



# Public Housing Repositioning From A-Z SAC Training

August 6-7, 2013

## AGENDA

Special Applications Center (SAC)  
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### STAFF DIRECTORY

#### *Management:*

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#### *Support:*

Kathleen Szybist– Program Analyst

#### *Public Housing Revitalization Specialist*

#### *Reviewers:*

Turhan P. Brown– PHRS  
Marie Butler–PHRS  
Clyde Ellzey–PHRS  
Sunny Grover–PHRS  
Lois Williams–Johnson–PHRS  
Diane Lombardo–PHRS  
Phaedra Mapp–PHRS  
Alex Z. Nasser, P.E.–General Engineer  
Naitik Patel, P.E. General Engineer  
Surendra Patel, P.E. – General Engineer  
Darnell Shareef –PHRS  
Jacqueline Stevenson–Storey – PHRS  
Arona M. Wiley–PHRS

### ● August 6, 2013

- Housekeeping/Logistics - Ainars Rodins
- Welcome –Ainars Rodins
- Overview Public Housing Inventory-Greg Byrne
- Demolition Criteria: 24 CFR § 970.15 - Alex Nasser
- Disposition Criteria: 24 CFR § 970.17 - Allan Bailey
- Use Restriction Requirements; Use of Disposition Proceeds;  
When Section 18 doesn't apply-Kathy Szybist
- Civil Rights/Fair Housing Review of Demo/Dispo Applications –  
Yana Karnaukhov
- Demo/Dispos Application Preparation & Submission-Naitik Patel
- SAC Processing - Clyde Ellzey

### ● August 7, 2013

- Amendment and Rescission Requests - Surendra Patel
- Field Office Certification and Implementation, PHA Reporting  
Requirements-Erik Sandstedt
- Asset Repositioning Fee – Joseph E. Nemedi
- Tenant Protection Vouchers - Caitlin Johnson
- Replacement Housing Factor (RHF) Funds - Todd Wendorf
- Moving To Work (MTW) – Shirley Wong
- Public Housing Mixed-Finance Development: 24 CFR  
941, Subpart F - Abbey Ogunbola
- CFFP - Todd Wendorf
- Section 22 Voluntary Conversion - Tammy Gray
- Panel Discussion with SAC and HUD Staff  
Harry West, Tammy Gray, Yana Karnaukhov, Kathy Szybist  
Todd Wendorf, Abbey Ogunbola

**Presenters List for Event: Public Housing Relocation: From A to Z Chicago, IL**

**Aug 06, 2013 9:00 AM - Aug 07, 2013 1:00 PM**

**Tuesday, August 06, 2013**

<b>First Name</b>	<b>MI</b>	<b>Last Name</b>	<b>Title</b>	<b>Organization</b>	<b>Phone number</b>	<b>Email Address</b>
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**Wednesday, August 07, 2013**

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# DEMOLITION

## **DEFINITION**

DEMOLITION MEANS THE REMOVAL BY RAZING OR OTHER MEANS, IN WHOLE OR IN PART, OF ONE OR MORE PERMANENT BUILDINGS OF A PUBLIC HOUSING DEVELOPMENT.

- A DEMOLITION INVOLVES ANY FOUR OR MORE OF THE FOLLOWING:
- EXTERIOR ENVELOPE REMOVAL
- KITCHEN REMOVAL;
- BATHROOM REMOVAL;
- ELECTRICAL SYSTEM REMOVAL
- PLUMBING SYSTEM REMOVAL

# DEMOLITION APPLICATION REQUIREMENTS

- APPLICATION INCLUDES ALL IDENTIFIABLE PROPERTY, DWELLING UNITS, AND OTHER IMPROVEMENTS TO BE DEMOLISHED BY DEVELOPMENT NUMBER
- A DESCRIPTION OF THE SPECIFIC ACTION PROPOSED, DEMOLITION, OR DEMOLITION WITH DISPOSITION
- A GENERAL TIME TABLE, INCLUDING VACATING UNITS, INITIAL DEMOLITION CONTRACT, AND THE ACTUAL DEMOLITION
- A STATEMENT JUSTIFYING THE PROPOSED DEMOLITION UNDER APPLICABLE CRITERIA

# CRITERIA FOR HUD APPROVAL OF DEMOLITION

UNLESS AN APPLICATION MEETS THE GROUNDS FOR DISAPPROVAL UNDER 24 CFR 970.29, HUD WILL APPROVE DEMOLITION UPON THE PHA'S CERTIFICATION THAT IT MEETS THE FOLLOWING STATUTORY CRITERIA:

- AN APPLICATION MUST CERTIFY THAT THE PROJECTS OR BUILDINGS PROPOSED FOR DEMOLITION ARE OBSOLETE AS TO PHYSICAL CONDITION, LOCATION, OR OTHER FACTORS, MAKING THEM UNSUITABLE FOR HOUSING PURPOSES , AND NO REASONABLE PROGRAM OF MODIFICATIONS IS COST-EFFECTIVE TO RETURN THEM TO USEFUL LIFE
- IN CASES OF PROPOSED DEMOLITION OF A PORTION OF A PROJECT, IN ADDITION TO THE ABOVE, IT WILL HELP TO ENSURE THE VIABILITY OF THE REMAINING PORTION OF THE PROJECT

# OBSOLESCENCE EXAMPLES

- PHYSICAL CONDITIONS OF THE STRUCTURE
- STRUCTURAL DEFICIENCIES AND OTHER PROBLEMS IMPRACTICAL TO CORRECT:
  - a. SETTLEMENT OF EARTH BELOW A BUILDING
  - b. INADEQUATE STRUCTURAL FILLS
  - c. FAULTY STRUCTURAL DESIGN
  - d. SETTLEMENT OF FLOORS
  - e. SEVERE EROSION
  - f. FLOODING
  - g. DESIGN AND SITE PROBLEMS

## OBSOLESCENCE EXAMPLES (CONT.)

- ENVIRONMENTAL CONDITIONS DETERMINED IN ENVIRONMENTAL REVIEW, WHICH JEOPARDIZE THE SUITABILITY OF THE SITE AND HOUSING STRUCTURES FOR RESIDENTIAL USE
- PHYSICAL DETERIORATION OR CHANGE IN THE CHARACTER OF THE NEIGHBORHOOD (MAY BE MORE APPROPRIATE FOR DISPOSITION)
- FACTORS AFFECTING THE MARKETABILITY, USEFULNESS, OR MANAGEMENT OF THE PROPERTY

# OBSOLESCENCE THRESHOLDS FOR COST-EFFECTIVENESS

- GENERALLY HUD DOES NOT CONSIDER REHABILITATION TO BE COST-EFFECTIVE IF ITS COSTS EXCEED 62.5% OF TOTAL DEVELOPMENT COST LIMITS (TDC) FOR ELEVATOR STRUCTURES AND 57.14% OF TDC FOR OTHER TYPES OF STRUCTURES
- ESTIMATES OF REHABILITATION COSTS SHOULD REFLECT THE EXISTING CONDITION OF THE BUILDINGS PROPOSED FOR DEMOLITION, AND WHAT IS NECESSARY TO RESTORE THEM TO GOOD CONDITION AS PUBLIC HOUSING UNITS FOR THE NEXT SEVERAL YEARS
- A PHA MAY DEMOLISH THE LESSER OF 5 UNITS OR 5% OF ITS TOTAL UNITS OVER A 5-YEAR PERIOD WITHOUT APPROVAL FROM HUD, UNDER THE DE MINIMIS EXCEPTION 24 CFR 970.27

# DE MINIMIS EXCEPTION FOR DEMOLITION

- A PHA MAY DEMOLISH THE LESSER OF 5 UNITS OR 5% OF ITS TOTAL UNITS OVER A 5-YEAR PERIOD WITHOUT APPROVAL FROM HUD, UNDER THE DE MINIMIS EXCEPTION 24 CFR 970.27
- AN APPLICATION STILL NEEDS TO BE CREATED IN THE IMS-PIC SYSTEM IN CASES OF DEMOLITION OF UNITS UNDER DE MINIMIS , AND AN ACKNOWLEDGEMENT LETTER IS SENT BY THE SAC
- DE MINIMIS ALSO REQUIRES COMPLETION OF AN ENVIRONMENTAL REVIEW PRIOR TO DEMOLITION

# **GREEN PHYSICAL NEEDS ASSESSMENT (GPNA)**

- NEW CAPITAL FUND HUD GPNA REQUIREMENTS
- CAPITAL FUND GPNA OVERVIEW

# GPNA REQUIREMENTS

- ALL PHA'S, REGARDLESS OF SIZE, MUST PREPARE AND PROVIDE TO HUD A PNA
- THE COST OF THE PNA IS AN ELIGIBLE CAPITAL FUND EXPENSE
- PHA'S MUST USE THE NEW GPNA SOFTWARE
- MUST BE PERFORMED IN CONJUNCTION WITH ENERGY AUDIT AND INTEGRATED IN THE GPNA

## GPNA REQUIREMENTS (CONT.)

- GPNA DOES NOT SATISFY PCA FOR RAD PROGRAMS, AND VICE VERSA
- YOUR DATA IS A MAJOR INVESTMENT THAT NEEDS TO BE SAVED AND PROTECTED LIKE ALL YOUR OTHER VITAL COMPUTER DATA
- IT IS RECOMMENDED THAT YOU BACKUP YOUR DATA ON A SECURE NETWORK DRIVE, SECURE CLOUD STORAGE, AND/OR ON SECURED REMOVABLE MEDIA, INCLUDING AT A DIFFERENