
940	Mazza Pavillion	0	0	7,471	0	67,671	75,142
941	Caliguiri Plaza	527,051	286,546	172,941	0	0	986,538
944	Finello Pavillion	146,157	469,913	33,295	158,799	0	808,164

945	Morse Gardens	139,855	149,041	48,887	1,441,999	92,288	1,872,070
946	Carrick Regency	406,266	208,369	966,736	78,426	0	1,659,797
947	Gualtieri Manor	2,513	48,925	122,528	21,938	172,600	368,504
999	Authority Wide	0	0	0	0	0	0
<b>Subtotal Modernization</b>		<b>10,517,397</b>	<b>5,819,061</b>	<b>1,966,729</b>	<b>2,388,833</b>	<b>4,138,360</b>	<b>24,830,380</b>

Sources	Projected Sources	2019	2020	2021	2022	2023	5-Year Sub Totals
	MtW Funding	11,673,462	10,000,000	10,000,000	10,000,000	10,000,000	51,673,462
	CFP Projected Future Funding	15,066,937	10,000,000	10,000,000	10,000,000	10,000,000	55,066,937
	MtW Reserves	18,005,505	0	0	0	0	18,005,505
	Total All Projected Sources	44,745,904	20,000,000	20,000,000	20,000,000	20,000,000	124,745,904

Uses	Proposed Uses		2019	2020	2021	2022	2023	5-Year Subtotals
	HACP-WIDE	Administrative	1,506,694	1,500,000	1,500,000	1,500,000	1,500,000	7,506,694
		Security	5,394,216	5,556,042	5,722,723	5,894,405	6,071,237	28,638,623
		LBP Abatement-Other Misc Hazmat	60,000	60,000	60,000	60,000	60,000	300,000
		GPNA (Every 5 years)	0	0	194,000	0	0	194,000
		Utility Repair	25,000	0	0	0	0	25,000
		A/E Technical Services	736,218	407,334	137,671	167,218	289,685	1,738,126
		Resident Services	2,256,379	2,324,070	2,393,792	2,465,606	2,539,574	11,979,421
		Contingencies	50,000	50,000	50,000	50,000	50,000	250,000
	Subtotal HACP-Wide Uses		10,028,507	9,897,446	10,058,186	10,137,229	10,510,496	50,631,864
	Subtotal Development		24,200,000	4,000,000	8,000,000	1,000,000	6,000,000	43,200,000
	Subtotal Modernization		10,517,397	5,819,061	1,966,729	2,388,833	4,138,360	24,830,380
	Total All Proposed Uses		44,745,904	19,716,507	20,024,915	13,526,062	20,648,856	118,662,244

## **Theme Two: Promoting Self-Sufficiency and Independent Living Through a Variety of Enhanced Services and Policy Adjustments.**

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HACP is committed to continuing pursuit of programs and policies that promote self-sufficiency and independent living. This is pursued through programs and policy modifications.

HACP's Family Self-Sufficiency (FSS) Program, called Realizing Economic Attainment For Life or REAL, includes the Resident Employment Program (REP). REAL and REP provide a variety of supports, programs, and referrals to residents to assist them in preparing for, seeking, finding, and retaining employment. The program and the Authority also work constantly to link with other programs, leverage additional services, and create positive environments for families, adults, seniors, and children. REAL and REP are complemented by the programs provided by HACP and its partners that focus on youth of varying ages, including the BJWL after school and summer programs, YouthPlaces, the Clean Slate Drug Free Lifestyles and Youth Leadership Development Program, and the Creative Arts Corner state of the art audio/video studios at Northview Heights and the Bedford Hope Center. HACP's investments in resident services have leveraged over \$4,000,000 per year in additional programs and services in recent years.

The REAL program's service coordinators are Family Self Sufficiency Program Service Coordinators and they are funded by FSS/ ROSS grants from HUD. There are many service providers that provide in kind services to our residents. Some of these providers include: The Community College of Allegheny County, the Health Professionals Opportunity Grant, Catholic Charities, 412 Food Rescue, City Parks, Annanias Mission, Grow Pittsburgh, Duquesne University, the Juvenile Re-Entry Assistance Program, "Y on the Fly", the Beverly Jewel Wall Lovelace Children's Program and YouthPlaces.

The Clean Slate Program, REP, Creative Arts Corner, Computer Training Program, GED prep program, Drivers Education and all resident services are frontlined out of the Central Office Cost Center.

HACP policy modifications are also designed to promote self-sufficiency, and the modified rent policy (as described in Section IV), is designed to encourage families to participate in the FSS program.

The broad intent of these initiatives is to create an environment where work is the norm and personal responsibility is expected, and HACP will pursue additional policy adjustments toward this end. Such policy changes may include increasing the minimum rent for those able-bodied non-elderly residents who do not work or participate in the FSS program for over one year; partnering with schools to create academic achievement support and/or incentive programs, or other mandatory school attendance programs for residents; or other creative initiatives still to be identified or developed. Any new initiatives will be included in the appropriate portions of Parts III or IV of this or future Moving To Work Annual Plans.



**Theme Three: Increasing housing choices for low income families through initiatives designed to increase the quality and quantity of housing available to households utilizing rental assistance and other available resources.**

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As Pittsburgh's housing market has changed in recent years, the availability of affordable housing has declined. These market changes have affected both naturally occurring affordable units and those available to households utilizing Housing Choice Vouchers. In response, HACP initiated its initial landlord initiatives in an attempt to increase the number of landlords participating in the HCV program, and to increase the number and quality of units available. HACP has proposed in this plan an alternative payment standard to address the limited housing stock and increased rental costs. HACP plans to continue further analysis of these market changes and will pursue additional initiatives targeted to increasing the number and quality of housing options for households utilizing tenant-based rental assistance.

## II. GENERAL HOUSING AUTHORITY OPERATING INFORMATION

### Housing Stock Information

(I) GENERAL OPERATING INFORMATION
ANNUAL MTW PLAN

#### A. HOUSING STOCK INFORMATION

##### i. Planned New Public Housing Units

New public housing units that the MTW PHA anticipates will be added during the Plan Year.

ASSET MANAGEMENT PROJECT (AMP) NAME AND NUMBER	BEDROOM SIZE						TOTAL UNITS	POPULATION TYPE*	# of Uniform Federal Accessibility Standards (UFAS) Units	
	0/1	2	3	4	5	6+			Fully Accessible	Adaptabl e
Scattered Sites North PA035	tbd	tbd	tbd	tbd	tbd	tbd	22	General	tbd	tbd

Total Public Housing Units to be Added in the Plan 22

\* Select "Population Type" from: General, Elderly, Disabled, Elderly/Disabled, Other

If "Population Type" is "Other" please describe:

Description
-------------

##### ii. Planned Public Housing Units to be Removed

Public housing units that the MTW PHA anticipates will be removed during the Plan Year.

AMP NAME AND NUMBER	NUMBER OF UNITS TO BE REMOVED	EXPLANATION FOR REMOVAL
Scattered Sites PA035	28	Demolition is part of Larimer/East Liberty Choice Neighborhood redevelopment

28

Total Public Housing Units to be Removed in the Plan Year

iii. Planned New Project Based Vouchers

Tenant-based vouchers that the MTW PHA anticipates project-basing for the first time during the Plan Year. These include only those in which at least an Agreement to enter into a Housing Assistance Payment (AHAP) will be in place by the end of the Plan Year. Indicate whether the unit is included in the Rental Assistance Demonstration (RAD).

PROPERTY NAME	NUMBER OF VOUCHERS TO BE PROJECT-BASED	RAD?	DESCRIPTION OF PROJECT
Lemington Homes	54	No	PBV + GAP financing awardee
Western Restoration	54	No	PBV + GAP financing awardee
Larimer Phase III	17	No	CNIG replacement units
Northview Mid Rise	87	No	PBV units in mixed finance development
Bedford Redevelopment Phase I	TBD	No	First phase of Bedford Dwelling redevelopment
Crawford Square	60	No	Re-syndication of mixed finance property
Allegheny Dwellings	47	No	First phase of Allegheny Dwelling redevelopment
Miller St	9	No	PBV + GAP financing awardee
Elmer Williams Square	37	No	PBV + GAP financing awardee

365

Planned Total Vouchers to be Newly Project-Based

iv. Planned Existing Project Based Vouchers

Tenant-based vouchers that the MTW PHA is currently project-basing in the Plan Year. These include only those in which at least an AHAP is already in place at the beginning of the Plan Year. Indicate whether the unit is included in RAD.

PROPERTY NAME	NUMBER OF PROJECT-BASED VOUCHERS	PLANNED STATUS AT END OF PLAN YEAR*	RAD?	DESCRIPTION OF PROJECT
N/A	N/A	N/A	N/A	No additional properties will be project based in 2018

N/A

Planned Total Existing Project-Based Vouchers

\* Select "Planned Status at the End of Plan Year" from: Committed, Leased/Issued

v. Planned Other Changes to MTW Housing Stock Anticipated During the Plan Year

Examples of the types of other changes can include (but are not limited to): units held off-line due to relocation or substantial rehabilitation, local, non-traditional units to be acquired/developed, etc.

PLANNED OTHER CHANGES TO MTW HOUSING STOCK ANTICIPATED IN THE PLAN YEAR
Possible addition of Scattered Sites units through acquisition and rehabilitation in 2019
Potential disposition of vacant lots and select deteriorating Scattered Sites properties
Anticipated offline units for Allegheny Redevelopment

vi. General Description of All Planned Capital Expenditures During the Plan Year

vii. Narrative general description of all planned capital expenditures of MTW funds during the Plan Year.

GENERAL DESCRIPTION OF ALL PLANNED CAPITAL EXPENDITURES DURING THE PLAN YEAR
<p><b><u>Continued Mod Activities from prior year(s):</u></b></p> <p>Addison – Central Maintenance Renovation  Bedford Dwellings – Plumbing Improvement  Bedford Dwellings – (Hope Center) - Improvement  Pennsylvania Bidwell High Rise – Balcony Repair, Roof Replacement, Overhead Door Replacement, Trash Compactor Replacement  Pennsylvania Bidwell - (Direct Opportunities Center) - Roof Replacement, Interior Floor Finish Replacement, Energy Conservation Measure  Pressley Street High Rise - Mechanical Upgrade, Roof Replacement, Windows and Louver Replacement, Exterior Door and Overhead Door Replacement, Trash Compactor Replacement  Northview Heights - Comprehensive Modernization, Mechanical Equipment Upgrade, Exterior Door Replacement  Homewood North – Sprinkler System Improvement, Site Work Improvement, Window Replacement, Interior Stair Replacement, UFAS Door and Threshold Modification  Arlington Heights – General Improvement  Caliguiri Plaza – Interior Renovation, Trash Compactor Replacement, Mechanical Work  Finello Pavilion – Generator Replacement, Interior Floor Finish Replacement, Floor Drain Replacement, Trash Compactor Replacement  Morse Gardens - Mechanical Work  Carrick Regency – Interior Renovation, Mechanical Work  Gualtieri Manor - Mechanical Work, Partial Comprehensive Modernization  Scattered Sites - Partial Comprehensive Modernization</p> <p><b><u>New Mod Activities:</u></b></p> <p>Arlington Heights - Comprehensive Modernization  Northview Heights - Comprehensive Modernization of various units, Exterior Wall Repair  Pennsylvania Bidwell High Rise – Exterior Wall Repair, Mechanical Work  Pennsylvania Bidwell - (Direct Opportunities Center) - Interior Acoustical Tile Replacement  Pressley Street High Rise - Interior Floor Finish Replacement, Energy Conservation Measure  Homewood North - Roof Replacement, Exterior Wall Repair, Siding Replacement, Lighting Improvement  Scattered Sites –Waterproofing &amp; Foundation Repair</p>

Caliguiri Plaza – Mechanical Work  
 Finello Pavilion - Window Replacement  
 Morse Gardens – Boiler Replacement, Chiller Replacement  
 Carrick Regency - Window Replacement, Mechanical Work  
 Gualtieri Manor - Energy Conservation Measure

**Authority Wide:**

Hazardous Materials Work  
 Gas Line Repair/Replacement  
 Architectural & Engineering Services  
 Central Office Facility Related Services  
 Environmental Services  
 Exterior Site Work Improvement

## LEASING INFORMATION

- i. Planned Number of Households Served  
 Snapshot and unit month information on the number of households the MTW PHA plans to serve at the end of the Plan Year.

PLANNED NUMBER OF HOUSEHOLDS SERVED THROUGH:	PLANNED NUMBER OF UNIT MONTHS OCCUPIED/LEASED *	PLANNED NUMBER OF HOUSEHOLDS TO BE SERVED**
MTW Public Housing Units Leased	3248	38976
MTW Housing Choice Vouchers (HCV) Utilized	7775	93300
Local, Non-Traditional: Tenant-Based^	N/A	N/A
Local, Non-Traditional: Property-Based^	486	5832
Local, Non-Traditional: Homeownership^	181	2172
Planned Total Households Served	11690	140280

\* “Planned Number of Unit Months Occupied/Leased” is the total number of months the MTW PHA plans to have leased/occupied in each category throughout the full Plan Year.

\*\* “Planned Number of Households to be Served” is calculated by dividing the “Planned Number of Unit Months Occupied/Leased” by the number of months in the Plan Year.

^ In instances when a local, non-traditional program provides a certain subsidy level but does not specify a number of units/households to be served, the MTW PHA should estimate the number of households to be served.

LOCAL, NON-TRADITIONAL CATEGORY	MTW ACTIVITY NAME/NUMBER	PLANNED NUMBER OF UNIT MONTHS OCCUPIED/LEASED*	PLANNED NUMBER OF HOUSEHOLDS TO BE SERVED*
Tenant-Based	N/A	N/A	N/A
Property-Based	Step up to Market Financing Activity 9	486	5832
Homeownership	Homeownership Program: Operation of Combined LIPH and Section 8/HCV Homeownership Program; Program assistance to include soft-second/Activity 7	181	2172

\* The sum of the figures provided should match the totals provided for each local, non-traditional categories in the previous table. Figures should be given by individual activity. Multiple entries may be made for each category if applicable..

- ii. Discussion of Any Anticipated Issues/Possible Solutions Related to Leasing  
Discussions of any anticipated issues and solutions in the MTW housing programs listed.

HOUSING PROGRAM	DESCRIPTION OF ANTICIPATED LEASING ISSUES AND POSSIBLE SOLUTIONS
MTW Public Housing	No issues leasing units anticipated. Some high unadjusted vacancy rates may occur at Hamilton Larimer units in Scattered Sites North and Allegheny Dwellings due to planned demolition
MTW Housing Choice Voucher	Challenges are expected as rents continue to rise particularly in emerging neighborhood once affordable under current FMR. Older housing in Pittsburgh continues to fail HQS inspections and there is a scarcity of landlords. The HACP plans to increase lease up through new landlord incentives and pending approval of an alternative payment standard.
Local, Non-Traditional	No issues anticipated



## WAITING LIST INFORMATION

### i. Waiting List Information Anticipated

Snapshot information of waiting list data as anticipated at the beginning of the Plan Year. The “Description” column should detail the structure of the waiting list and the population(s) served.

WAITING LIST NAME	DESCRIPTION	NUMBER OF HOUSEHOLDS ON WAITING LIST	WAITING LIST OPEN, PARTIALLY OPEN OR CLOSED	PLANS TO OPEN THE WAITING LIST DURING THE PLAN YEAR
Public Housing	Site Based	3,863	Partially Open	Yes
Housing Choice Voucher	Tenant Based Vouchers	2,297	Closed	Yes
Homeownership	N/A	N/A	N/A	N/A
Project Based Vouchers	Site Based	6272	N/A	N/A

Please describe any duplication of applicants across waiting lists:

There may be duplications between the Public Housing and Housing Choice voucher program.

The Project Based Voucher: wait list may have duplicates across lists. Properties are also privately managed and open and close based upon demand.

The Homeownership program: No wait list has been established for this program. Program participation is open to otherwise eligible families; if demand for soft second budget authority approaches budget authority a waiting list of participants with mortgage pre-approval letters will be established.

Please describe any anticipated changes to the organizational structure or policies of the waiting list(s), including any opening or closing of a waiting list, during the Plan Year.

WAITING LIST NAME	DESCRIPTION OF PLANNED CHANGES TO WAITING LIST
Public Housing	All lists remain open except Non UFAS high-rise one-bedroom units
Housing Choice Voucher	Wait list is expected to reopen in 2019

### III. PROPOSED MOVING TO WORK ACTIVITIES: HUD APPROVAL REQUESTED

Proposed New Activity Summary:

The HACP propose one (1) new activity for the 2019 Annual Plan

## **Local Payment Standard**

### **A. Description of Proposed Activity:**

The Housing Choice Voucher (HCV) program is financed by the U.S. Department of Housing and Urban Development (HUD) to provide rent subsidies in the form of Housing Assistance Payments (HAP) to private Landlords on behalf of extremely low, very low-income individuals/families, senior citizens, and persons with disabilities. The role of HCV landlords is to provide decent, safe, and sanitary housing to a tenant at a reasonable rent. The unit must pass the program's housing quality standards and be maintained up to those standards as long as the owner receives housing assistance payments.

Typically, a Public Housing Agency sets the Voucher Payment Standards (VPS) based on the Fair Market Rents (FMR), which are established at least annually by the U.S. Department of Housing and Urban Development (HUD). The VPS is the maximum subsidy (payment) the Housing Authority can provide toward the contract rent (rent plus utility allowance for utilities, stove or refrigerator paid or provided by the tenant). If the contract rent (rent plus utility allowance) is more than the VPS, the family must make up the difference out of its own pocket which can limit the housing options available to low income families.

The City of Pittsburgh is comprised of 90 different neighborhoods many of which are less than a single square mile. The diversity of Housing Authority of the City Pittsburgh's (HACP) jurisdiction results in real estate markets that vastly differ between and within zip codes and even among census tracts. For example, one zip code may contain three to four neighborhoods each with varying markets that can change as Pittsburgh continues to become a hub for technology, education and medicine. Pittsburgh's unique topography and emerging job sector requires a rent schedule that provides flexibility regardless of location as well as targeting of specific neighborhoods that have historically been unattainable for low income families. Utilizing research from the University of Pittsburgh, the HACP identified that average rents in the City were actually higher than the HUD Fair Market Rents and Small Area Fair Market Rents.

The HACP seeks to increase housing choice and encourage voucher participants to expand their housing search, particularly in neighborhoods with low levels of poverty. Recognizing that using a single city-wide Voucher Payment Standard (VPS) stimulated voucher holders to reside in low-cost, high-poverty neighborhoods, the HACP devised a robust and comprehensive method for establishing Payment Standards and rent reasonableness determinations. The goals of this activity are to:

1. Expand housing choice by provide access to more neighborhoods
2. Create additional units from previously sub-standard properties and improve quality of existing units
3. Decrease concentration of voucher usage in high poverty areas

According to the City of Pittsburgh's Affordable Housing Task Force *Housing Needs Assessment* (released in 2016) the City is undergoing an affordable housing shortage. The Assessment utilized data from The American Community Survey (ACS) The United States Census Bureau (USCB), the city's median household income, Public Use Microsample (PUMS) and data from various city departments such as The Department of City Planning, Department of Permits Licenses and Inspections (PLI) and The Urban Redevelopment Authority (URA). The Assessment specifically cites the following:

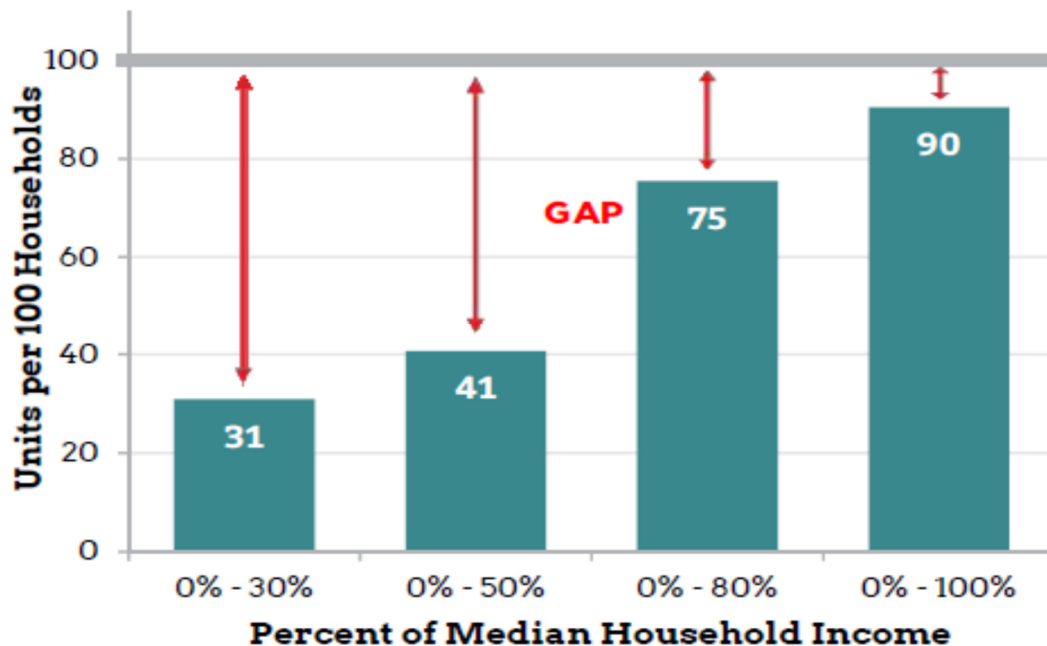
- There is a severe shortage of both rental and for-sale housing that is affordable and available to very-low income (50% of the area median income) and extremely low-income (30% of the area median income) households.
- The shortage of decent, safe, sanitary, and affordable housing is causing tens of thousands of very-low income and extremely low-income households to pay over half of their income for housing costs. The severe cost burden faced by these households makes them vulnerable to health hazards, eviction/foreclosure, and homelessness.
- Much of the city's existing affordable housing stock is both concentrated and often isolated in high-poverty/low opportunity areas which have poor access to jobs, public transportation, and educational opportunities inadvertently perpetuating cycles of poverty.

## Affordable Housing Gap:

### *Affordable Housing Gap for Renters, 2014*

<b>% of Median Household Income</b>	<b>Renter Households</b>	<b>Affordable &amp; Available Units</b>	<b>Gap</b>
0% - 30% (\$12,003)	18,321	5,672	-12,649
0% - 50% (\$20,005)	29,062	11,821	-17,241
0% - 80% (\$32,007)	39,402	29,714	-9,687
0% - 100% (\$40,009)	45,350	41,033	-4,317

### *Affordable Housing Gap for Renters, 2014*



1

During the development of this proposed Local Payment Standard, the HACP conducted a six-month public engagement process with nearly 200 members of the community and facilitated over fifteen (15) public and industry meeting. After receiving comments from landlords, advocates, participants, housing providers, staff and community organizations it was apparent the HACP needed to push for significant increases in successful lease rates among voucher participants. Based upon the comments received during the engagement process and the studies conducted by the University of Pittsburgh, Duquesne University and the Affordable Housing Task Force. The HACP has set a goal of attracting 500 units via the proposed Local Payment Standard. The information below outlines the specifics of the proposed Local Payment Standard which will require extensive landlord outreach and continued community engagement.

<sup>1</sup> Affordable Housing Taskforce: Pittsburgh Housing Needs Assessment

In response to the current housing climate and the low voucher utilization rate, the HACP has developed a (3) prong approach in the development of an alternative payment standard. Based upon eligibility; landlords and participants will have following (3) Options:

**Option 1: Baseline the HACP Voucher Payment Standard:**

The Baseline Voucher Payment Standard will be 90-110 percent of the Metropolitan Statistical Area Fair Market Rent (MSAFMR) as determined annually by HUD. This standard is within margins of the projected 2019 FMR rents and should result in little to no change in cost to the agency or Housing Assistance Payments (HAP) provided to existing landlords.

Bedroom Size	Current 2018 VPS
0 bedroom	\$621
1 bedroom	\$710
2 bedroom	\$884
3 bedroom	\$1,109
4 bedroom	\$1,214
5 bedroom	\$1,396
6 bedroom	\$1,578

**\*Actual amounts will be based on HUD published 2019 MSAFMRs**

## Option 2: Rehab Units:

The HACP discovered that landlords were receptive to the HCV program but found it difficult to lease additional units because the payment standard did not support the upfront cost associated with purchasing properties and cost of rehabilitation. The HACP came to this conclusion based upon landlord forums, public meetings, the landlord advisory council and interviews conducted over two years by Duquesne University.

Units in this payment option can receive up to 130 percent of MSAFMR. For a unit to qualify for this option the property must:

- i. Undergo significant upgrades/ and or investments that improve the quality of the unit.
- ii. The unit must pass the International Property Maintenance Code inspection standard
- iii. Units built in inclusionary zones determined by the Department of City Planning except if the unit is constructed in one of the HACP's designated opportunity zones. These units will be eligible for the payment standard listed under *option (3) as referenced on page 7*.

**\*Note: Low Income Housing Tax Credit (LIHTC) units are ineligible for this payment standard during the initial fifteen (15) year affordability period. Following the initial affordability period units in LIHTC developments qualify for the rehab unit payment option if they meet the eligibility requirements.**

**\*\*Note: New or existing units can qualify for this payment option if they meet the eligibility requirements.**



Below is the proposed rent schedule for Option 2 (Rehab Vouchers)

Bedroom Size	*Current 2018 VPS	Proposed/Rehab units 130% of MSAFMR	Net Difference
0 bedroom	\$621	\$807	\$186
1 bedroom	\$710	\$923	\$213
2 bedroom	\$884	\$1,149	\$265
3 bedroom	\$1,109	\$1,442	\$333
4 bedroom	\$1,214	\$1,578	\$364
5 bedroom	\$1,396	\$1,815	\$419
6 bedroom	\$1,578	\$2,052	\$474

**\*Actual amounts will be based on HUD published 2019 MSAFMRs**

Eligible investments include but are not limited to:

- i. System upgrades, green infrastructure and/or
- ii. rehabilitation of previously substandard units.
- iii. Renovation (investments of 6,000 dollars or more for labor and or materials) will require the property owner to submit documentation of the planned work.

The HACP will then verify and deem the property owner eligible to receive the enhanced quality payment standard. Substantial rehabilitation or modernization under \$6,000 may be eligible for this standard dependent upon review.

### Option 3: Mobility Vouchers:

The Mobility (location based) Vouchers will provide opportunities for low income families to live in areas with lower concentrations of poverty. Using a combination of zip code and neighborhood to define the selected areas; the payment standard for this option is 130 percent of the aggregate of the designated mobility zone Fair Market Rent (FMR) for the selected zip codes\*.

Neighborhood	Zip codes
Shady Side	15206, 15213, 15232
Lower Lawrenceville	15201,15213,15224
Strip District	15201
Southside Flats	15203
Downtown	15219, 15222
Squirrel Hill	15213, 15217, 15232,

**\*Note: Low Income Housing Tax Credit (LIHTC) units are ineligible for this payment standard during the initial fifteen (15) year affordability period. Following the initial affordability period units in LIHTC developments qualify for the Mobility unit payment option if they meet the eligibility requirements.**

**\*\*Note: New or existing units can qualify for this payment option if they meet the eligibility requirements.**

Below is the proposed rent schedule for Option 3 (Mobility Voucher)

Location Based Standard	Current VPS	130% of Mobility Zip code average rents	Net Difference
0 bedroom	\$621	\$1,022	\$401
1 bedroom	\$710	\$1,170	\$460
2 bedroom	\$884	\$1,452	\$568
3 bedroom	\$1,109	\$1,821	\$712
4 bedroom	\$1,214	\$1,994	\$780
5 bedroom	\$1,396	\$2,293	\$891
6 bedroom	\$1,578	\$2,592	\$1,014

**\*Actual amounts will be based on HUD published 2019 MSAFMRs**

## Eligibility Requirements

- a) The Mobility (location based) Voucher will be available to current voucher holders or new admissions to the Housing Choice Voucher (HCV) program. Participants must possess:
- i. A minimum of 6 months of employment and must be currently employed or qualify as elderly and/or disabled. Participants may apply for a hardship exemption as defined in the HACP's Administrative Plan should a qualifying event occur.
  - ii. If the participant becomes unemployed during their tenancy they are immediately required to enroll in the Family Self Sufficiency (FSS) program.
  - iii. To encourage voucher holders to maintain employment during their tenancy participants cannot amass over six (6) months of unemployment within a twelve (12) month cycle.

The HACP is also exploring options to develop a tenant training course to better prepare voucher holders. The course will cover such topics as budgeting, understanding the lease agreement, utilities, maintaining a safe and healthy home, and how to communicate with your landlord and neighbors. Participants seeking to utilize the Mobility (location based) Voucher will be required to complete the tenant training course.

## Landlord Support and Incentives

The HACP is aware that the price of the unit is not the only means to attract landlords to the program but can serve as a mechanism to incentivize landlords who typically would not participate in the HCV program. Below are proposed incentives for 2019.

- I. Pre-Inspections: Landlords will be able to schedule inspections prior to finding a HCV participant. This process will allow for new landlords to determine if a potential unit is viable under the Housing Quality Standards (HQS) as well as decreasing the lead time between initial submission of the Request for Tenancy Approval (RFTA) and lease up.
  - i. If the unit fails the inspection, the landlord is made aware of the deficiency and can move forward with the necessary repairs. The landlord would still need to achieve a passing score to move forward in the process.
  - ii. If the unit passes the inspection, then the unit is deemed satisfactory for 90 days and any Request for Tenancy Approval (RFTA) submitted in that time frame can move forward in the leasing processes with an additional inspection. If a RFTA is not submitted within the 90-day period, the unit and the passing score becomes void and a new inspection will be required prior to the HACP approval.

- b) Landlord Education: After conducting interviews and surveying current landlords it was apparent there was a disconnect between landlords. The HACP will implement the following items to further support landlords:
  - i. Create and attend community outreach events to inform and recruit new landlords
  - ii. The HACP will conduct monthly landlord workshops to educate new and current landlords about the program
  - iii. Landlords will have access to a web-based platform via the HACP website that will provide up to date information about their properties such as inspection dates and the status of outstanding contracts.
- c) Rent Reasonableness: The HACP has developed a scorecard that will consider factors that enhance the quality of life and safety of the household. In addition to the HACP's current process, the score card will include the following subcategories:
  - i. Location based factors: access to transit, food options, business districts green spaces, educational centers, environmental factors, and employment
  - ii. Safety features: buzzed entry/secure entrances, surveillance, and guards
  - iii. Amenities: recreational centers, gyms, parking, business centers, wifi access, Air Conditioning, garage, a front or back yard
  - iv. Investments/ substantial rehab or modernization

## Impact of the proposed Local Payment Standard

### Rehab Unit Payment Standard:

The HACP can provide more housing opportunities in low poverty areas as well as increase the available housing stock. These new payment standards reflect the dramatic changes in the Pittsburgh real estate market within recent years.

Much of Pittsburgh's housing stock is severely aged requiring landlords to invest significant capital to create properties that are habitable. Roughly 75 percent of the housing stock was built prior to 1960<sup>2</sup> and 50 percent was built prior to 1940<sup>3</sup>. In order to attract additional units, The HACP must align the payment standard to reflect the investment made by the landlord. Construction costs make it almost

*Cost of Recently Constructed Apartments, 2015*

Unit Size	Average Rent	Minimum Household Income Required	% of Median Income Required
Micro/Studio	\$1,251	\$50,033	125%
1-bedroom	\$1,599	\$63,960	160%
2-bedroom	\$2,163	\$86,510	216%
3-bedroom	\$2,545	\$101,800	254%

Sources: ACS 2014; Federal Poverty Guidelines 2014; Developer survey and calculations by Mullin & Lonergan Associates

<sup>2</sup> Governing the states and localities. "Cities with Oldest Homes: Age of Housing Stock Data." *Governing Magazine: State and Local Government News for America's Leaders*, Governing, 2018, [www.governing.com/gov-data/transportation-infrastructure/age-year-built-for-homes-in-cities.html](http://www.governing.com/gov-data/transportation-infrastructure/age-year-built-for-homes-in-cities.html).

<sup>3</sup> Data Access and Dissemination Systems (DADS). "Results." *American FactFinder*, U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates, 2016, [factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF](http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF).

impossible for voucher holders to reside in newly constructed often high-end luxury units creating an even bigger affordability gap. One of Pittsburgh's unique assets is its availability of inexpensive resale properties and home prices. For perspective, between January 1, 2013 and January 1, 2016 10,892 homes were purchased\*<sup>4</sup>. Landlords have taken advantage of this environment and are able to buy properties that can become rental units. This process is more cost effective than new construction and attainable for most landlords. Through the proposed Rehab Payment Standard, the HACP will be able to create new affordable units while decreasing the number of vacant or uninhabitable homes.<sup>5</sup>

The Rehab Payment Standard also provides an opportunity for landlords of any size or experience to participate in the program while receiving a rent level that better aligns with the investment used to develop the unit. The HACP is confident these measures will also increase landlord participation.

There are also several key neighborhoods within the city that have low voucher populations. These neighborhoods also have low concentrations of poverty and access to major job centers, health facilities universities and food. Neighborhoods identified in the mobility zones such as Squirrel Hill, Downtown and the Strip District require medium incomes of at least \$54,500, \$50,000 and \$67,800, per year, respectively for a household to not pay more than 30 percent of their income<sup>6</sup>. To provide access to these neighborhoods and others that share similar characteristics the HACP has proposed the Mobility (location based) Voucher Payment Standard. The standard better reflects the rental market in these areas and is more appealing to landlords or developers who continue to invest in the identified mobility zones.

The HACP will closely monitor the effects of these changes on HAP costs and lease-up rates; to ensure the goals of the Local Payment Standard are in compliance with HUD standard Moving To Work (MTW) metrics.

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<sup>4</sup> Affordable Housing Taskforce: Pittsburgh Housing Needs Assessment

\* Excludes sales for which a bank or other lending agency was the buyer, sales which conveyed a partial interest in a property, and sales in which multiple parcels were conveyed.

<sup>5</sup> Affordable Housing Taskforce: Pittsburgh Housing Needs Assessment

<sup>6</sup> Affordable Housing Taskforce: Pittsburgh Housing Needs Assessment

## B. Baseline, Benchmarks and Metrics

The HACP has established the following baselines and benchmarks for this activity

HUD MTW Metric: Housing Choice

HC #1: Additional Units of Housing Made Available		
Unit of Measurement	Baseline	FY 2019 Benchmark
Number of new housing units made available for households at or below 80% AMI as a result of the activity (increase).	Housing units of this type prior to implementation of the activity (number). This figure may be zero. <b>HACP= 0</b>	Expected housing units of this type after implementation of the activity (number) =40 Number of units on over the HUD FMR standards:

HUD MTW Metric: Housing Choice

HC #2: Units of Housing Preserved		
Unit of Measurement	Baseline	FY 2019 Benchmark
Number of housing units preserved for households at or below 80% AMI. That would otherwise not be available (increase).	housing units preserved prior to implementation of the activity (number). This number may be zero. <b>HACP = 0</b>	Expected housing units preserved after implementation of the activity (number) = 40 <b>units</b>









HACP Metric: New landlords		
Unit of Measurement	Baseline	FY 2019 Benchmark
Number of new landlords leasing units to HCV participants. That would otherwise not be available (increase).	Total number of new landlords prior to implementation of the activity (number). This figure may be zero <b>HACP= 0</b>	Expected number of new landlords after implementation of the activity (number) = 15

### C. Cost Implications Option Two: Rehab Voucher

The HACP anticipates an increase of 250 units over a span of three (3) years. The charts below illustrate the financial impact weighted by the current make up of voucher by bedroom size.

**Year 1** is projected to yield 40 units, **Year 2** will result in an additional 100 units and **Year 3** will receive the remaining 110 units to total 250.

Total projected agency cost per year: **Rehab Voucher**

Implementation Year	Total Housing Assistance Payment	*Total Average Tenant Portion of Rent	Agency's cost per year less total average tenant portion payment per year	Total additional units after implementation
Year 1	\$413,616	\$279,135	\$134,481	 = 40 Units
Year 2	\$1,422,000	\$976,970	\$445,030	   =140 Units
Year 3**Total cost of implementation per year at 250 units	\$2,523,312	\$1,744,590	\$778,716	    =250 Units

\*Estimates total payment of rent per year for the additional 250 units









\*\*Totals represent the *additional* cost per year above the Baseline Standard for the additional 250units

### Cost Implications Option Three: Mobility

The HACP anticipates an increase of 250 units over a span of three (3) years. The charts below illustrate the financial impact weighted by the current make up of voucher by bedroom size.

**Year 1** is projected to yield 40 units, **Year 2** will result in an additional 100 units and **Year 3** will receive the remaining 110 units to total 250.

Total projected agency cost per year: **Mobility Voucher**

Implementation Year	Total Housing Assistance Payment (Agency cost)	*Total Average Tenant Portion of Rent	Agency's cost per year less total average tenant portion payment per year	Total additional units after implementation
Year 1	\$539,705	\$279,135	\$260,570	 = 40 Units
Year 2	\$1,859,212	\$976,970	\$882,242	   =140 Units
Year 3 **Total cost of implementation per year at 250 units	\$3,298,499	\$1,744,596	\$154,903	    =250 Units

\*Estimates total payment of rent per year for the additional 250 units

\*\*Totals represent the *additional* cost per year above the Baseline Standard for the additional 250units



### Cost Implication: Combined program cost

The HACP anticipates an increase of 500 units over a span of three (3) years. The charts below illustrate the financial impact weighted by the current make up of voucher by bedroom size of Option 2 and Option 3 combined. **Year 1** is projected to yield 80 units, **Year 2** will result in an additional 200 units and **Year 3** will receive the remaining 220 units to total 500.

Implementation Year	Rehab Voucher: Agency's cost per year less total average tenant portion payment per year	Mobility Voucher: Agency's cost per year less total average tenant portion payment per year	Total additional units after implementation	Additional cost above baseline
Year 1	\$134,481	\$260,570	80	\$395,051
Year 2	\$445,030	\$882,242	280	\$1,327,272
Year 3	\$778,716	\$1,548,903	500	\$2,327,619
Total (over three years)	\$1,358,227	2,691,715	500	\$4,049,942

\*Estimates total payment of rent per year for the additional 500 units

\*\*Totals represent the *additional* cost per year above the Baseline Standard for the additional 500 units

#### **D. Justification for Moving to Work Flexibility**

The Local Payment Standard activity utilizes the following MTW flexibility and authorizations:

Attachment C(D)(1)(a)-Operational Policies and Procedures to waive provisions of 24 CFR 982.162 Section 8(o)(t) of the 1937 Act.

Attachment C(D)(2)(a)– Rent Policies and Term Limits to waive provisions of 24 CFR 982.503, 982.508 and Sections 8(o)(1), 8(o)(2) and 8(o)(3) of the 1937 Act.

Attachment C(D)(2)( c)– Rent Policies and Term Limits to waive provisions of 24 CFR 982.507, 8(o)(10) of the 1937 Act.

Attachment C(D)(3)(a )– Eligibility of Participants to waive provisions of 24 CFR 982.201, 24 and Sections 16(b) and 8(0)(4) of the 1937 Act.

Attachment C(D)(5)-Ability to Certify Housing Quality Standards to waive provisions of 24 CFR 982. Subpart I and Section 8(o)(8) of the 1937 Act.

Attachment C(D)(6)– Local Process to Determine Eligibility to waive provisions of 24 CFR 983. Subpart D and Section 8(o)(13) of the 1937 Act.

#### **E. Rent Reform/Term Limit Activity**

No new rent reform or term limit activity will occur as a result of this activity.

**IV. APPROVED MTW ACTIVITIES: HUD APPROVAL  
PREVIOUSLY GRANTED.**

<b>Activity</b>	<b>Plan Year Approved</b>	<b>Plan Year Implemented</b>	<b>Current Status</b>
1. Pre-Approval Inspection Certification for Multi-Unit Housing	2015 Annual Plan	2015	Implemented
1. Preferred Owners Program	2015 Annual Plan	2015	Implemented
3. Modified Rent Policy - Work or FSS Requirement or increased minimum tenant payment for non-exempt HCV households	2011 Annual Plan	2011	Implemented
4. Modified Rent Policy - Work or FSS Requirement or increased minimum rent for non-exempt LIPH households	2008 Annual Plan	2008-2009	Implemented
5. Revised Recertification Policy – at least once every other year – for Section 8/HCV	2008 Annual Plan	2008	Implemented
6. Revised Recertification Policy – at least once every other year – for LIPH	2009 Annual Plan	2009	Implemented
7. Homeownership Program: Operation of Combined LIPH and Section 8/HCV Homeownership Program; Program assistance to include soft-second mortgage assistance coupled	Combined Program approved in 2007; other elements approved in 2010; expansion of eligibility to	2007; 2010;	Implemented

with closing cost assistance, homeownership and credit counseling, and foreclosure prevention only; establish a soft-second mortgage waiting list; expand eligibility to persons on the LIPH and HCV program waiting lists; expand eligibility to persons eligible for LIPH	person eligible for LIPH proposed in this 2014 plan.		
8. Modified Housing Choice Voucher Program policy on maximum percent of Adjusted Monthly Income permitted.	2001 Annual Plan	2001	Implemented
8. Modified Payment Standard Approval - establish Exception Payment Standards up to 120% of FMR without prior HUD approval.	2004 Annual Plan; additional features in 2013 Annual Plan	2004; 2013	Implemented.  Ongoing for persons with disabilities; On Hold for exception areas.
9. Step Up To Market Financing Program	2012 Annual Plan	2013	Implemented

## **A. Implemented Activates-Ongoing**

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### **1. Pre-Approval Inspection Certification for Multi-Unit Housing**

#### **Description**

The Pre-Approval Inspection Certification process will apply to buildings with four or more units located within a single structure; the pre-approval process cannot be applied to scattered site housing. All units seeking Pre-Approval Inspection Certification must be vacant at the time the HQS inspection occurs and must remain vacant until a Request for Tenancy Approval is submitted for the unit. Pre-Approval Inspection Certification status will only be accepted for tenancy approvals during the 60 day period after the unit passes HQS inspection. If a Request for Tenancy Approval is submitted after the 60 day qualifying period, a new initial HQS inspection must be performed before the unit is approved for tenancy. HAP payments are not tied to the Pre-Approval Inspection. HAP payments will begin from the tenancy certification date only.

This activity was approved and implemented in 2015.

#### **Changes and Modifications**

The HACP proposes the following modifications to this activity during the 2019 fiscal year.

- I. The Pre-Approval inspection will be applicable to any unit within HACP's jurisdiction without the requirement of being located within a structure containing four or more units.
- II. Pre-Approval Inspection Certification status will only be accepted for tenancy approvals during the 90 day period after the unit passes HQS inspection. If a Request for Tenancy Approval is submitted after the 90 day qualifying period, a new initial HQS inspection must be performed before the unit is approved for tenancy.

#### **Authorization**

Attachment C (D)(5)

Attachment C(D)(1)(d)

#### **Regulatory Citation**

24 CFR 982.311.

24 CFR982 Subpart I

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## 2. Preferred Owners Program

### Description

Preferred Owners Program provides incentives to landlords to participate in the Housing Choice Voucher Program and to provide quality housing units in a variety of neighborhoods.

Participating landlords must consistently pass Housing Quality Standards (HQS) inspections and participate in annual training. In return, they will receive priority placement of their listings on the HACP apartment listings web site and can be eligible for the following:

- a) Changes in inspection schedule:
  - i. Priority inspection scheduling- Preferred Owners will be moved to the top of the waiting list for annual and initial inspections.
  - ii. Biennial inspections- Owners who have passed annual inspection on the first inspection for the past three consecutive years will be moved to biennial inspections. If a future inspection results in a fail, the owner will be removed from the Preferred Owners Program and will return to an annual inspection schedule.
  - iii. Acceptance of prior inspections for new tenancies if an annual or initial inspection was conducted less than 60 days ago for vacated units- If, after initial inspection and move-in, a unit is vacated for any reason and a new RFTA is returned for a new voucher holder in the same unit within 60 days, the previous inspection will be accepted as the initial inspection for the new RFTA.
  - iv. Construction completion inspection to be accepted as initial inspection for project-based voucher units for 60 days- When Project-Based Voucher (PBV) owners or property managers are Preferred Owners, the construction completion inspection on a new PBV unit can be used as the initial inspection if the unit is occupied within 60 days of that inspection.
- b) Vacancy Payments
  - i. When a voucher holder moves out, if the landlord re-leases the unit to another voucher holder, HACP will issue vacancy payment of two months of the previous tenant's HAP as a HAP Adjustment Vacancy Payment. The impact of this initiative is to encourage landlords to work with HACP and the HCV program long-term, preserving housing for families at or below 50% AMI.

## Application for Membership

In order to gain membership to the Preferred Owners Program, an owner or property manager must apply by submitting a form to the HCV office. This form will include

1. Landlord's name;
2. Contact information;
3. Addresses of units currently leased to voucher holders;
4. Checklist of the standards for membership which must be passed by the landlord, which are:

- a. **Consistent HQS Inspection Passes**

Units have passed annual inspection on the first inspection for the past three consecutive years.

- b. **Trainings**

Preferred Owners must complete a minimum of one training per year to maintain membership. All trainings will be provided free of charge to all landlords; however, to maintain membership in the Preferred Owners Program, owners or property managers must complete a minimum of one training per year. Trainings may be chosen from the following options:

1. Screening Tenants- Includes information about background checks, references, and Fair Housing law.
2. The Magistrate Process- Includes information about legal recourse landlords may take if they feel their tenant has broken his or her lease.
3. Mental Health First Aid Training- This training is provided by Mercy Behavioral Health.
4. Real Estate continuing education credits may also be counted as Preferred Owners trainings, when proof of completion is provided.

This activity was approved and implemented in 2015.

## Changes and Modifications

No changes to this activity during this fiscal year.

## Authorization

Attachment C (D)(5)

## Regulatory Citation

24 CFR 982.311.

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### **3. Modified Rent Policy for the Section 8 Housing Choice Voucher Program**

#### **Description**

Requires that any non-elderly, able-bodied head of household who is not working to either: a) participate in a self-sufficiency program, including but not limited to the HACP Family Self-Sufficiency program (FSS), other Local Self-Sufficiency program (LSS), welfare to work, or other employment preparation and/or training/educational program or b) pay a minimum tenant payment of \$150.00 per month. This policy provides additional incentives for families to work or prepare for work and increases overall accountability.

This activity was approved and implemented in 2011.

#### **Changes and Modifications**

No changes to this activity during this fiscal year.

#### **Authorization**

Section D. 2. a. of Attachment C

Section D. 1. of Attachment D

#### **Regulatory Citation**

24 CFR 982.311.

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### **4. Modified Rent Policy for the Low Income Public Housing Program**

#### **Description**

Requires that any non-elderly, able-bodied head of household who is not working to either participate in the Family Self-Sufficiency Program or pay a minimum rent of \$150.00 per month. Hardship exemptions are permitted. This policy provides additional incentives for families to work or prepare for work. HACP's objectives for this program include increased participation in the Family Self-Sufficiency Program, increased rent collections, and increased level of families working.

This activity was approved and implemented in 2008.

#### **Changes and Modifications**



No changes to this activity during this fiscal year.

### **Authorization**

Section C. 11. of Attachment C

Section C. 3 of Attachment D

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## **5. Revised Recertification Requirements Policy**

### **Description**

HACP may operate both the Low Income Public Housing Program and the Housing Choice Voucher Program with a recertification requirement modified to at least once every two years. Changes in income still must be reported, and standard income disregards continue to apply. This policy change reduces administrative burdens on the Authority, thereby reducing costs and increasing efficiency. HACP's objectives for this initiative are reduced staff time and thus reduced costs, and improved compliance with recertification requirements by tenants and the HACP.

This activity was approved and implemented in 2008 and 2009 for Low income Public Housing and Housing Choice Voucher programs respectively.

### **Changes and Modifications**

No changes to this activity during this fiscal year.

### **Authorization**

Section C. 4. of Attachment C (for public housing)

Section D.1. c. of Attachment C (for Housing Choice Voucher Program).

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## **6A. Operation of a combined Public Housing and Housing Choice Voucher Homeownership Program**

### **Description**

HACP operates a single Homeownership Program open to both Low Income Public Housing and Housing Choice Voucher Program households. This approach reduces administrative costs, expands housing choices for participating households, and provides incentives for families to

pursue employment and self-sufficiency through the various benefits offered. By combining the programs, increased benefits are available to some families.

This activity was approved and implemented in 2007

### **Changes and Modifications**

No changes to this activity during this fiscal year.

### **Authorization**

Section B. 1. and D. 8. of Attachment C

Section B. 4. of Attachment D

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## **6B. Homeownership Program assistance to include soft-second mortgage assistance coupled with closing cost assistance, homeownership and credit counseling, and foreclosure prevention; expand eligibility to persons on the LIPH and HCV program waiting list or persons eligible but not on a wait list; establish a Homeownership Soft-second mortgage waiting list**

### **Description**

Initially approved in 2010, the following provisions of the HACP homeownership program are as follows for 2019:

- i. Provide soft-second mortgage financing for home purchases to eligible participants, calculated as follows: eligible monthly rental assistance x 12 months x 10 years, but in no case shall exceed \$52,000. The second mortgage is forgiven on a pro-rated basis over a ten year period.
- ii. Expand Homeownership Program eligibility to include persons on HACP's LIPH and Section 8 HCV waiting lists-who have received a letter of eligibility for those programs from the HACP or persons otherwise eligible but currently not on a wait list.
- iii. Establish a Homeownership Waiting List to assist in determining the order of eligibility for second mortgage Homeownership benefits.

This activity was initially approved and implemented in 2010 and revised in 2017.

### **Changes and Modifications**

No changes to this activity during this fiscal year.

### **Authorization**

Section B. 1.and D. 8 of Attachment C

## **7. Modified Housing Choice Voucher Program policy on maximum percent of Adjusted Monthly Income permitted**

### **Description**

HACP's operation of the Housing Choice Voucher Program allows flexibility in the permitted rent burden (affordability) for new tenancies. Specifically, the limit of 40% of Adjusted Monthly Income allowed for the tenant portion of rent is used as a guideline, not a requirement. HACP continues to counsel families on the dangers of becoming overly rent burdened, however, a higher rent burden may be acceptable in some cases. This policy increases housing choice for participating families by giving them the option to take on additional rent burden for units in more costly neighborhoods.

This activity was initially approved and implemented in 2001

### **Changes and Modifications**

No changes to this activity during this fiscal year.

### **Authorization**

Section D. 2. C. of Attachment C.

Section D. 1. b. of Attachment D.

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## **8. Modified Payment Standard Approval**

### **Description**

HACP is authorized to establish Exception Payment Standards up to 120% of FMR (Fair Market Rent) without prior HUD approval. HACP has utilized this authority to establish an Exception Payment Standard at 120% of FMR as a Reasonable Accommodation for a person with disabilities. HACP has not utilized its authority to establish Exception Payment Standard Areas since 2007. Allowing the Authority to conduct its own analysis and establish Exception Payment Standards reduces administrative burdens on both the HACP and HUD (as no HUD submission and approval is required) while expanding housing choices for participating families.

In 2013, HACP received approval for a modification to this activity allowing HACP to establish an Exception Payment Standard of up to 120% of FMR for fully Accessible Units meeting the Requirements of the Uniform Federal Accessibility Standard (UFAS). This Exception Payment

Standard can be used by tenants who require the features of a UFAS unit and locate such a unit on the open market; and may also be used by the HACP in the Project Based Voucher Program or other rehabilitation or new construction initiatives that create additional fully accessible UFAS units.

This activity was initially approved and implemented in 2004 and revised in 2013

### **Changes and Modifications**

No changes to this activity during this fiscal year.

### **Authorization**

Attachment C. Section D. 2. a.

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## **9. Use of Block Grant Funding Authority for Development, Redevelopment, and Modernization.**

### **Description**

HACP will expand its use of the Block Grant authority authorized in the Moving To Work Agreement to leverage debt to fund public housing redevelopment and modernization and affordable housing development and preservation. The goal is to address additional distressed properties in HACP's housing stock prior to the end of the current Moving To Work agreement in 2028, and increase the variety and quality of available affordable housing. Specifically, HACP will identify properties for participation in the Step Up To Market Program and will utilize one or more strategies, subject to any required HUD approvals, to achieve its development and redevelopment goals. This broad list of authorities, including but not limited to, the following, have been generally approved but must be specifically identified for each planned project in future submissions:

- i. Project basing HACP units without competitive process.
- ii. Determining a percentage of units that may be project-based at a development up to 100% of units and permitting the initiation of site work prior to execution of the Agreement to Enter Into a Housing Assistance Payments contract (AHAP).
- iii. Project basing units at levels not to exceed 150% of the FMR as needed to ensure viability of identified redevelopment projects. Actual subsidy levels will be determined on a property-by-property basis, and will be subject to a rent reasonableness evaluation for the selected site, and a subsidy layering review by HUD. When units are HACP-owned, the rent reasonableness evaluation will be conducted by an independent third party.
- iv. Extending Eligibility for project based units to families with incomes up to 80% of AMI.
- v. Establishing criteria for expending funds for physical improvements on PBV units that differ from the requirements currently mandated in the 1937 Act

and implementing regulations. Any such alternate criteria will be included in an MTW Plan or Amendment submission for approval prior to implementation.

- vi. Establishing income targeting goals for the project based voucher program, and/or for specific project based voucher developments, that have a goal of promoting a broad range of incomes in project based developments.
- vii. Other actions as determined to be necessary to fund development and/or modernization subject to any required HUD approvals, including, but not limited to, combining financial investments permitted under Section 9 of the Act with Project Based Voucher Assistance permitted under Section 8 of the act, as identified in this section. HACP will follow HUD protocol and submit mixed-finance development proposals to HUD for review and approval.
- viii. Acquisition of property without prior HUD approval as needed to take advantage of opportunities as they arise, with specific focus on parcels needed for site assembly for redevelopment and development projects. HACP will ensure that all HUD site acquisition requirements are met

### Specific Strategies and Properties:

HACP and its partners have identified the following strategies that will leverage Low Income Housing Tax Credits and capital contributions by the HACP in order to complete the financing necessary for:

- Addison Redevelopment Phases IV
  - Larimer/ East Liberty Redevelopment Phase III, IV and V,
  - Allegheny Redevelopment,
  - Investments in Homewood,
  - Oak Hill Phase II
  - Development of a new Northview Midrise
  - Crawford Square Preservation,
  - Projects identified through the Project Based Voucher Plus Gap competitive selection process
1. Project basing HACP units without competitive process (As authorized under Attachment C. Section B. Part 1. b. vi. and Part 1. c.; Attachment C. Section D. 7. a., authorizing the HACP “to project-base Section 8 assistance at properties owned directly or indirectly by the agency that are not public housing, subject to HUD’s requirement regarding subsidy layering.”).
  2. Determining a percentage of units that may be project based at a development, up to 100% of units and permitting the initiation of site work prior to execution of the Agreement to Enter into a Housing Assistance Payments contract (AHAP). (As authorized under Attachment C. Section B. Part 1. b. vi. (authorizing the provision of HCV assistance or project-based assistance alone or in conjunction with other private or public sources of assistance) and vii. (authorizing the use of MTW funds for the development of new units for people of low income); and Part 1. c. (authorizing these activities to be carried out by the Agency, of by an entity, agent, instrumentality of the agency or a partnership, grantee, contractor or other appropriate party or entity); Attachment C. Section D. 7. c. (authorizing the agency to adopt

a reasonable policy for project basing Section 8 assistance) and Attachment D. Section D. 1. c. (authorizing HACP to determine property eligibility criteria).

3. Extending Eligibility for project based units to families with incomes up to 80% of AMI. (As authorized under Attachment C. Section B. Part 1. b. vi. and Part 1. c.; Attachment C. Section D. 7. (authorizing the agency to establish a project based voucher program) and Attachment D. Section D. 1. a. (authorizing the agency to determine reasonable contract rents.).
4. Acquisition of property without prior HUD approval in order to complete site assembly for these projects. As authorized under Attachment C. Section C. 13. (authorizing the acquisition of sites without prior HUD approval). Site work for acquired properties will begin upon completion of environmental review and/or any required development approvals when necessary.
5. Combining Project Based Voucher Commitments with Low Income Housing Tax Credits and/or HACP Capital Investments and/or other financial resources to support the development, rehabilitation, or preservation of affordable housing units, as authorized under Attachment C., Section B. 1. b. (authorizing the use of MTW funds for any eligible activity under Section 9(d)(1), 9€(1) and Section 8(0) of the 1937 Act), and Attachment D. Section B. 1. (authorizing the acquisition, new construction, reconstruction or moderate or substantial rehabilitation of housing which may include financing and other related activities.)

HACP will submit a full development proposal, including Rental Term Sheet, Pro Formas, Sources and Uses, schedules, and other detailed project information or local Non-traditional activity proposals as required based on each project's financing to HUD's Office of Public Housing Investments or other HUD office as directed for approval as part of the mixed finance approval process as per HUD's protocol, and will ensure completion of a subsidy layering review as required.

### **Local Non Traditional Development: Development, rehabilitation, and/or preservation through Project Based Vouchers plus Gap financing**

In response to the growing demand for affordable housing, HACP developed the PBV plus GAP financing tool. Using this product HACP can issue PBV awards as well as capital investment to developers committed to the creation of additional affordable units within the city. In 2019 HACP will periodically issue Request for Proposals for Project Based Voucher Units with an option for additional HACP capital investments to close gaps in project financing. This initiative, which combines authorizations already permitted under Section 8 (PBV) and Section 9 (capital investments) will spur the development, rehabilitation, or preservation of high quality affordable housing units and will leverage other public and private investments in the construction, rehabilitation, and/or preservation of such units. This approach maximizes the impact of existing available resources, incentivizes leveraging of other public and private financial resources, and supports the completion of projects at lower cost to HACP than is possible through other strategies.

HACP has made one non-significant change to this section, adding the specific provision "permitting the initiation of site work prior to Execution of the Agreement to Enter Into a Housing Assistance Payments contract (AHAP)." into the description of this initiative, and into the specific authorizations section, in conjunction with the authorization to project base up to 100% of the units in a development. This change will streamline processes and expedite completion of replacement developments. No other changes or modifications related to this initiative are planned for 2019.

## **Not Yet Implemented Activities**

HACP does not currently have any approved but not yet implemented activities.

## **On-Hold Activities**

HACP activities that could be considered as 'on hold' are actually subsets of implemented activities. There is only one, and it is as follows:

Exception Payment Standard Areas. Originally approved in 2004 as part of a larger approval on Exception Payment Standards, HACP suspended its Exception Payment Standard Area in 2007 in order to reduce costs and streamline administration. In response to changes in the local market, HACP plans to develop new payment standard methodologies to increase housing choices for voucher families in 2018.

## **Closed Out Activities**

Since entering the Moving To Work Program in 2000, HACP has also instituted a number of Moving To Work initiatives that in 2019 no longer required specific Moving To Work Authority. Some of those initiatives are:

1. Establishment of Site Based Waiting Lists. Closed out in 2006, prior to execution of the Standard Agreement as Moving To Work authority was no longer required for this activity.
2. Establishment of a variety of local waiting list preferences, including a working/elderly/disabled preference and a special working preference for scattered site units. Closed out in 2008, prior to execution of the Standard Agreement as Moving To Work authority was no longer required for this activity.
3. Modified Rent Reasonableness Process. Closed out in 2008, prior to execution of the Standard Agreement as Moving To Work authority was no longer required for this activity.
4. Transition to Site Based Management and Asset Management, including Site Based Budgeting and Accounting. Closed out in 2005, prior to execution of the Standard Agreement as Moving To Work authority was no longer required for this activity.



## **Other Activities**

Several activities that utilized Moving To Work Authority, but are not specified as specific initiatives waiving specific regulations, were previously included in the initiative section but no longer require that separate listing. They are as follows:

- Use of Block Grant Funding Authority to support Development and Redevelopment, Enhanced and Expanded Family Self-sufficiency and related programming, and the HACP MTW Homeownership Program.
  - Originally approved with the initial Moving To Work Program and expanded to include homeownership and resident service programs in subsequent years, HACP continues to use Moving To Work block grant funding to support its Moving To Work Initiatives. Additional information on the use of Single Fund block grant authority is included in other sections of this MTW Plan, particularly Section V. on Sources and Uses of funds.
- Energy Performance Contracting.
  - Under HACP's Moving To Work Agreement, HACP may enter into Energy Performance Contracts (EPC) without prior HUD approval. HACP will continue its current EPC, executed in 2008, to reduce costs and improve efficient use of federal funds.
  - HACP's current EPC included installation of water saving measures across the authority, installation of more energy efficient lighting throughout the authority, and installation of geo-thermal heating and cooling systems at select communities. It was completed in 2010, with final payments made in 2011. Monitoring and Verification work began in 2011, with the first full Monitoring and Verification report completed for the 2012 year. HACP's objectives include realizing substantial energy cost savings. HACP reports on the EPC in the MTW Annual Report.
- Establishment of a Local Asset Management Program.
  - In 2004, prior to HUD's adoption of a site based asset management approach to public housing operation and management, HACP embarked on a strategy to transition its centralized management to more decentralized site-based management capable of using an asset management approach. During HACP's implementation, HUD adopted similar policies and requirements for all Housing Authorities. Specific elements of HACP's Local Asset Management Program were approved in 2010, as described in the Appendix, Local Asset Management Program. HACP will continue to develop and refine its Local Asset Management Program to reduce costs and increase effectiveness.
- Acquisition of Property to be Utilized for Administrative Offices
  - HACP and its partners the City of Pittsburgh and the Urban Redevelopment Authority are seeking to acquire property to be used in an administrative capacity. The current administrative offices require extensive renovation and system updates to become code compliant. Upon analysis, it was determined to be in the best interest of the agency and its partners to sell the current building and acquire another property.



## (II) SOURCES AND USES OF MTW FUNDS

### ANNUAL MTW PLAN

#### A. ESTIMATED SOURCES AND USES OF MTW FUNDS

##### i. Estimated Sources of MTW Funds

The MTW PHA shall provide the estimated sources and amount of MTW funding by Financial Data Schedule (FDS) line item.

FDS LINE ITEM NUMBER	FDS LINE ITEM NAME	DOLLAR AMOUNT
70500 (70300+70400)	Total Tenant Revenue	8,686,969.91
70600	HUD PHA Operating Grants	50,974,079.59
70610	Capital Grants	3,954,118.54
70700 (70710+70720+70730+70740+70750)	Total Fee Revenue	0.00
71100+72000	Interest Income	127,656.18
71600	Gain or Loss on Sale of Capital Assets	25,085.10
71200+71300+71310+71400+71500	Other Income	14,678,316.41
70000	Total Revenue	78,446,225.73

##### ii. Estimated Uses of MTW Funds

The MTW PHA shall provide the estimated uses and amount of MTW spending by Financial Data Schedule (FDS) line item.

FDS LINE ITEM NUMBER	FDS LINE ITEM NAME	DOLLAR AMOUNT
91000 (91100+91200+91400+91500+91600+91700+91800+91900)	Total Operating - Administrative	21,756,673.03
91300+91310+92000	Management Fee Expense	0
91810	Allocated Overhead	0
92500 (92100+92200+92300+92400)	Total Tenant Services	3,407,566.77
93000 (93100+93600+93200+93300+93400+93800)	Total Utilities	11,707,759.11
93500+93700	Labor	0
94000 (94100+94200+94300+94500)	Total Ordinary Maintenance	13,424,333.81
95000 (95100+95200+95300+95500)	Total Protective Services	4,219,200.33
96100 (96110+96120+96130+96140)	Total Insurance Premiums	1,330,378.12
96000 (96200+96210+96300+96400+96500+96600+96800)	Total Other General Expenses	18,191,948.77
96700 (96710+96720+96730)	Total Interest Expense & Amortization Cost	226,031.97
97100+97200	Total Extraordinary Maintenance	8,544,238.24
97300+97350	HAP + HAP Portability-In	40,710,599.70
97400	Depreciation Expense	11,321,671.77
97500+97600+97700+97800	All Other Expense	0
90000	Total Expenses	134,840,401.62

Please describe any variance between Estimated Total Revenue and Estimated Total Expenses:

Description or N/A

##### iii. Description of Planned Use of MTW Single Fund Flexibility

The MTW PHA shall provide a thorough narrative of planned activities that use only the MTW single fund flexibility. Where possible, the MTW PHA may provide metrics to track the outcomes of these programs and/or activities. Activities that use other MTW authorizations in Attachment C and/or D of the Standard MTW Agreement (or analogous section in a successor MTW Agreement) do not need to be described here, as they are already found in Section (III) or Section (IV) of the Annual MTW Plan. The MTW PHA shall also provide a thorough description of how it plans to use MTW single fund flexibility to direct funding towards specific housing and/or service programs in a way that responds to local needs (that is, at a higher or lower level than would be possible without MTW single fund flexibility).

PLANNED USE OF MTW SINGLE FUND FLEXIBILITY
Description

**B. LOCAL ASSET MANGEMENT PLAN**

- i. Is the MTW PHA allocating costs within statute?
- ii. Is the MTW PHA implementing a local asset management plan (LAMP)?
- iii. Has the MTW PHA provide a LAMP in the appendix?
- iv. If the MTW PHA has provided a LAMP in the appendix, please describe any proposed changes to the LAMP in the Plan Year or state that the MTW PHA does not plan to make any changes in the Plan Year.

Description
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**C. RENTAL ASSISTANCE DEMONSTRATION (RAD) PARTICIPATION**

- i. **Description of RAD Participation**  
The MTW PHA shall provide a brief description of its participation in RAD. This description must include the proposed and/or planned number of units to be converted under RAD, under which component the conversion(s) will occur, and approximate timing of major milestones. The MTW PHA should also give the planned/actual submission dates of all RAD Significant Amendments. Dates of any approved RAD Significant Amendments should also be provided.

RENTAL ASSISTANCE DEMONSTRATION (RAD) PARTICIPATION
Description

- ii. Has the MTW PHA submitted a RAD Significant Amendment in the appendix? A RAD Significant Amendment should only be included if it is a new or amended version that requires HUD approval.

Yes
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- iii. If the MTW PHA has provided a RAD Significant Amendment in the appendix, please state whether it is the first RAD Significant Amendment submitted or describe any proposed changes from the prior RAD Significant Amendment?

The proposed change to the RAD significant amendment is the removal of Murray towers
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## Section VI. Administrative

### A. Board Resolution.

A signed copy of the HACP Board Resolution adopting this Annual Plan and a signed copy of the Certifications of Compliance will be attached.

### B. Public Comment

I. The Annual Plan was available for public comment from August 21, 2018 to September 20, 2018.

II. Public Hearings were held on September 12th at 12:00 P.M. and 5:30 P.M. at the HACP Conference Room, 200 Ross Street, 9th Floor, Pittsburgh, PA, 15219.

### C. Description of Evaluation of the Demonstration

HACP continues to work with the University of Pittsburgh, Graduate School of Public and International Affairs, Center for Urban Studies, on evaluation of the HACP implemented activities. Future work will focus on extending and expanding the evaluation project to include factors relating to economic and social mobility as it relates to MTW initiatives.

Ongoing Initiatives and Deviations from General Part 990 Requirements

During FY2019 the authority will undertake the following initiatives to improve the effectiveness and efficiency of the Authority:

- ❖ HACP will maintain the spirit of the HUD site based asset management model. It will retain the COCC and site based income and expenses in accordance with HUD guidelines, but will eliminate inefficient accounting and/or reporting aspects that yield little or no value from the staff time spent or the information produced.
- ❖ HACP will maintain an MTW cost center that holds all excess MTW funds not allocated to the sites or to the voucher program. This cost center and all activity therein will be reported under CFDA #14.881 Moving to Work Demonstration Program. This cost center will also hold the balance sheet accounts of the authority as a whole.
- ❖ The MTW cost center will essentially represent a mini HUD. All subsidy dollars will initially be received and reside in the MTW cost center. Funding will be allocated annually to sites based upon their budgetary needs as represented and approved in their annual budget request. Sites will be monitored both as to their performance against the budgets and the corresponding budget matrix. They will also be monitored based upon the required PUM subsidy required to operate the property. HACP will maintain a budgeting and accounting system that gives each property sufficient funds to support annual operations, including all COCC fee and frontline charges. Actual revenues will include those provided by HUD and allocated by HACP based on annual property-based budgets. As envisioned, all block grants will be deposited into a single general ledger fund.
- ❖ Site balance sheet accounts will be limited to site specific activity, such as fixed assets, tenant receivables, tenant security deposits, unrestricted net asset equity, which will be generated by operating surpluses, and any resulting due to/due from balances. All other balance sheet items will reside in the MTW fund accounts, and will include such things as compensated balance accrual, workers compensation accrual, investments, A/P accruals, payroll accruals, etc. The goal of this approach is to attempt to minimize extraneous accounting, and reduce unnecessary administrative burden, while maintaining fiscal integrity.
- ❖ All cash and investments will remain in the MTW cost center. This will represent the general fund. Sites will have a due to/due from relationship with the MTW cost center that represents cash.
- ❖ All frontline charges and fees to the central office cost center will be reflected on the property reports, as required. The MTW ledger won't pay fees directly to the COCC. As allowable under the asset management model, however, any subsidy needed to pay legacy costs, such as pension or terminal leave payments, may be transferred from the MTW ledger or the projects to the COCC.
- ❖ The Energy Performance Contract (EPC) accounting is broken out to the sites. This includes all assets, liabilities, debt service costs, and cost savings.

- ❖ No inventory will exist on the books at the sites. A just in time system will be operational and more efficient, both in time and expense. Also, smaller inventories will be held in COCC mobile warehouse units.
- ❖ Central Operations staff, many of whom are performing direct frontline services such as home ownership, self-sufficiency, and/or relocation, will be frontlined appropriately to the low income public housing and/or Section 8 Housing Choice Voucher programs, as these costs are 100 percent low rent and/or Section 8.
- ❖ Actual Section 8 amounts needed for housing assistance payments and administrative costs will be allotted to the Housing Choice Voucher program, including sufficient funds to pay asset management fees. Block grant reserves and their interest earnings will not be commingled with Section 8 operations, enhancing the budget transparency. Section 8 program managers will become more responsible for their budgets in the same manner as public housing site managers.
- ❖ Information Technology costs will be direct charged to the programs benefiting from them, e.g. the LIPH module cost will be direct charged to AMPs; all indirect IT costs will be charged to all cost centers based on a "per workstation" charge rather than a Fee for Service basis. This will allow for equitable allocation of the expense while saving time and effort on invoicing.

#### Flexible use of Phase in of Management Fees –

As a component of its local asset management plan, the Housing Authority of the City of Pittsburgh elects to make use of phase-in management fees for 2010 and beyond. The HUD prescribed management fees for the HACP are \$57.17 PUM. HACP will continue to follow the phase-in schedule and approach for management fees as proposed by HACP and approved by HUD in 2010, as follows:

#### Schedule of Phased-in Management Fees for HACP –

2008 (Initial Year of Project Based Accounting	\$91.94
2009 (Year 2)	\$84.99
2010 (Year 3 and beyond)	\$78.03

The above numbers reflect 2009 dollars.

HACP has increased contract costs over the past year in order to develop new programming and upgrade software. These upgrades will help the Authority reach its ultimate goal of providing outstanding service to the communities. HACP has been diligently working to reduce its expenditure levels and cut unnecessary COCC costs. It is also working to increase its management fee revenues in the COCC, through aggressive, and we believe, achievable, development and lease up efforts in both the public housing and leased housing programs. The 2019 budget shows COCC at break-even. A major component of the HACP strategic plan is to grow its public housing occupancy, both through mixed finance development and management, as well as in house management, so as to better serve our low-income community and to recapture some of the fees lost to demolition. This requires central office staff, talent and

expense. To make this plan work, i.e. to assist in the redevelopment of the public housing portfolio, we will need the continued benefit of the locked in level of phase in management fees.

It is worth noting that HACP has historically had above normal central office costs driven by an exceedingly high degree of unionization. HACP has over a half dozen different collective bargaining units; this has driven up costs in all COCC departments, especially in Human Resources, Facility Services and Legal. In addition, HACP is governed by requirements for City residency for all its employees. This has driven up the cost to attract and retain qualified people throughout the agency. This is especially the case in the high cost COCC areas, where HACP has had to pay more to attract the necessary talent to perform these critical functions.

The phase in fee flexibility, coupled with HACP's planned growth in public housing occupancy and increases in voucher utilization, will enable HACP's COCC to become sustainable in the long term and fully compliant with the operating fund rule. It should also be noted that this fee flexibility will come from HACP's MTW funds, and will require no additional HUD funding. This flexibility is the essence of the MTW program, and will go a long way towards enabling HACP to successfully undertake and complete its aggressive portfolio restructuring efforts.

## HACP MTW Homeownership Program Amended August ~~2016~~2013

### Definitions

As used herein, the following terms not otherwise defined herein shall have the following meanings:

- (a) “Buyer” shall mean a Homeownership Program participant who has obtained a mortgage pre-approval letter from a lender.
- (b) “Buyer’s annual recertification date” shall mean the date the buyer obtains a lender’s mortgage pre-approval.
- (c) “Buyer’s List” shall mean the list signed by two or more eligible buyers who are interested in purchasing the same HACP owned property.
- (d) “First-time homeowner” shall mean that no family member of the household owned any present ownership interest in a residence of any family member during the three years preceding commencement of homeownership assistance.
- (e) “Gross Aid Standard” means the standard utilized to determine the supplement to the income of a low income household to enable the buyer to purchase standard quality housing in the private marketplace.
- (f) “Qualified Mortgage” shall be insured by FHA, Guaranteed by VA, or funded by Fannie Mae, Freddie Mac, or other governmental entity, state or local housing finance agency, nonprofit organization, or a regional Federal Home Loan Bank under one of its affordable housing programs.
- (g) “Soft-second mortgage Calculation” shall mean the calculation used to estimate a non-paying interest free second mortgage loan offered to eligible public housing Program participants. The amount of the soft-second mortgage is reduced 10 percent (10%) a year over a ten-year period.
- (h) “Homeownership Expense Payment” consists of the principal, interest, taxes, and insurance (PITI) associated with first mortgage debt along with the corresponding monthly utility allowance for unit size, maintenance expense, and major repairs in accordance with 24 CFR 982.635 C2.

(i) "Total Family Payment" or "TFP" means that portion of the homeownership expense that the family must pay. It is generally thirty percent (30%) of the family's adjusted income, plus any difference between the payment standard and the actual housing cost.

## **I. INTRODUCTION**

The Housing Authority of the City of Pittsburgh (HACP) operates a Moving To Work (MTW) Homeownership Program (the "Program") for current Low-Income Public Housing (LIPH) residents, Housing Choice Voucher (HCV) holders, or those eligible to receive LIPH and/or HCV assistance who desire to purchase their first home and primary residence within the City of Pittsburgh. In addition to other benefits, HACP will offer a Soft Second Mortgage based upon a payment calculation as defined in Section VIII. part C. Eligible participants will be placed on the HACP Homeownership Waiting List for home purchase based on the date of their mortgage pre-approval letter from an approved lender.

## **II. PURPOSE**

The specific objectives of the Program are:

- a. Expanding homeownership opportunities for low-income families and families having members with disabilities.
- b. Providing an opportunity for first-time low income homebuyers to purchase a single-family home within the City of Pittsburgh.
- c. Encouraging HACP families to acquire appreciable assets, and move toward the goal of economic self-sufficiency and eventual independence from government assistance programs.

## **III. OUTREACH**

Outreach will be conducted by HACP's Homeownership Office to encourage participation in the Program. Informational flyers and brochures as well as the web site <http://www.hacp.org/housing-options/home-ownership> have been developed to target those persons interested in participating in the Program. The Program will also be promoted by the Resident Self-Sufficiency (RSS) Department through its newsletters and referrals by Service Coordinators. HACP will also highlight the program periodically in other agency publications such as the "News and Views".



#### **IV. APPLICATION AND ENROLLMENT**

Interested persons may apply to participate in the Program by contacting a Department of Housing and Urban Development (HUD) approved housing counseling agency to enroll in the required homeownership education class. Participants will receive initial assessments of their credit rating provided by the HUD-approved education and credit counseling service provider.

The HACP will consider the participant enrolled in the Program on the date the participant completes the required homebuyer education class and satisfies HACP eligibility requirements as outlined in Section V. The HUD approved education provider shall issue a certificate of satisfactory completion to each participant and maintain a copy of the certificate on file. HACP will consider the participant a “buyer” when the participant obtains a loan pre-approval letter.

#### **V. ELIGIBILITY**

Program participants must meet one of the following four criteria:

- be a current LIPH resident;
- be a HCV resident;
- be a person who is on the HACP waitlist for LIPH or HCV who has received an eligibility letter from HACP’s Occupancy Department for a HCV or LIPH;
- In the event that either waitlist is closed, a non-resident must be otherwise eligible to receive HCV or LIPH assistance as determined by HACP’s Occupancy Department in order to participate in the Program. Non-residents must receive an eligibility letter from HACP’s Occupancy Department for Homeownership Purposes only. An appointment will be arranged for non-residents with HACP’s Occupancy department after their participation in homeownership counseling and first mortgage pre-approval have been verified (see Section VII. below). The following additional eligibility requirements for participation in the Program shall also apply:

##### **A. First-Time Homeowner**

Each LIPH and HCV waiting list or otherwise eligible family must be a first-time homebuyer. A first-time homeowner means that no family member of the household owned any present ownership interest in a residence of any family member during the three (3) years preceding commencement of homeownership assistance. However, a single parent or displaced homemaker who, while married, owned a home with his/her spouse (or resided in a home owned by a spouse) is considered a "first-time homeowner" for purposes of the Program.

If HACP determines that a family member with a disability requires homeownership assistance as a reasonable accommodation, the first-time homeowner requirement may not apply.

#### **B. Minimum Income Requirements**

At the time the family obtains a mortgage pre-approval letter, the head of household, spouse, and/or other adult household members who will purchase the home must have a minimum gross annual income of \$17,000 per year.

A family whose head, spouse or sole member is a person with a disability may be exempt from the minimum income requirement provided there exists a sufficient combination of monthly household income and initial down payment money to satisfy the lending institution's pre-approval requirements for the purchase of the property and all other applicable HACP requirements relating to eligibility are met.

#### **C. Welfare Assistance Income**

Welfare assistance income shall be included only for those adult elderly or families with members having disabilities who will own the home. Stated otherwise, with the exception of elderly and families with members having disabilities, HACP will disregard any "welfare assistance" income in determining whether the family meets the minimum income requirement. Welfare assistance includes assistance from Temporary Assistance for Needy Families (TANF); Supplemental Security Income (SSI) that is subject to an income eligibility test; food stamps; general assistance; or other welfare assistance defined by HUD. The disregard of welfare assistance income shall affect the determination of minimum monthly income in determining eligibility for the Program.

#### **D. Employment Requirement**

With the exception of families having members with disabilities and elderly households, each family must demonstrate that one or more adult members of the family who will own the home at commencement of homeownership assistance is employed full-time (an average of thirty (30) hours per week). Families with one (1) or more members who are self-employed shall be eligible under this section if they meet all other requirements as stated herein.

HACP will also consider an interruption of employment of no more than one (1) month during the prior one (1) year as meeting the definition of "full time employment" if the employed family member has been continuously employed for a period of at least one (1) year prior to the interruption and is currently employed at the time of the execution of the sales agreement.

#### **E. Prior Mortgage Default**

The HACP will not approve a homeownership sales agreement where the head of household, the head of household's spouse or other adult member of the family defaulted on a mortgage loan within the previous three (3) years. Such actions will render the family ineligible to participate in the Program.

#### **F. PHA Debts**

Prospective participants in the Program shall be ineligible for participation in the Program if they owe any debt or portion of a debt to HACP or any other PHA (Public Housing Authority). Except as provided in HACP's Admissions and Continued Occupancy (ACOP) Policy and Housing Choice Voucher Program Administrative (Admin) Plan, nothing in this provision will preclude participants who have fully repaid such debt(s) from participating in the Program.

#### **G. Ownership Interest**

Except for cooperative members who have acquired cooperative membership shares at the commencement of homeownership assistance, no family member may have a present ownership interest in a residence at the commencement of participation in the homeownership program. This requirement does not apply to the family's right to purchase title to the residence under a lease-purchase agreement. "Present ownership interest" means that no member of the household has had an "interest in a home", including title to a home, in the past three (3) years.

#### **H. Eligible Properties**

Eligible properties shall include residentially zoned single family homes, row homes, condominiums and townhomes within the City of Pittsburgh. Multifamily or non-residential properties are ineligible.

The HACP may sell existing scattered sites as identified on Exhibit A attached hereto to buyers within the Program. In the event a HACP scattered sites property is not sold through the Program, the property may be reoccupied for lease.

#### **I. Buyer's Annual Recertification Date**

The date the buyer obtains a lender's mortgage pre-approval letter shall be the program participant's annual recertification date for purposes of calculating homeownership assistance amounts. The annual recertification date will be used to calculate HACP's assistance benefits and/or soft-second mortgage amount. The lender or HACP shall verify the buyer's income and employment status during the mortgage pre-approval process and the lender shall provide buyer's income and employment status to HACP upon request. If a buyer's income increases or declines subsequent to a lender issuing a mortgage pre-approval letter, the HACP at its discretion may require recalculation of assistance amounts.

## **VI. PRE-HOMEOWNERSHIP ASSISTANCE REQUIREMENTS**

### **A. Homeownership Counseling**

Before a family is eligible for homeownership, the family must attend and successfully complete a pre-assistance HUD approved homeownership and housing counseling program. Such homeownership and housing counseling program will be provided or approved by HACP prior to the commencement of assistance and will include instruction relating to home maintenance; budgeting and money management; credit counseling; negotiating purchase price; securing mortgage financing and loan approvals; finding a home including information about schools and transportation; fair housing laws and local enforcement agencies; the advantages of purchasing and locating homes in areas that do not have a high concentration of low-income families; and the Real Estate Settlement Procedures Act; state and Federal truth-in-lending law; and how to avoid loans with oppressive terms and conditions.

### **~~B. Home Purchase and Sales Agreement~~First Mortgage Pre-approval**

Upon completion of the Homeownership Counseling Program, the participant is to complete a mortgage pre-approval application to determine if they qualify for a first mortgage. Participant is to provide HACP with a first mortgage pre-approval letter and closing cost estimate which will detail the cost associated with obtaining the mortgage. HACP requires tenant buyers to request a mortgage pre-approval letter and closing cost estimate that reflects the highest amount of first mortgage they are eligible to receive.

### **~~C. Home Purchase and Sales Agreement~~**

Participants in the Program will be required to locate and purchase a home or execute a contract of sale or lease purchase a home, within the limits of the City of Pittsburgh. "Homeownership eligibility" begins on the date when the buyer has obtained a mortgage pre-approval letter and completed the approved homebuyer education class. It is the responsibility of the buyer to notify and discuss the sales transaction with HACP prior to the buyer signing an agreement of sale to remain eligible for Homeownership Program benefits.

~~Participants in the Program will be required to locate and purchase a home or execute a contract of sale or lease purchase a home, within the limits of the City of Pittsburgh. "Homeownership eligibility" begins on the on the date when the buyer has obtained a mortgage pre-approval letter and completed the approved homebuyer education class. It is the responsibility of the buyer to notify and discuss the sales transaction with HACP prior to the buyer signing an agreement of sale to remain eligible for Homeownership Program benefits.~~

## **DE. Home Inspection**

The buyer shall select and pay for an independent professional inspection in accordance with the sales agreement. Such independent inspectors must be qualified by the American Society of Home Inspectors (ASHI) or possess equivalent credentials acceptable to HACP. The independent inspectors must furnish a copy of the inspection results to both the buyer and HACP. HACP must review the independent inspector's report and determine whether to go forward or terminate the sales agreement based upon its review.

A contingency clause in the sales agreement must provide that the buyer is not obligated to pay for any necessary repairs. If the Seller is HACP, HACP, in its sole discretion, may pay for any deficiencies found in the inspection report or HACP may terminate the sales agreement. Similarly, the buyer has the right to cancel the sales agreement without penalty if HACP is unwilling to make all necessary repairs cited in the inspection.

## **VII. FINANCING REQUIREMENTS**

### **A. General**

HACP may not require participants to use a certain lender or a certain type of financing. However, financing for purchases under this Program must generally ~~be insured or guaranteed by the State or Federal government and~~ comply with secondary mortgage market requirements. HACP will only approve a fixed interest rate "Qualified Mortgage" ~~mortgage~~ provided by a lender. A Qualified Mortgage shall be insured by FHA, Guaranteed by VA, or funded by Fannie Mae, Freddie Mac, or other governmental entity, state or local housing finance agency, nonprofit organization, or a regional Federal Home Loan Bank under one of its affordable housing programs. HACP will not approve any lending practice that it determines, in its reasonable discretion, to be abusive or predatory including loans offered at a rate above Prime to individuals who do not qualify for Prime Rate loans, i.e., subprime loans. Seller financing will be on a case-by-case basis, including instances where HACP or nonprofit organization is the seller. It is the goal of the Program for participants to utilize all other assistance for which they are eligible prior to receiving assistance from this Program.

If HACP is the seller, then the Program may provide for below-market purchase prices or below-market financing to facilitate below-market purchases. Discounted purchase prices may be determined on a unit-by-unit basis, based on the particular buyer's ability to pay, or may be determined by any other fair and reasonable method. Below-market financing may include any type of public or private financing, including but not limited to purchase-money mortgages, non-cash second mortgages, promissory notes, guarantees of mortgage loan from other lenders, shared equity, land installment contract or lease-purchase arrangements.

## B. Financing Terms

The proposed loan terms must be submitted to and approved by HACP ~~prior to execution of the sales agreement and closing and~~. HACP will determine, in its sole discretion, the affordability of the family's proposed loan terms and whether they are appropriate in view of current market conditions. ~~In making such determination, HACP may take into account other family expenses, including but not limited to child care, unreimbursed medical expenses, education and training expenses, homeownership expenses and the like. If a mortgage is not FHA insured or VA guaranteed, HACP may require lenders to comply with generally accepted mortgage underwriting standards consistent with HUD/FHA, Ginnie Mae, Fannie Mae, Freddie Mac, RHS, or the Federal Home Loan Bank requirements. HACP will not approve any lending practice that it determines, in its reasonable discretion, to be abusive or predatory including loans offered at a rate above Prime to individuals who do not qualify for Prime Rate loans, i.e., subprime loans. Seller financing will be on a case by case basis, including instances where HACP is the seller. Participants are required to provide HACP with a copy of their loan application also known as the Uniform Residential Loan Application/ Fannie Mae form 1003 so that this determination can be made. If a mortgage is not funded~~ by Fannie Mae or Freddie Mac or FHA-insured, or VA-guaranteed, HACP may require lenders to comply with generally accepted mortgage underwriting standards consistent with HUD/FHA, Ginnie Mae, Fannie Mae, Freddie Mac, RHS, or the Federal Home Loan Bank requirements. Seller financing will be reviewed on a case-by-case basis.

## C. Determining Affordability: Buyer's Monthly Homeownership Expense

The HACP will determine, in its sole discretion, the affordability of the family's proposed loan terms and whether they are appropriate in view of current market conditions. In making such determination, HACP may take into account other family expenses, including but not limited to child care, unreimbursed medical expenses, education and training expenses. ~~The~~ expenses. The monthly expenses of ~~public housing and Section 8 buyers who are defined in this Program~~ Program Participants and those who are listed on the lender's mortgage application, should not exceed a total estimated housing expenses debt ratio of thirty-five percent (35%) of the combined gross monthly income of adult members of the household. The housing debt expense should include mortgage principal, mortgage interest, property taxes, homeowner's insurance (~~\$22 per month~~), condominium or association fees, monthly capital improvement expense (~~\$41-20~~ per month), monthly maintenance expense (~~\$20 41~~ per month), and a monthly utilities estimate obtained from the most recent HACP Section 8 Housing Choice Voucher Program utility allowance schedule for the appropriate unit type. ~~a monthly utilities estimate obtained from the actual twelve month utility expenses of an occupied home to be purchased, or a utility rate study provided by a utility company. Monthly utility expenses for Glen Hazel PA-28 P001-038 are estimated at \$288 per month.~~

	Efficiency	1bdrm	2bdrm	3bdrm	4bdrm	5bdrm
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Utility Costs by Size*	\$197	\$	\$	\$	\$	\$
	235	288	348	405	459	

\* Utility costs are obtained from and will be adjusted to conform to the most recent HACP Section 8 Housing Choice Voucher Program utility allowance schedule for the appropriate unit type.

#### D. Down Payment

Buyers must contribute from their own funds at least one percent (1%) of the net sales price of either a HACP owned property or a private market property. The family may use an Individual Development Account (IDA) or Family Self-Sufficiency (FSS) escrow account for their down payment. LIPH program participants who established homeownership "lease-purchase" accounts prior to January 1, 2007, may utilize these accounts for their down payment.

#### E. Refinancing

No buyer while receiving an HACP second mortgage assistance may refinance their mortgage(s) or incur additional debt secured by the home without the prior written approval of HACP.

### VIII. ASSISTANCE COMPONENTS

#### A. Assistance Components Available To All Qualifying Program Participants.

##### 1) ~~Homeowner's Insurance And Major Component~~ Home Warranty And Closing Costs Assistance:

~~The maximum amount of financial assistance is \$87,000 for homeowner's insurance, home warranty, and closing costs assistance.~~

The HACP may approve the prepayment of a ~~homeowner's insurance policy~~ home warranty for a property prior to closing. It is the responsibility of the tenant/buyer to provide HACP with a written quotation from the vendor for these services prior to closing. ~~The buyer may be eligible for homeowner's insurance or a home warranty benefits for a maximum term of three (3) years.~~ Subject to budgetary constraints, HACP may pay closing costs one time per buyer and if a buyer fails to close on their sales agreement, buyer is not eligible to receiving additional closing costs assistance for a new sales agreement for one (1) year.

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## **2) Foreclosure Prevention Fund**

The maximum amount of financial assistance is \$3,000 for foreclosure prevention.

In the event a buyer defaults on their mortgage and receives notice of default by their lender within five (5) years of their closing date, they receive up to six (6) months of HACP mortgage assistance if they apply for and comply with all requirements of the Pennsylvania Homeowners' Emergency Mortgage Assistance Program (HEMAP). As a Program safeguard, if in the event 10% or more of program buyers default upon their mortgage(s), Section VII C will be amended to decrease the maximum buyer debt ratio for new buyers to thirty-percent (30%) of gross monthly income.

### **B. Financing With A Soft-Second Mortgage Calculation**

The maximum amount of a soft-second mortgage is ~~\$\$32,000.00~~ \$52,000.

Subject to budgetary constraints, HACP may provide soft-second mortgage financing to eligible participants. Such financing shall be secured in most cases by a second mortgage (the "Second Mortgage"). However, in some cases, the HACP mortgage will be recorded as a third mortgage subordinate to mortgages securing bank and other government financing provided, for example, by the Urban Redevelopment Authority of Pittsburgh. In the event a first or second mortgage does not exist, HACP's mortgage will be recorded as a first mortgage.

The Homeownership Expense includes principal, interest, taxes, Homeowners insurance, mortgage insurance premium if required (PITI); this information will be obtained from the Lenders pre-approval and Closing Cost Estimate. In addition to these expenses a monthly utility allowance, routine home maintenance allowance, and major repairs allowance, are also a part of the Homeownership Expense. If the first mortgage Lenders proposed (PITI) payment causes participants estimated Homeownership Expense ratio to exceed thirty-five percent (35%) of gross monthly income HACP may provide a soft-second mortgage to lower the buyers monthly debt obligation to the lender. HACP may also provide a soft-second mortgage to increase the buyers purchase capacity as appropriate in view of current market conditions.

### **C. Calculating Soft-Second Mortgage using the Housing Assistance Payment**

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The HACP Second Mortgage loan amount shall be determined and calculated by using the Housing Assistance Payment which is equal to the lower of the payment standard or the actual monthly Homeownership Expense Payment for the unit minus the Total Tenant Payment (TTP). The Homeownership Program will use the currently in effect Housing Choice Voucher Payment Standard.

The Utility Allowance for the unit will be determined using a monthly utilities estimate obtained from the most recent HACP Housing Choice Voucher Program Utility Allowance schedule for Tenant Furnished Utilities for the appropriate unit size. Standard Utility Allowances for detached house type assumes natural gas heating, natural gas cooking, other electric (lights and appliances), air conditioning, natural gas water heating, water, sewer, trash, tenant supplied range and refrigerator.

**Section 8 Voucher Program Allowance for Tenant Furnished Utilities — January 1, 2016**

~~The HACP Second Mortgage loan amount shall be determined and calculated by using the Gross Aid Standards chart listed below. The Gross Aid Standard is utilized to determine the supplement to the income of a low income household to enable the family to purchase standard quality housing in the private marketplace. The Gross Aid Standard is obtained from the most recent HACP Section 8 Housing Choice Voucher Program Voucher Payment Standards.~~

<del>Bedroom Size</del>	<del>Eff</del>	<del>1</del>	<del>2</del>	<del>3</del>	<del>4</del>	<del>5</del>
<del>Gross Aid</del>	<del>56</del>	<del>65</del>	<del>81</del>		<del>1084</del>	<del>1246</del>
<del>Standard</del>	<del>7</del>	<del>9</del>	<del>1</del>	<del>1017</del>		

~~———— The Gross Aid Standard may be revised on a yearly basis. In no instance will the amount of the HACP Soft Second Mortgage calculation exceed \$32,000.00. The Second Mortgage loan calculation amount is calculated as follows:~~

- ~~• Second Mortgage Loan Amount Calculation for a buyer: eligible monthly rental assistance payment Homeownership Expense Payment or Voucher Program Payment Standard for unit size (whichever is less) minus the Total Tenant Payment (TTP) x 12 months x 10 years = maximum Second Mortgage loan amount (not to exceed \$52,000) x 12 months x 10 years = maximum Second Mortgage loan amount (not to exceed \$32,000.00).~~
- ~~• The Second Mortgage Loan Amount Calculation above shall be determined during buyer's loan pre-approval process and participant will be provided a written estimated soft second mortgage eligibility and soft second mortgage eligibility amount. The notice will also advise whether the soft second mortgage is to be applied to decrease the 1<sup>st</sup> mortgage debt obligation and/or increase purchase capacity. This notice is to be shared with the buyer's prospective lender and/or Real Estate agent prior to buyer selecting a home to purchase.~~

- Prior to submitting a sales agreement to the seller to purchase a home the buyer must provide a copy of the sales agreement to HACP for review. HACP will issue a final approval notice advising of amount of assistance the buyer is to receive based on the selected Property and cost associated with the purchase, and prior to a signed buyer's sales agreement. The HACP Second Mortgage loan amount shall be provided to both buyer and lender and authorized by HACP's Chief Financial Officer. After the primary lender has made a mortgage loan commitment in accordance with the buyer's sales agreement, the buyer is not eligible to request or have HACP recalculate the buyer's HACP Second Mortgage amount.
- The HACP Second Mortgage shall be reduced each month (1/120) by the amount (eligible monthly MAP) used in the Second Mortgage Loan Amount Calculation above; provided that, buyer remains in good standing in the Program, continues to occupy the property as their primary residence, and is not in default under the mortgage. In the event of a mortgage default or if the buyer is no longer residing in the home, no further HACP Second Mortgage debt reduction shall occur while such default or non-occupancy condition continues. The buyer in this program who defaults on their mortgage will not be eligible for housing assistance through the HACP (or through any HUD funded housing assistance program) until the outstanding obligation on the HACP 2<sup>nd</sup> mortgage has been satisfied.
- Once a buyer completes a home purchase, interim and monthly re-certifications of income and annual Housing Quality Standard (HQS) inspections are no longer required.

Note: Program participants who established homeownership 'lease-purchase' accounts prior to January 1, 2007 may utilize such accounts towards their down payment or closing costs.

### **C. The Homeownership Waiting List**

A participant's position on the Homeownership Program Waiting List will be determined by the date of their pre-approval letter that they have obtained from a bank.

The participant will have sixty (60) days from the date of their mortgage pre-approval letter to execute a sales agreement on the property of their choice and provide the HACP with a copy of the sales agreement.

The participant/buyer must have a settlement within ninety (90) days from the date that the mortgage application package is submitted to underwriting.

Persons failing to sign a sales agreement, complete a mortgage application in a timely manner as per the sales agreement, or reach settlement within the allotted time period will be removed from the list. Participants can get a new pre-approval letter and will be put back on the list based on the new date of the new pre-approval letter.

Anyone on the Homeownership Waiting List when annually budgeted funds become exhausted will remain on the list for the subsequent budget year. If a participant/buyer does not meet the stated deadlines for performance in the program, the HACP will review on a case by case basis to determine if and what remedies are available to assist in the completion of the transaction.

#### **D. Portability**

A current HCV Program family who qualifies for homeownership assistance may Port to another jurisdiction and purchase a home outside HACP's jurisdiction through another PHA's program, provided the receiving PHA is administering a homeownership program, is accepting new families into its homeownership program, and considers the family eligible based upon the receiving PHA's eligibility requirements. Participants porting to other jurisdictions are not eligible for Homeownership Program Assistance from the HACP.

#### **IX. TENANT/BUYER SELECTION FOR VACANT HACP SCATTERED SITES HOMES**

Upon HACP's approval to release for sale a HACP-owned property, **as they become vacant**, the Program staff collects applicants for a Buyer's List of interested mortgage pre-approved tenant buyers for each home address during a minimum of five (5) business days prior to HACP finalizing and closing the Buyer's List. The Buyer's List is to be utilized in the event two or more mortgage pre-approved applicant buyers desire to purchase the same property. A tenant buyer shall only be on one property Buyer's List or sign one sales agreement at a time. A buyer is only eligible to sign a Buyer's List if the tenant buyer's mortgage pre-approval letter states a loan amount that is at least equal to or exceeds the property net sales price after applying applicable discounts and other Program benefits. If there are no buyers for a vacant unit, HACP may lease that unit as a standard LIPH scattered site rental unit to the next eligible family on the LIPH waiting list.

After collecting interested tenant/buyers for up to five (5) business days, HACP shall select from the Buyer's List the buyer based upon the following criteria:

- The date of their mortgage pre-approval letter shall be the first priority for the selection of any tenant/buyer that HACP enters into a sales agreement from the property Buyer's List.
- In the event that two tenant/buyers have the same date on their mortgage pre-approval letter, HACP shall select the tenant/buyer based upon the tenant/buyer with a lower total debt-to-purchase price ratio.

In the event that a home does not sell during its initial sales offering, HACP may collect additional interested mortgage qualified tenant/buyers from either low income public housing

residents or Section 8 voucher holders for an additional five (5) business day period and form a new Buyer's List to repeat the buyer selection process at HACP's discretion.

**A. Tenant/Buyer Notification**

The tenant/buyer who is selected by HACP to enter into a property sales agreement shall be notified by HACP and requested to execute a sales agreement.

**B. Tenant/Buyers Not Selected From Buyer's List**

Once HACP enters into a sales agreement with a tenant/buyer from the Buyer's List, the remainder of tenant/buyers not selected are released from this Buyer's List and are eligible to sign up for a new property Buyer's List.

**C. Tenant/Buyer Fails To Comply With Sales Agreement**

If HACP enters into a sales agreement with a tenant/buyer and the tenant/buyer fails to fulfill the terms and conditions of the sales agreement, the tenant/buyer shall not be eligible to participate in the Program for one (1) year following the date of the sales agreement. If a tenant/buyer fails to complete the sales process and the tenant/buyer's sales agreement is terminated, HACP will review the property Buyer's List and the Homeownership staff will offer the property to the next qualified buyer as outlined in the Tenant/Buyer Selection Process. If no other tenant/buyers are remaining on the Buyer's List, HACP will form a new property Buyer's List, or will lease the unit as a standard LIPH scattered site rental unit to the next eligible family on the waiting list.

**X. HACP OCCUPIED SCATTERED SITE TENANT/BUYER SELECTION**

**A. Occupied Scattered Site**

If an HACP public housing tenant is currently leasing a scattered site, the occupying tenant has the right of first refusal to purchase the scattered site property. If the current family leasing the unit chooses not to purchase the unit in which they reside, but want to remain in good standing as a tenant, they may remain in the unit as leasing tenants. If an occupying tenant exercises the right of first refusal and fails to purchase the property, they may remain in the unit as a low income public housing tenant as long as they continue as a tenant in good standing. In no case shall a tenant participating in the homeownership program who fails to purchase a home gain any rights to their dwelling beyond those rights of a low-income public housing tenant.

**XI. HOPE VI**

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No MTW Homeownership Program benefits may be applied to HOPE VI programs.

**XII. RECAPTURE OF HOMEOWNERSHIP ASSISTANCE**

HACP does not participate in the recapture of home value appreciation.

**XIII. BUYER FILES**

Buyer files should contain copies of the following items and be maintained by HACP for a period of no less than ten (10) years following closing.

- a) Homebuyer education certificate from a HUD approved education provider
- b) Mortgage pre-approval letter from a lender
- c) Signed agreement of sale and purchase
- d) Buyer debt ratio calculation
- e) Documentation that buyer meets HACP eligibility
- f) HACP financial checks issued to or on behalf of buyer
- g) HUD-1 settlement statement
- h) Home Inspection Report
- i) Second mortgage calculation
- j) Closing costs assistance form

**XIV. ACCOMMODATIONS FOR PERSONS WITH A DISABILITY**

HACP is committed to ensuring the Program is accessible to persons with disabilities and will make outreach efforts to market the Program to such persons. HACP will address requests from those persons with disabilities through its reasonable accommodation policy and procedure to assure equal access to the homeownership program.

## **Public Notice of Revised Flat Rent Schedule and Amendment to the 2014 Annual Plan**

### **Housing Authority of the City of Pittsburgh**

The Housing Authority of the City of Pittsburgh (HACP) is required by Federal Regulations to establish a Flat Rent Schedule for all public housing units and to allow public housing tenants to choose between paying the Flat Rent amount or a rent determined by formula based upon the family's income. On May 19, 2014, the U. S. Department of Housing and Urban Development (HUD) issued Notice PIH 2014-12 implementing changes to Flat Rent Requirements and clarifying HUD's interpretation of provisions of the Consolidated Appropriations Act of 2014 relating to public housing flat rents. This clarifying interpretation required that HACP make amendments to its flat rent schedule, and also required HACP to amend its 2014 Annual Plan to reflect these changes.

The revised HACP Flat Rent Schedule and Annual Plan Amendment is available for review and comment from June 23, 2014 to July 23, 2014 at the following locations:

- HACP Operations Department 200 Ross St. 6<sup>th</sup> Floor, Pittsburgh Pa 15219;
- HACP Web Site [www.hacp.org](http://www.hacp.org);
- HACP Management Offices

**A Public Hearing** to receive public comments on the revised HACP Flat Rent Schedule and Annual Plan Amendment will be held on Tuesday, July 8, 2014 at 12:00 noon, and at 6:00 PM at 200 Ross St., 9<sup>th</sup> floor Board room.

Written comments on the proposed revisions to the revised **HACP Flat Rent Schedule and Annual Plan Amendment must be addressed to "Attention: HACP Flat Rent Schedule/Annual Plan Amendment"** at HACP Department of Operations, Asset Management, 200 Ross St. 6<sup>th</sup> Floor, Pittsburgh, PA 15219, and must be received by 12:00 Noon on Thursday, July 23, 2014.

Persons with disabilities requiring assistance or alternative formats, or wishing to make comments in alternative formats, can contact the HACP ADA/504 Coordinator at 412-456-5020, Extension 2504; TTY 412-201-5384.

## Housing Authority of the City of Pittsburgh - Proposed Flat Rent Schedule - June 2014

### Traditional Sites - Family and High Rise - HACP Pays All Utilities

Unit Size	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom	Five Bedroom	Six Bedroom
<b>2014 Flat Rent</b>	\$ 441.00	\$ 507.00	\$ 632.00	\$ 793.00	\$ 844.00	\$ 970.00	\$ 1,097.00

### High Rise where Tenants Pay Electric (Caliguiri, Finelle, Morse, Carrick, Gualtieri)

Unit Size	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom	Five Bedroom	Six Bedroom
<b>2014 Flat Rent</b>	\$ 407.00	\$ 473.00	N/A	N/A	N/A	N/A	N/A

### Scattered Sites - Duplex, townhouse, Semi-detached - Tenant Pays Utilities

Unit Size	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom	Five Bedroom	Six Bedroom
<b>2014 Flat Rent</b>	N/A	N/A	\$ 611.00	\$ 799.00	\$ 811.00	N/A	N/A

### Scattered Sites - Single Family - Tenant Pays Utilities

Unit Size	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom	Five Bedroom	Six Bedroom
<b>2014 Flat Rent</b>	N/A	N/A	\$ 622.00	\$ 778.00	\$ 774.00	N/A	N/A

## Scattered Sites - Single Family New Construction Tenant Pays All Utilities - Natural Gas

Unit Size	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom	Five Bedroom	Six Bedroom
<b>2014 Flat Rent</b>	N/A	N/A	\$ 660.00	\$ 828.00	\$ 861.00	\$ 990.00	N/A

## Scattered Sites - Single Family New Construction Tenant Pays All Utilities - Electric

Unit Size	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom	Five Bedroom	Six Bedroom
<b>2014 Flat Rent</b>	N/A	N/A	\$ 633.00	\$ 795.00	\$ 822.00	\$ 943.00	N/A

\* Once approved, new Flat Rents will take effect October 1, 2014.

Factors considered when establishing flat rents:

1. Location - Scattered sites - single family, duplex, or part of a row, are generally more desirable and demand higher rents than units in high density housing developments. This contributes to higher base flat rent for scattered sites than for traditional sites.
2. Quality - at this time, HACP has not made flat rent schedule adjustments based upon housing quality, as all units meet UPCS standards.
3. Size - HACP provides different flat rent levels based upon number of bedrooms.
4. Unit Type - generally single family, duplex and row houses in a row of largely owners are of a more desirable type than the apartment or garden type units available on other HACP owned and operated properties, contributing to the higher base flat rent for scattered sites.
5. Age - As all of HACP's units (with a few exceptions in the case of accessible units) are more than 30 year sold, no adjustment is made to the flat rent schedule for this factor.
6. Amenities - Amenities at HACP properties vary significantly, but none are such as to add significantly to the value of the unit (such as pools, gym facilities, etc.) and therefore no adjustments to the base flat rents are made.
7. Services provided or available - like amenities, the services available at HACP properties vary significantly, but none are such as to add significantly to the value of the unit and therefore no adjustments to the base flat rents are made.
8. Utilities provided - HUD Notice directs housing authorities to modify flat rents to take into account tenant paid utility costs, and HACP has made appropriate adjustments.





**Executive Office**  
200 Ross Street, 9<sup>th</sup> Floor  
Pittsburgh, PA 15219  
412-456-5012  
TTY: 412-201-5384  
[www.hacp.org](http://www.hacp.org)

## **Proposed Amendment to HACP 2014 Moving To Work Annual Plan**

As required by HUD PIH Notice 2014-12, HACP is modifying its Flat Rent Schedules, and as required is proposing this Amendment to the 2014 Annual Plan. The following language will be added as an Appendix to the exiting plan:

### **Flat Rent Significant Amendment to the 2014 Annual Plan – Added Appendix**

The Housing Authority of the City of Pittsburgh hereby amends its flat rent policies to comply with the statutory changes contained within Public Law 113 – 76, the Fiscal Year 2014 Appropriation Act.

The Housing Authority of the City of Pittsburgh will set the flat rental amount for each public housing unit that complies with the requirement that all flat rents be set at no less than 80 percent of the applicable Fair Market Rent (FMR) adjusted, if necessary, to account for reasonable utilities costs. The new flat rental amount will apply to all new program admissions effective October 1, 2014. For current program participants that pay the flat rental amount, the new flat rental amount will be offered, as well as the income-based rental amount, at the next annual rental option.

HACP's current policy requires recertification only once every two years. In order to comply with the new guidance, the Housing Authority of the City of Pittsburgh will review the rent calculation and offer the rent option to all families currently paying flat or ceiling rents, or whose income-based rent exceeds the flat rent amount, with one year of the effective date of the new Flat Rent Schedule.

The Housing Authority of the City of Pittsburgh will place a cap on any increase in a family's rental payment that exceeds 35 percent, and is a result of changes to the flat rental amount as follows:

- Multiply the existing flat rental payment by 1.35 and compare that to the updated flat rental amount;
- The Housing Authority of the City of Pittsburgh will present two rent options to the family as follows:
  - the lower of the product of the calculation and the updated flat rental amount; and
  - the income-based rent.

**Housing Authority of the City of Pittsburgh**  
**2019 Moving to Work Annual Plan**  
**Rental Assistance Demonstration**

The Housing Authority of the City of Pittsburgh (HACP) is amending its 2015 Moving to Work (MTW) Annual Plan to incorporate additional information as required by the US Department of Housing and Urban Development (HUD) concerning the planned conversion of certain HACP public housing units to project-based assistance under the Rental Assistance Demonstration (RAD) program.

**Background**

On March 30, 2015 HUD issued RAD award letters to HACP that approved the applications for conversion of 767 public housing units, subject to HACP meeting all of the conditions and requirements of the RAD program. The award letters serve as HUD's Commitment to Enter into a Housing Assistance Payments Contract (CHAPs) for the subject public housing developments. Accordingly, HACP intends to proceed with RAD conversion under the guidelines of PIH Notice 2012-32, REV-1 and PIH Notice 2012-32 Rev-2 issued by HUD.

One of the conditions of the CHAP is that HACP must submit an Amendment to its MTW Annual Plan that incorporates important information on HACP's RAD conversion plans. The information included in this document provides the required information and serves as HACP's RAD Amendment. HACP is providing a thirty-day public comment period and will conduct a Public Hearing on September 15, 2015 to allow residents and the general public an opportunity to review and comment on the RAD Amendment. Following this period, the HACP Board of Commissioners will conduct a vote on the RAD Amendment at the September 2015 Board Meeting.

**RAD Conversion Plan**

HUD has approved the conversion of ~~3~~ public housing communities to project-based assistance under the RAD program.

Attachment 1 includes current information on the HACP developments at ~~Murray Towers~~, Glen Hazel and Oak Hill that are proposed for RAD conversion. For each development approved for RAD conversion, Attachment 1 includes the following information:

<i>Current Units:</i>	Total number of units, bedroom size distribution and unit type
<i>Post-Conversion Units:</i>	If applicable, any changes proposed to the current number of units, the bedroom size distribution or the unit type including de minimis reductions
<i>Transfer of Assistance:</i>	Whether HACP intends to transfer assistance to another development as part of the RAD conversion and, if so, the location, number of units, bedroom size distribution, and unit type where known.
<i>PBV or PBRA:</i>	Whether HACP intends to convert the development to the Project Based Voucher (PBV) program or to the Project Based Rental Assistance (PBRA) program, along with information on resident rights, resident participation, waiting list and grievance procedures applicable to each program. A more detailed discussion of PBV and PBRA follows below.
<i>Capital Fund Impact:</i>	The current amount of Capital Fund dollars received prior to RAD conversion. Developments converted through the RAD program are not eligible for Public Housing Capital Funds. A more detailed discussion of the projected Capital Fund impact of RAD conversion follows below.
<i>Transfer of Waiting List:</i>	How existing waiting lists will be addressed as part of the conversion

## **Conversion to Project Based Vouchers or Project Based Rental Assistance**

Public housing developments that are converted to project-based assistance will no longer be subject to HUD rules and regulations pertaining to the public housing program. Upon conversion to RAD, the former public housing units will be subject to the rules and regulations pertaining to either the Housing Choice Voucher PBV or PBRA programs, depending on which program option is selected by HACP. HUD has modified both the PBV and PBRA program rules and regulations to incorporate additional provisions that apply solely to units converted under RAD. These additional provisions provide important protections to current residents of public housing that are impacted by a RAD conversion.

HACP currently plans to convert the RAD units listed in Attachment 1 to the PBRA program. As part of the conversion initiative, HACP will adopt all required RAD PBV rules, and will modify its existing Housing Choice Voucher Program Administrative Plan as needed to incorporate these requirements, including, but not limited to resident rights, resident participation, waiting list, lease, grievance processes and other matters.

Attachment 2 provides information on the PBV program related to: resident screening and right to return; phasing in of rent increases if applicable; eligibility for Family Self Sufficiency and ROSS program services; resident participation rights including the right to operate a resident organization and be eligible for resident participation funding; lease renewal and termination provisions; grievance processes; earned income disregard continued eligibility; and, establishment of a waiting list.

## **Certifying Statement**

Site Selection and Neighborhood Standards Review: HACP does not intend to transfer RAD assistance to another location; therefore, specific site and neighborhood selection standards do not apply at this time. However, if HACP chooses to exercise its rights to transfer the HAP contract, RAD Use Agreement, and all or part of the rental assistance provided under RAD to another property at a future date, the HACP will apply applicable policies for site selection and neighborhood standards, and if necessary will amend the MTW Annual Plan to accommodate any programmatic changes related to planned transfers.

**2016 Moving to Work Annual Plan Rental Assistance Demonstration**  
**Attachment 1 – Project Based Rental Assistance (PBRA)**

Name of Public Housing Project:  Glen Hazel	PIC Development ID:  PA010	Conversion Type:  PBRA	Transfer of Assistance:  No
Total Units: 225	Pre- RAD Unit Type (i.e., Family, Senior, etc.): Family-130  Senior-97	Post-RAD Unit Type if different (i.e., Family, Senior, etc.):  N/A	\$459,580
Bedroom Type	Number of Units Pre-Conversion	Number of Units Post-Conversion	Change in Number of Units per Bedroom Type and Why (De Minimis Reduction, Transfer of Assistance, Unit Reconfigurations, etc.)  N/A
Studio/Efficiency	0	0	N/A
One Bedroom	106	106	N/A
Two Bedroom	41	41	N/A
Three Bedroom	58	60	N/A
Four Bedroom	20	20	N/A
Five Bedroom	0	0	N/A
Six Bedroom	0	0	N/A
(If performing a Transfer of Assistance):	N/A		

<del>Name of Public Housing Project: Murray Tower</del>	<del>PIC Development ID: PA031</del>	<del>Conversion Type: PBRA</del>	<del>Transfer of Assistance: No</del>
<del>Total Units: 67</del>	<del>Pre-RAD Unit Type (i.e., Family, Senior, etc.): Senior 67</del>	<del>Post-RAD Unit Type if different (i.e., Family, Senior, etc.) N/A</del>	<del>\$118,314</del>
<del>Bedroom Type</del>	<del>Number of Units Pre- Conversion</del>	<del>Number of Units Post-Conversion</del>	<del>Change in Number of Units per Bedroom Type and Why (De Minimis Reduction, Transfer of Assistance, Unit Reconfigurations, etc.)  N/A</del>
<del>Studio Efficiency</del>	<del>0</del>	<del>0</del>	<del>N/A</del>
<del>One Bedroom</del>	<del>38</del>	<del>38</del>	<del>N/A</del>
<del>Two Bedroom</del>	<del>26</del>	<del>26</del>	<del>N/A</del>
<del>Three Bedroom</del>	<del>3</del>	<del>3</del>	<del>N/A</del>
<del>Four Bedroom</del>	<del>0</del>	<del>0</del>	<del>N/A</del>
<del>Five Bedroom</del>	<del>0</del>	<del>0</del>	<del>N/A</del>
<del>Six Bedroom</del>	<del>0</del>	<del>0</del>	<del>N/A</del>
<del>(If performing a Transfer of Assistance):</del>	<del>N/A</del>		

Name of Public Housing Project: Oakhill	PIC Development ID: PA066 PA094	Conversion Type: PBRA	Transfer of Assistance: No
Total Units: 475	Pre- RAD Unit Type (i.e., Family, Senior, etc.): Family-475	Post-RAD Unit Type if different (i.e., Family, Senior, etc.)  N/A	\$448,194
Bedroom Type	Number of Units Pre-Conversion	Number of Units Post-Conversion	Change in Number of Units per Bedroom Type and Why (De Minimis Reduction, Transfer of Assistance, Unit Reconfigurations, etc.)  N/A
Studio Efficiency	0	0	N/A
One Bedroom	201	201	N/A
Two Bedroom	158	158	N/A
Three Bedroom	106	106	N/A
Four Bedroom	10	10	N/A
Five Bedroom	0	0	N/A
Six Bedroom	0	0	N/A
(If performing a Transfer of Assistance):	N/A		

**2016 Moving to Work Annual Plan**  
**Rental Assistance Demonstration**  
**Attachment 2 – Project Based Rental Assistance (PBRA)**

The following information regarding conversion of public housing units to the Project Based Rental Assistance (PBRA) program under the Rental Assistance Demonstration (RAD) program is taken directly from the HUD RAD program instructions found at PIH Notice 2012-32, REV-1 and PIH Notice 2012-32, REV-2.

**Section 1.7. B. PBRA Resident Rights and Participation**

**1. No Rescreening of Tenants upon Conversion.** Pursuant to the RAD statute, at conversion, current households are not subject to rescreening, income eligibility, or income targeting provisions. Consequently, current households will be grandfathered for conditions that occurred prior to conversion but will be subject to any ongoing eligibility requirements for actions that occur after conversion. For example, a unit with a household that was over-income at time of conversion would continue to be treated as an assisted unit. Thus, the first clause of section 8(c)(4) of the Act and 24 CFR § 880.603(b), concerning determination of eligibility and selection of tenants, will not apply for current households. Once that remaining household moves out, the unit must be leased to an eligible family.

**2. Right to Return.** Any resident that may need to be temporarily relocated to facilitate rehabilitation or construction will have a right to return to an assisted unit at the development once rehabilitation or construction is completed. Where the transfer of assistance to a new site is warranted and approved (see Section 1.6.B.7 and Section 1.7.A.8 on conditions warranting a transfer of assistance), residents of the converting development will have the right to reside in an assisted unit at the new site once rehabilitation or construction is complete. Residents of a development undergoing conversion of assistance may voluntarily accept a PHA or Owner's offer to permanently relocate to another assisted unit, and thereby waive their right to return to the development after rehabilitation or construction is completed.

**3. Phase-in of Tenant Rent Increases.** If a resident's monthly rent increases by more than the greater of 10 percent or \$25 purely as a result of conversion, the rent increase will be phased in over 3 years, which a PHA may extend to 5 years. To implement this provision, HUD is waiving section 3(a)(1) of the Act, as well as 24 CFR § 880.201 (definition of "total tenant payment"), to the limited extent necessary to allow for the phase-in of tenant rent increases. A PHA must set the length of the phase-in period to be three years, five years or a combination depending on circumstances. For example, a PHA may create a policy that uses a three year phase-in for smaller increases in rent and a five year phase-in for larger increases in rent. This policy must be in place at conversion and may not be modified after conversion.

The below method explains the set percentage-based phase-in an owner must follow according to the phase-in period established. For purposes of this section "Calculated Multifamily TTP" refers to the TTP calculated in accordance with regulations at 24 CFR.



§5.628 and the “most recently paid TTP” refers to the TTP recorded on the family’s most recent HUD Form 50059.

Three Year Phase-in:

- Year 1: Any recertification (interim or annual) performed prior to the second annual recertification after conversion – 33% of difference between most recently paid Total Tenant Payments (TTP) and the calculated Multifamily housing TTP
- Year 2: Year 2 Annual Recertification (AR) and any Interim Recertification (IR) in prior to Year 3 AR – 66% of difference between most recently paid TTP and calculated Multifamily housing TTP
- Year 3: Year 3 AR and all subsequent recertifications – Year 3 AR and any IR in Year 3: Full Multifamily housing TTP

Five Year Phase-in:

- Year 1: Any recertification (interim or annual) performed prior to the second annual recertification after conversion – 20% of difference between most recently paid TTP and the calculated Multifamily housing TTP
- Year 2: Year 2 AR and any IR prior to Year 3 AR – 40% of difference between most recently paid TTP and calculated Multifamily housing TTP
- Year 3: Year 3 AR and any IR prior to Year 4 AR – 60% of difference between most recently paid TTP and calculated Multifamily housing TTP
- Year 4: Year 4 AR and any IR prior to Year 5 AR – 80% of difference between most recently paid TTP and calculated Multifamily housing TTP
- Year 5 AR and all subsequent recertifications – Full Multifamily housing TTP

Please Note: In either the three year phase-in or the five-year phase-in, once Multifamily housing TTP is equal to or less than the previous TTP, the phase-in ends and tenants will pay full multifamily housing TTP from that point forward

**4. Public Housing Family Self-Sufficiency (PH FSS) and Resident Opportunities and Self Sufficiency (ROSS-SC).** Current PH FSS participants will continue to be eligible for FSS once their housing is converted under RAD. All owners will be required to administer the FSS program in accordance with the participants’ contracts of participation and future guidance published by HUD. Owners may not offer enrollment in FSS to residents in projects converted to PBRA that were not enrolled in the PH FSS program prior to RAD conversion, nor may owners offer FSS enrollment to any new residents at the project. Owners will be allowed to use any funds already granted for PH FSS coordinator salaries until such funds are expended.

All owners will be required to provide both service coordinators and payments to escrow until the end of the Contract of Participation. Please see future FSS Notices of Funding Availability and other guidance for additional details, including FSS coordinator funding eligibility under a RAD conversion. As the PH FSS grant is the source of funding for PH FSS, program compliance will continue to be monitored by the Office of Public and Indian Housing.

Current ROSS-SC grantees will be able to finish out their current ROSS-SC grants once their housing is converted under RAD. However, once the property is converted, it will no longer be eligible to be counted towards the unit count for future public housing ROSS-SC grants nor will its residents be eligible to be served by future public housing ROSS-SC grants.

**5. Resident Participation and Funding.** Residents of covered projects converting assistance to PBRA will have the right to establish and operate a resident organization in accordance with 24 CFR Part 245 (Tenant Participation in Multifamily Housing Projects). In addition, in accordance with Attachment 1B, residents will be eligible for resident participation funding.

**6. Resident Procedural Rights.** The information provided below must be included as part of the House Rules for the associated project and the House Rules must be furnished to HUD as part of the Financing Plan submission. See Attachment 1E for a sample Addendum to the House Rules.

**a. Termination Notification.** HUD is incorporating additional termination notification requirements to comply with section 6 of the Act for public housing projects converting assistance under RAD, that supplement notification requirements in regulations at 24 CFR § 880.607 and the Multifamily HUD Model Lease.

**i. Termination of Tenancy and Assistance.** The termination procedure for RAD conversions to PBRA will additionally require that PHAs (as owners) provide adequate written notice of termination of the lease which shall not be less than:

A reasonable period of time, but not to exceed 30 days:

- If the health or safety of other tenants, owner employees, or persons residing in the immediate vicinity of the premises is threatened; or
- In the event of any drug-related or violent criminal activity or any felony conviction; or
- 14 days in the case of nonpayment of rent.

**ii. Termination of Assistance.** In all other cases, the requirements at 24 CFR § 880.603, the Multifamily HUD Model Lease, and any other HUD multifamily administrative guidance shall apply.

**b. Grievance Process.** In addition to program rules that require that tenants are given notice of covered actions under 24 CFR Part 245 (including increases in rent, conversions of a project from project-paid utilities to tenant-paid utilities, or a reduction in tenant paid utility allowances), HUD is incorporating resident procedural rights to comply with the requirements of section 6 of the Act. RAD will require that:

- i. Residents be provided with notice of the specific grounds of the proposed owner adverse action, as well as their right to an informal hearing with the PHA (as owner);
- ii. Residents will have an opportunity for an informal hearing with an impartial member of PHA's staff (as owner) within a reasonable period of time;
- iii. Residents will have the opportunity to be represented by another person of their choice, to ask questions of witnesses, have others make statements at the hearing, and to examine any regulations and any evidence relied upon by the owner as the basis for the adverse action. With reasonable notice to the PHA (as owner), prior to hearing and at the residents' own cost, resident may copy any documents or records related to the proposed adverse action; and
- iv. PHAs (as owners) provide the resident with a written decision within a reasonable period of time stating the grounds for the adverse action, and the evidence the PHA (as owner) relied on as the basis for the adverse action.

The PHA (as owner) will be bound by decisions from these hearings, except if the:

- i. Hearing concerns a matter that exceeds the authority of the impartial party conducting the hearing.
- ii. Decision is contrary to HUD regulations or requirements, or otherwise contrary to federal, State, or local law.

If the PHA (as owner) determines that it is not bound by a hearing decision, the PHA must promptly notify the resident of this determination, and of the reasons for the determination.

**7. Earned Income Disregard (EID).** Tenants who are employed and are currently receiving the EID exclusion at the time of conversion will continue to receive the EID exclusion after conversion, in accordance with regulations at 24 CFR § 960.255. After conversion, no other tenants will be eligible to receive the EID. If a tenant receiving the EID exclusion undergoes a break in employment, ceases to use the EID exclusion, or the EID exclusion expires in accordance with 24 CFR §960.255, the tenant will no longer receive the EID exclusion and the Owner will no longer be subject to the provisions of 24 CFR §960.255. Furthermore, tenants whose EID ceases or expires after conversion shall not be subject to the rent phase-in provision, as described in Section 1.7.B.3; instead, the rent will automatically be adjusted to the appropriate rent level based upon tenant income at that time.

## **8. Capital Fund Education and Training Community Facilities (CFCF) Program**

CFCF provides capital funding to PHAs for the construction, rehabilitation, or purchase of facilities to provide early childhood education, adult education, and job training programs for public housing residents based on an identified need. Where a community facility has been developed under CFCF in connection to or serving the residents of an existing public housing project converting its assistance under RAD, residents will continue to qualify as "PHA residents" for the purposes of CFCF program compliance. To the greatest extent possible the community facility should continue to be available to public housing residents.

## **Capital Fund Budget**

Conversion of existing public housing developments under the RAD program will enable HACP to leverage existing funds to secure additional private and other funding.

HACP currently receives HUD Capital Funds on an annual basis, subject to Congressional appropriations for the majority of its public housing units. Attachment 1 includes the current Capital Fund allocation for each RAD conversion site. Upon conversion to RAD, HACP will no longer receive a Capital Fund allocation for units that have been converted and the annual Capital Fund grant will be decreased.

The estimated reduction in HACP Capital Funds on an annual basis is \$639,058.00 assuming that all public housing units that have been issued a CHAP are converted under RAD. Over a five year period, the estimated Capital Fund reduction is \$3,195,290. As RAD conversions are completed, HACP will modify its existing capital plans to reflect the reduction in funding and change in work scopes.

The RAD conversion will not impact HACP's existing Capital Fund Financing Program (CFFP) obligations. HACP will utilize Replacement Housing Funds (RHF) to support the RAD conversion as follows:

## **Site and Neighborhood Standards for Transfer of Assistance Conversions**

HACP has analyzed all currently known replacement sites for those RAD conversions that involve transfer of assistance. All proposed sites meet the current MTW Site and Neighborhood Standards as defined in HACP's MTW Agreement.

## **Compliance**

HACP is not presently subject to a voluntary compliance agreement, consent order, consent decree, final judicial ruling or administrative ruling that has any relation to or impact on the planned RAD conversion.

## **Moving To Work**

HACP may utilize MTW fungibility and programmatic flexibility to support the RAD conversion effort subject to Board and HUD approvals. HACP certifies that regardless of any funding changes that may occur as a result of conversion under RAD, HACP will continue to administer and maintain service levels for its remaining portfolio of public housing units. HACP will do this by utilizing available funding including Public Housing Operating Fund, Capital Fund, and Tenant Rental Income.

## **Significant Amendment Definition**

As part of the RAD conversion initiative, an Amendment to the MTW Plan will not be required for the following RAD-specific actions, provided that the adjustments to the RAD plans are

authorized by the Board of Commissioners in the normal course of business:

- Changes to the Capital Fund budget produced as a result of each approved RAD conversion regardless of whether the proposed conversion will include use of additional Capital Funds;
- Decisions to apply MTW programmatic flexibility to post-conversion RAD developments;
- Decisions or changes related to the ownership and/or financing structures for each approved RAD conversion including decisions to allocate HACP financial resources as a source of funds to support the RAD conversion initiatives;
- Changes to the construction and rehabilitation plans and scheduled for each approved RAD conversion;
- Decisions to convert to either Project Based Vouchers or Project Based Rental Assistance.

### **C. PBRA: Other Miscellaneous Provisions.**

**1. Access to Records, including Requests for Information Related to Evaluation of Demonstration.** PHAs must agree to any reasonable HUD request for data to support program evaluation, including but not limited to project financial statements, operating data, Choice-Mobility utilization, and rehabilitation work.

**2. Davis-Bacon prevailing wages and Section 3 of the Housing and Urban Development Act of 1968 (Section 3).** This section has been moved to 1.4.A.13 and 1.4.A.14.

**3. Establishment of Waiting List.** The Project Owner can utilize a project-specific or community waiting list. The PHA shall consider the best means to transition applicants from the current public housing waiting list and will maintain the current HACP waiting list policy as noted in Section 4 of the Administrative Plan, in addition to the following:

- i. Transferring an existing site-based waiting list to a new site-based waiting list. If the PHA is transferring the assistance to another neighborhood, the PHA must notify applicants on the wait-list of the transfer of assistance, and on how they can apply for residency at the new project site or other sites. Applicants on a project-specific waiting list for a project where the assistance is being transferred shall have priority on the newly formed waiting list for the new project site in accordance with the date and time of their application to the original project's waiting list.
- ii. Informing applicants on the site-based waiting list on how to apply for a community-wide waiting list.
- iii. Informing applicants on a public housing community-wide waiting list on how to apply for a new community-wide or site-based waiting list. If using a site-based waiting list, PHAs shall establish a waiting list in accordance 24 CFR § 903.7(b)(2)(ii)-(iv) to ensure that applicants on the PHA's public housing community-wide waiting list have been offered placement on the converted project's initial waiting list. In both cases, PHAs have the discretion to determine the most appropriate means of informing applicants on the public housing community-wide waiting list, given the number of

applicants, PHA resources, and admissions requirements of the projects being converted under RAD. A PHA may consider contacting every applicant on the public housing waiting list via direct mailing; advertising the availability of housing to the population that is less likely to apply, both minority and non-minority groups, through various forms of media (e.g., radio stations, posters, newspapers) within the marketing area; informing local non-profit entities and advocacy groups (e.g., disability rights groups); and conducting other outreach as appropriate. Applicants on the agency's public housing community-wide waiting list who wish to be placed onto the newly-established site-based waiting list must be placed in accordance with the date and time of their original application to the centralized public housing waiting list. Any activities to contact applicants on the public housing waiting list must be conducted in accordance with the requirements for effective communication with persons with disabilities at 24 CFR § 8.6 and the obligation to provide meaningful access for persons with limited English proficiency (LEP).

A PHA must maintain any site-based waiting list in accordance with all applicable civil rights and fair housing laws and regulations.

To implement this provision, HUD is specifying alternative requirements for 24 CFR § 880.603 regarding selection and admission of assisted tenants. However, after the initial waiting list has been established, the PHA shall administer its waiting list for the converted project in accordance with 24 CFR § 880.603.

**4. Mandatory Insurance Coverage.** The Covered Project shall maintain at all times commercially available property and liability insurance to protect the project from financial loss and, to the extent insurance proceeds permit, promptly restore, reconstruct, and/or repair any damaged or destroyed property of a project.

**5. Choice-Mobility.** HUD seeks to provide all residents of Covered Projects with viable Choice-Mobility options. PHAs that are applying to convert the assistance of a project to PBRA are required to provide a Choice-Mobility option to residents of Covered Projects in accordance with the following:

- i. *Resident Eligibility.* Residents have a right to move with tenant-based rental assistance (e.g., Housing Choice Voucher (HCV)) the later of: (a) 24 months from date of execution of the HAP or (b) 24 months after the move-in date.
- ii. *Voucher Inventory Turnover Cap.* Recognizing the limitation on the availability of turnover vouchers from year to year, a voucher agency would not be required, in any year, to provide more than one-third of its turnover vouchers to the residents of Covered Projects. While a voucher agency is not required to establish a voucher inventory turnover cap, if such a cap is implemented the voucher agency must create and maintain a waiting list in the order in which the requests from eligible households were received.
- iii. *Project Turnover Cap.* Also recognizing the limited availability of turnover vouchers and the importance of managing turnover in the best interests of the property, in any year, a PHA may limit the number of Choice-Mobility moves exercised by eligible households to 15 percent of the assisted units

in the project. (For example, if the project has 100 assisted units, the PHA could limit the number of families exercising Choice-Mobility to 15 in any year, but not to less than 15.) While a voucher agency is not required to establish a project turnover cap, if such a cap is implemented the voucher agency must create and maintain a waiting list in the order in which the requests from eligible households were received.

HUD's goal is to have all residents in the Demonstration offered a Choice-Mobility option within a reasonable time after conversion. However, as HUD recognizes that not all PHAs will have vouchers sufficient to support this effort, HUD will take the following actions:

- Provide voucher agencies that make such commitment bonus points provided under the Section Eight Management Assessment Program (SEMAP) for deconcentration.
- Grant a good-cause exemption from the Choice-Mobility requirement for no more than 10 percent of units in the Demonstration. HUD will consider requests for good-cause exemptions only from the following types of PHAs:
- Public housing-only agencies, defined as agencies that own units under a public housing ACC, but do not administer, directly or through an affiliate, a Housing Choice Voucher program; or
- Combined agencies that currently have more than one-third of their turnover vouchers set aside for veterans, as defined for the purpose of HUD-VASH, or homeless populations, as defined in 24 CFR § 91.5. To be eligible for this exemption, the PHA's admission policies must have been formally approved by the PHA's board prior to the time of application.

**6. Future Refinancing.** Project Owners must receive HUD approval for any refinancing or restructuring of permanent debt during the HAP contract term to ensure the financing is consistent with long-term preservation. (Current lenders and investors are also likely to require review and approval of refinancing of the primary permanent debt.)

**7. Submission of Year-End Financial Statements.** Covered Projects converting assistance to PBRA must comply with 24 CFR Part 5 Subpart H, as amended, revised, or modified by HUD.

**8. Classification of Converting Projects as Pre-1981 Act Projects under Section 16(c) of the United States Housing Act of 1937.** For purposes of ensuring maximum flexibility in converting to PBRA, all such projects converting to PBRA shall be treated as Pre-1981 Act Projects under Section 16(c) of the US Housing Act of 1937. Section 16(c)(1), which applies to pre-1981 Act projects, restricts occupancy by families that are other than very low-income to 25% of overall occupancy. Thus, Project Owners of projects converting to PBRA may admit applicants with incomes up to the low-income limit. HUD Headquarters tracks the 25% restriction on a nationwide basis. Project Owners of projects converting to PBRA do not need to request an exception to admit low-income families. In order to implement this provision, HUD is specifying alternative requirements for section 16(c)(2) of the US Housing Act of 1937 and 24 CFR §5.653(d)(2) to require Project Owners of projects converting to PBRA to adhere to the requirements of section 16(c)(1) of the US Housing Act of 1937 and 24 CFR §5.653(d)(1).

**9. Owner-Adopted Preferences.** Project Owners may adopt a preference for elderly single persons pursuant to 24 CFR § 5.655(c)(5) and Housing Handbook 4350.3, Chapter 4. Project Owners who wish to adopt a preference for populations that are not identified in 24 CFR § 5.655(c)(5) (e.g., elderly families, near-elderly single persons, near-elderly families), may do so pursuant to Housing Notice 2013-21 (July 25, 2013). An owner may not adopt a preference that would have the purpose or effect of substantially delaying or denying the participation of other eligible families in the program on the basis of race, color, national origin, religion, sex, disability, or familial status, or would create or perpetuate segregation.



**2016 Moving to Work Annual Plan**  
**Rental Assistance Demonstration**  
**Attachment 3 – Joint Housing/PIH Notice H-2014-09/PIH-**  
**2014-17**

**Relocation Requirements under the Rental Assistance Demonstration (RAD) Program, Public Housing in the First Component 1.**

**1. Purpose**

This Notice provides public housing agencies (PHAs)<sup>1</sup> and their partners with information and resources on applicable program and relocation assistance requirements when planning for or implementing resident moves as a result of a Rental Assistance Demonstration (RAD) conversion<sup>2</sup> under the first component of the demonstration.<sup>3</sup> This Notice provides guidance on RAD relocation requirements and requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (URA), as they relate to the public housing conversion process under the first component.<sup>4</sup>

Relocation assistance provided pursuant to public housing and RAD requirements is broader than URA relocation assistance requirements. Not all specific situations requiring relocation under RAD may trigger URA assistance requirements. In addition, whereas all qualifying residents<sup>5</sup> of a converting public housing project are eligible for relocation assistance under RAD, some residents or household members may not meet the statutory and regulatory requirements for eligibility under URA. This Notice supersedes PIH Notice 2012-32 (HA), REV-1, with respect to relocation matters. This Notice also specifically addresses when relocation may begin (see Section 9 below). As necessary, the Department will issue additional guidance on relocation issues and requirements as they relate to RAD.

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<sup>1</sup> This Notice always uses the term “PHA” to refer to the owner of the project prior to and after the RAD conversion, even though, in some cases, the owner of the converted RAD project may be another public entity, a non-profit organization, or other owner (e.g., low-income housing tax credit owner). In addition, this Notice uses “PHA” to refer to the “displacing agency,” a URA term that means the agency or person that carries out a program or project, which will cause a resident to become a displaced person. Projects vary and, for any specific task described in this Notice, may require substituting in a reference to a party that is more appropriate for a specific project.

<sup>2</sup> The content of this Notice should not be relied upon in carrying out any other activities funded under any other HUD program, except where specifically directed by HUD.

<sup>3</sup> The “first component” of RAD allows public housing and Moderate Rehabilitation properties to convert assistance; the “second component” refers to conversion of Rent Supplement, Rental Assistance Payment, and Moderate Rehabilitation properties upon contract expiration or termination

<sup>4</sup> Relocation concerns and URA requirements apply to both components of RAD. This notice provides guidance only as to the first component

<sup>5</sup> The term “resident” as used in this Notice refers to eligible resident families of public housing residing in a property applying for participation in RAD or a property that undergoes a conversion of assistance through RAD.

## **2. Background**

RAD allows public housing properties to convert assistance to long-term project-based Section 8 contracts. In many cases, a RAD project may require relocation of residents when properties undergo repairs, are demolished and rebuilt, or when the assistance is transferred to another site. PIH Notice 2012-32 REV-1 (see also FR Notice 5630-N-05, 78 FR 39759-39763 (July 2, 2013)) details RAD program requirements.

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (URA) is a federal law that establishes minimum standards for federally-funded programs and projects that include the acquisition of real property (real estate) and/or displace persons from their homes, businesses, or farms as a result of acquisition, rehabilitation, or demolition of real property.<sup>6</sup> The URA will apply to acquisitions of real property and relocation of persons from real property that occurs as a direct result of acquisition, rehabilitation, or demolition for a project that involves conversion of assistance to Project-Based Voucher (PBV) or Project-Based Rental Assistance (PBRA) programs under RAD.

Additionally, all relocation conducted as part of a RAD conversion and all relocation assistance provided under URA must be consistent with applicable fair housing and civil rights laws, including, but not limited to, the Fair Housing Act, Title VI of the Civil Rights Act of 1964, and Section 504 of the Rehabilitation Act of 1973.

Because each RAD proposal varies in its scope, this Notice may not address each PHA's specific circumstances. RAD PHAs and participants should carefully review the regulations, notices, and guidance material referenced in this Notice. Any questions related to the applicability of these requirements should be referred to the RAD Transaction Managers (TM) or may be emailed to [rad@hud.gov](mailto:rad@hud.gov).

## **3. Applicable Legal Authorities**

- RAD: Consolidated and Further Continuing Appropriations Act of 2012 (Public Law 112-55, approved November 18, 2011), with the implementing PIH Notice 2012-32, REV-1
- URA statute and implementing regulations: 49 CFR part 24
- FHEO: Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Fair Housing Act
- Section 104(d) of the Housing and Community Development Act of 1974, statute and implementing regulations (if CDBG and/or HOME funds are used): 24 CFR part 42, subpart C

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<sup>6</sup> HUD Handbook 1378 (Tenant Assistance, Relocation, and Real Property Acquisition), available at: [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/library/relocation/policyandguidance/handbook1378](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/library/relocation/policyandguidance/handbook1378).

## 4. Relocation Planning

If there is a possibility that residents will be relocated as a result of acquisition, demolition, or rehabilitation for a project converting under RAD, PHAs must undertake a planning process in conformance with URA in order to minimize the adverse impact of relocation (49 CFR 24.205(a)).

While a written Relocation Plan is not a requirement under RAD or URA, the Department strongly encourages PHAs to prepare a written Relocation Plan, both to establish their relocation process and to communicate this process consistently and effectively to all relevant stakeholders. Appendix 1 contains recommended elements of a Relocation Plan.

The following presents a general sequencing of relocation planning activities within the RAD milestones:

Stage	Activities
1. Prior to submission of RAD application	<ul style="list-style-type: none"><li>• Determine potential need for relocation</li><li>• Meet with residents to discuss plans, communicate right to return, and solicit feedback</li><li>• Provide <i>General Information Notice</i> (GIN) to residents</li><li>• Survey residents to prepare Relocation Plan and relocation process cost estimate</li></ul>
2. After receipt of the Commitment to Enter into a HAP Contract (CHAP) Award	<ul style="list-style-type: none"><li>• Prepare Significant Amendment to PHA Plan</li><li>• Assess and refine need for relocation</li><li>• Develop a Relocation Plan (See Appendix 1 for recommended content)</li><li>• Identify relocation housing options</li></ul>
3. Preparing Financing Plan (due to RAD Transaction Manager no later than 180 days following	<ul style="list-style-type: none"><li>• Budget for relocation expenses</li><li>• Submit FHEO Accessibility &amp; Relocation checklist (PHAs may submit Relocation Plan along with checklist)</li></ul>
4. Receipt of RAD Conversion Commitment (RCC)	<ul style="list-style-type: none"><li>• The date of issuance of the HUD RCC marks the date of "Initiation of Negotiations" (ION), as defined in the URA (49 CFR 24.2(a)(15))</li><li>• Provide residents with appropriate notice informing them if they will be relocated and any associated relocation assistance</li><li>• Meet with residents to describe approved conversion plans and discuss required relocation</li></ul>
5. Closing/RAD conversion	<ul style="list-style-type: none"><li>• Generally, resident relocation should not begin until after the date of closing/conversion of assistance under RAD</li><li>• PHAs must adhere to notification requirements (described in Paragraph 8 of this Notice): generally, a minimum of 30 days for residents to be temporarily relocated for up to a year, and 90 days for permanent relocation</li><li>• PHAs seeking to move residents prior to closing must receive prior approval from HUD as described in Paragraph 9 of this Notice</li></ul>

## **5. Resident Right to Return**

RAD program rules prohibit the permanent involuntary relocation of residents as a result of conversion. Residents that are temporarily relocated retain the right to return to the project once it has been completed and is in decent, safe, and sanitary conditions.<sup>7</sup> The period during which residents may need to be temporarily relocated is determined by the period of rehabilitation or construction, which will be specific to each project.

If proposed plans for a project would preclude a resident from returning to the RAD project, the resident must be given an opportunity to comment and/or object to such plans. If the resident objects to such plans, the PHA must alter the project plans to accommodate the resident in the converted project. If a resident agrees to such plans, the PHA must secure informed, written consent from the resident to receive permanent relocation assistance and payments consistent with URA and acknowledge that acceptance of such assistance terminates the resident's right to return to the project. In obtaining this consent, PHAs must inform residents of their right to return, potential relocation, and temporary and permanent housing options at least 30 days before residents must make a decision. The PHA cannot employ any tactics to pressure residents into relinquishing their right to return or accepting permanent relocation assistance and payments.<sup>8</sup> A PHA may not terminate a resident's lease if it fails to obtain this consent.

PHAs must keep documentation of such information provided to residents and such consent by residents. While HUD does not require PHAs to submit documentation of obtaining this consent, PHAs and participants must properly brief residents on their housing and relocation options and must keep auditable written records of such consultation and decisions. HUD may request this documentation during a review of the FHEO Relocation and Accessibility Checklist or if relocation concerns arise. Examples of project plans that may preclude a resident from returning to the converted RAD project include, but are not limited to:

- Changes in bedroom distribution (i.e. when larger units will be replaced with smaller units such that current residents would become under-housed or when smaller units will be replaced with larger units such that current residents would become over-housed);
- Where a PHA is reducing the number of assisted units at a property by a de minimis amount<sup>9</sup>, but those units are occupied by assisted residents; or
- The reconfiguration of efficiency apartments, or the repurposing of dwelling units in order to facilitate social service delivery.

In all scenarios where residents voluntarily accept permanent relocation to accommodate project plans, these residents are eligible for permanent relocation assistance and payments under URA. If a resident accepts permanent relocation assistance, the resident surrenders his or her right to return to the completed project.

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<sup>7</sup> Where the transfer of assistance to a new site is approved, residents of the converting project will have the right to reside in an assisted unit at the new site once rehabilitation or new construction is complete.

<sup>8</sup> Persons with disabilities returning to the RAD project may not be turned away or placed on a waiting list due to a lack of accessible units. Their accessibility needs must be accommodated.

<sup>9</sup> A reduction in total number of assisted units at RAD project of 5% or less. (Section 1.5.B of PIH 2012-32 REV-1)

## **6. Relocation Assistance**

Under RAD, relocation assistance may vary depending on the length of time relocation is required.<sup>10</sup>

a. In instances when the PHA anticipates that a resident will be relocated for more than a year, the PHA must offer the resident the choice of:

- Permanent relocation assistance and payments at URA levels; or
- Temporary relocation assistance, including temporary housing, while the resident retains his or her right to return and reimbursement for all reasonable out-of-pocket expenses associated with the temporary relocation.

The PHA must give the resident no less than 30 days to decide between permanent and temporary relocation assistance. If the resident elects to permanently relocate with assistance at URA levels, the PHA must inform the resident that his or her acceptance of permanent relocation assistance terminates the resident's right to return to the completed RAD project.

b. In instances when a resident elects temporary relocation assistance and reoccupies a unit in the completed project within one year, the resident need not be offered permanent relocation assistance pursuant to URA.

Great care must be exercised to ensure that residents are treated fairly and equitably. If a resident is required to relocate temporarily in connection with the project, his or her temporarily occupied housing must be decent, safe, and sanitary and the resident must be reimbursed for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation. These expenses include, but are not limited to, moving expenses and increased housing costs during the temporary relocation.

c. In the event that a resident elects to receive temporary relocation assistance and the temporary relocation exceeds one year, the resident becomes eligible for all permanent relocation assistance and payments under URA. (This assistance would be in addition to any assistance the person has already received for temporary relocation, and may not be reduced by the amount of any temporary relocation assistance.) In such event, the PHA shall give the resident the opportunity to choose to remain temporarily relocated for an agreed-to period (based on new information about when they can return to the completed RAD unit), or choose to permanently relocate with URA assistance.

PHAs may not propose or request that a displaced person waive rights or entitlements to relocation assistance under the URA. If the resident elects to permanently relocate with URA assistance, the PHA must inform the person that the person's acceptance of URA relocation assistance to permanently relocate will terminate the person's right to return to

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<sup>10</sup> Some residents may not qualify for relocation assistance under URA. A nonexclusive listing of persons who do not qualify as displaced persons under URA is at 49 CFR 24.2(a)(9)(ii). See also, Paragraph 1-4(J) of HUD Handbook 1378.

the completed RAD project. Conversely, unless and until the resident elects to be permanently relocated, the resident may remain temporarily relocated with a right to return to the completed project.

## **7. Initiation of Negotiations (ION) Date**

Eligibility for URA relocation assistance is generally effective on the date of initiation of negotiations (ION) (49 CFR 24.2(a)(15)). For RAD projects, the ION date is the date of the issuance of the RAD Conversion Commitment (RCC).

## **8. Resident Notification**

When a project converting under RAD will include relocation of residents, notice must be provided to those resident households. For each notice listed below, one notice shall be given to each resident household. The purpose of these notifications is to ensure that residents are informed of their potential rights and the relocation assistance available to them. During initial meetings with residents about RAD and in subsequent communications with residents related to relocation, the PHA should inform residents that if they choose to move after receiving a written GIN, but prior to receiving a RAD Notice of Relocation, they may jeopardize their eligibility for relocation assistance. However, PHAs should note that a resident move undertaken as a direct result of the project may still require relocation assistance and the resident may be eligible to receive permanent relocation assistance under the URA even though the PHA has not yet issued notices.

a. General Information Notice (49 CFR 24.203(a) & Handbook 1378, Paragraph 2-3(B))  
As soon as feasible in the planning process, the PHA must provide each resident with a written GIN (see sample in Appendix 2) to provide a general description of the project, the activities planned, and the relocation assistance that may become available. URA regulations state that the GIN should be provided as soon as feasible. Under RAD, PHAs must provide GINs during the initial RAD resident meetings, before submitting a RAD application. GINs must do at least the following:

- Inform the resident that he or she may be displaced for the project and generally describe the relocation payment(s) for which the resident may be eligible, the basic conditions of eligibility, and the procedures for obtaining the payment(s);
- Inform the resident that he or she will be given reasonable relocation advisory services, including referrals to replacement properties, help in filing payment claims, and other necessary assistance to help the resident successfully relocate;
- Inform the resident that, if he or she qualifies for relocation assistance as a displaced person under the URA, he or she will not be required to move without at least 90 days advance written notice, and inform any person to be displaced from a dwelling that he or she cannot be required to move permanently unless at least one comparable replacement dwelling has been made available;
- Inform the resident that any person who is an alien not lawfully present in the United States is ineligible for relocation advisory services and relocation payments, unless such ineligibility would result in exceptional and extremely unusual hardship to a qualifying spouse, parent, or child (see 49 CFR 24.208(h) for additional information); and

- Describe the resident's right to appeal the PHA's determination as to a person's eligibility for URA assistance.

#### b. RAD Notice of Relocation

If a resident will be relocated to facilitate the RAD conversion, the PHA shall provide notice of such relocation (RAD Notice of Relocation). The PHA shall issue this notice upon the PHA's receipt of the RCC from HUD, which is the ION date. If residents will not be relocated, notice of relocation is not required, but the PHA should notify them that they are not being relocated.<sup>11</sup>

The RAD Notice of Relocation must conform to the following requirements:

- The notice must state the anticipated duration of the resident's relocation.
- PHAs must provide this notice a minimum of 30 days prior to relocation to residents who will be temporarily relocated.<sup>12</sup> Longer notice may be appropriate for persons who will be relocated for an extended period of time (over 6 months), or if necessary due to personal needs or circumstances.
- Residents whose temporary relocation is anticipated to exceed one year must be informed that they will have no less than 30 days to elect temporary or permanent relocation as described in Section 6 of this Notice. When timing is critical for project completion, the 30-day decision period can run concurrently with the 30-day notice period for temporary relocation and with the 90-day period for permanent relocation if the PHA makes available comparable replacement dwellings consistent with 24.204(a).
- Residents who will be permanently relocated must receive written notice a minimum of 90 days prior to relocation. This 90-day time period may only begin once the PHA has made available at least one comparable replacement dwelling consistent with 49 CFR 24.204(a).<sup>13</sup>
- The notice must describe the available relocation assistance, the estimated amount of assistance based on the individual circumstances and needs, and the procedures for obtaining the assistance. The notice must be specific to the resident and his or her situation so that the resident will have a clear understanding of the type and amount of payments and/or other assistance the resident household may be entitled to claim.
- The notice must explain the reasonable terms and conditions under which the resident may continue to lease and occupy a unit in the completed project.

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<sup>11</sup> HUD policy generally requires a "notice of non-displacement" in certain instances; the RAD program does not require this notice. Although the scope of this notice is limited to guidance for projects requiring relocation, PHAs should note, however, that there may be notification requirements for projects that do not involve relocation. The RAD conversion will terminate the resident's public housing lease and commence a PBV or PBRA lease, even when there is no relocation required. In such instances, state law may impose certain notification requirements. In addition, public housing regulations generally require 30 days' notice prior to lease termination. PHAs are encouraged to review public housing requirements set forth in 24 CFR parts 5 and 966.

<sup>12</sup> HUD may approve shorter notice periods based on an urgent need due to danger, health, or safety issues or if the person will be temporarily relocated for only a short period.

<sup>13</sup> PHAs should note that URA regulations also require, where possible, that three or more comparable replacement dwellings be made available before a resident is required to move from his or her unit.

- The notice must state that the PHA will reimburse the resident for all reasonable out-of-pocket expenses incurred in connection with any temporary move. These expenses include, but are not limited to, moving expenses and increased housing costs (rent, utilities, etc.).

*c. Notice of Intent to Acquire (49 CFR 24.203(d))*

For RAD projects involving acquisition, residents may be provided with a notice of intent to acquire (“Notice of Intent to Acquire”) prior to the ION date with HUD’s prior approval. Once the Notice of Intent to Acquire is provided, a resident’s eligibility for relocation assistance and payments is established. Therefore, the RAD Notice of Relocation must be provided in conjunction with or after the Notice of Intent to Acquire. A RAD Notice of Relocation would not otherwise be sent prior to the ION date.

Since residents who accept permanent relocation must receive 90 days advanced written notice prior to being required to move, providing residents the Notice of Intent to Acquire and RAD Notice of Relocation prior to the ION date may be necessary to provide sufficient notice of relocation to a resident in instances where there may not be 90 days between the issuance of the RCC (ION date) and the anticipated closing date. This allows the PHA to issue the notice earlier so that relocation may begin upon closing. This allows program participants to conduct orderly relocation upon closing, minimize adverse impacts on displaced persons, and to expedite project advancement and completion.<sup>14</sup>

*d. URA Notice of Relocation Eligibility – for residents whose temporary relocation exceeds one year (49 CFR 24.203(b) & Handbook 1378, Paragraph 2-3(C))*

After a resident has been temporarily relocated for one year, the PHA must provide a notice of relocation eligibility in accordance with URA requirements (“Notice of Relocation Eligibility”). This notice is not required if the resident has already accepted permanent relocation assistance.

The Notice of Relocation Eligibility must conform to URA requirements as set forth in 49 CFR Part 24, to HUD Handbook 1378 and to the following requirements:

- The PHA must provide updated information as to when it is anticipated that the resident will be able to return to the completed project.
- The resident may choose to remain temporarily relocated based upon such updated information or may choose to accept permanent URA relocation assistance in lieu of exercising the right to return.
- If the resident chooses to accept permanent URA relocation assistance and such assistance requires that the resident move, the URA requires such resident to receive 90 days advance written notice of the earliest date they will be required to move (i.e., 90-Day Notice, 49 CFR 24.203(c)). The PHA should be mindful that the 90-day time period may only begin once the PHA has made available at least one “comparable replacement dwellings” as set forth in 49 CFR 24.204(a).

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<sup>14</sup> PHAs and program participants should note that, in most instances, it will be most appropriate for the acquiring entity to send this notice.



## **9. Initiation of Relocation**

Unless otherwise approved by HUD, relocation may not begin until the date of closing of the RAD transaction and recordation of the RAD Use Agreement. PHAs must provide residents being temporarily relocated at least 30 days advance written notice of the required move. PHAs must give residents being permanently relocated at least 90 days advance written notice of the required move. This means PHAs are advised to plan carefully to account for this 30-day or 90-day notice period to ensure the closing is not delayed.

However, HUD is aware that, in rare cases, some project plans necessitate relocation prior to closing. With prior HUD approval, for projects involving acquisition, PHAs may relocate residents prior to the closing date subject to public housing requirements (see 24 CFR part 5 and 24 CFR 966). PHAs must contact their assigned RAD transaction manager (TM) to discuss plans as early as possible in the process to ensure compliance with all RAD and URA requirements.

If relocation prior to closing is desired, PHAs should submit to the TM the following information, as early as possible in the process:

- A written request for relocation prior to closing. The request must include justification of why the early relocation is necessary for the viability of the RAD transaction. Justification may include the presence of outside financing, such as Low Income Housing Tax Credit (LIHTC) awards, if the PHA can show that early relocation is necessary to meet critical LIHTC deadlines.
- FHEO Accessibility and Relocation Checklist.
- Evidence of intent to comply with public housing requirements, as applicable. Generally, public housing regulations require public housing residents to receive 30 days' notice prior to relocation and that such notice either be published in the PHA's admissions and continued occupancy policies (ACOP) or published elsewhere at least 30 days prior to receipt of such notice (24 CFR parts 5 and 966).

When seeking to relocate residents prior to closing, submission of this request as early as possible is preferred, prior to the 180-day Financing Plan milestone if possible (with Financing Plan submission following the request).

HUD reserves the right to request additional follow-up information, including a Relocation Plan and related budget, prior to approving such requests. PHAs must receive written HUD approval before beginning relocation of residents prior to closing.

Early planning and submission of the Financing Plan and FHEO checklist to HUD will ensure the PHA has built in the 30- or 90-day notice period prior to initiating relocation.

## **10. Fair Housing and Civil Rights Requirements**

PHAs must comply with all applicable fair housing and civil rights laws, including, but not limited to, the Fair Housing Act, Title VI of the Civil Rights Act of 1964, and Section 504 of the Rehabilitation Act of 1973, when conducting relocation planning and providing relocation assistance. Further, communication must be provided in a manner that is effective for persons with disabilities (24 CFR 8.6) and for person who are Limited English Proficient (see 72 FR 2732). This section discusses some of the PHA's obligations under these laws and regulations. However, the applicability of civil rights laws is not limited to

the activities discussed in this section. PHAs conducting relocation activities should familiarize themselves with applicable civil rights statutes, regulations, and guidance, including but not limited to, those listed at the end of this section.

- **Effective Communication for Persons with Disabilities:** Communications and materials must be provided in a manner that is effective for persons with hearing, visual, and other communication-related disabilities consistent with Section 504 of the Rehabilitation Act of 1973 (24 CFR 8.6), and as applicable, the Americans with Disabilities Act; and for persons who are limited English proficient (see 72 Fed Reg 2732). This includes ensuring that training materials are in appropriate alternative formats as needed, e.g., Braille, audio, large type, assistive listening devices, and sign language interpreters.
- **Accessible Meeting Facilities for Persons with Disabilities:** When holding public meetings, PHAs must give priority to methods that provide physical access to individuals with disabilities, i.e., holding the meetings, workshops, and briefings or any other type of meeting in an accessible location, in accordance with the regulations implementing Section 504 of the Rehabilitation Act of 1973 and Titles II and III of the Americans with Disabilities Act of 1990, as applicable. All programs and activities must be held in accessible locations unless doing so would result in an undue financial and administrative burden, in which case the PHA must take any action that would not result in such an alteration or such burden but would nevertheless ensure that individuals with disabilities receive the benefits and services of the program or activity, e.g., briefings at an alternate accessible, in-home briefing. Individuals with disabilities must receive services in the most integrated setting appropriate to their needs. The most integrated setting appropriate to the needs of qualified individuals with disabilities is a setting that enables individuals with disabilities to interact with nondisabled person to the fullest extent possible (28 CFR part 35, appendix B).
- **Meaningful Access for Persons with Limited English Proficiency (LEP):** PHAs must provide meaningful access to programs and activities for persons who have a limited ability to read, speak, or understand English. Any person with LEP who will be temporarily relocated or permanently displaced must have meaningful access to any public meetings regarding the project. In addition, any information provided to residents including, but not limited to, any notices required under the URA, should be provided in the appropriate language to persons with LEP. Generally, PHAs will be responsible for providing oral interpreters at meetings, including ensuring their competence, and covering any associated translation and interpretation costs.
- URA requires that PHAs provide persons who are unable to read or understand the notices, such as persons with disabilities or persons with LEP, with appropriate translation and counseling to ensure that they understand their rights and responsibilities and the assistance available to them (49 CFR 24.5). URA also requires that each notice indicate the name and telephone number of a person to contact with questions or for other needed help (49 CFR 24.5). This notice should include the number for the telecommunication device for the deaf (TDD) or other appropriate communication device, if applicable (24 CFR 8.6(a)(2)).

- **Comparable Housing for Persons with Disabilities:** PHAs should identify the accessibility needs of residents to be relocated by consulting existing information (e.g., tenant characteristics forms, including identification of the need for accessible unit features; records of approved reasonable accommodations, and records of the presence of accessible unit features). For guidance on providing relocation assistance to persons with disabilities, see Exhibit 3-1 in HUD Handbook 1378.
- **Advisory Services:** PHAs should determine the advisory services that will be necessary to ensure a successful relocation program consistent with 49 CFR 24.205(c). Such advisory services may include housing counseling that should be facilitated to ensure that residents affected by the project understand their rights and responsibilities and the assistance available to them (49 CFR 24.205(c)). Advisory counseling must also inform residents of their fair housing rights and be carried out in a manner that satisfies the requirements of Title VI of the Civil Rights Act of 1964, the Fair Housing Act, and Executive Order 11063 (49 CFR 24.205(c)(1)). In addition, PHAs should inform residents that if they believe they have experienced unlawful discrimination, they may contact HUD at 1-800669-9777 (Voice) or 1-800-927-9275 (TDD) or at <http://www.hud.gov>.

#### Fair Housing References:

- Section 504 of the Rehabilitation Act of 1973
- Regulations: 24 CFR part 8
- Fair Housing Act Regulations: 24 CFR part 100
- Title VI of the Civil Rights Act of 1964
- Regulations: 24 CFR part 1
- Final Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons (LEP Guidance) (72 FR 2732)
- Exhibit 3-1 Compliance with Section 504 of the Rehabilitation Act in HUD Handbook 1378 (Tenant Assistance Relocation and Real Property Acquisition)

## 11. **Other Requirements**

### a. Public Housing Program Compliance

PHAs should note that public housing resident provisions related to occupancy and termination, including grievances and related hearings, will remain in effect until the execution of the new PBV or PBRA Housing Assistance Payment (HAP) contract.

### b. Evictions for Cause

If the PHA determines that a resident was evicted in accordance with applicable state and local law for serious or repeated violation of material terms of the lease, and the eviction was not undertaken for the purpose of evading the obligation to make available URA payments and other assistance, the resident is not entitled to relocation payments and assistance under the URA (49 CFR 24.206).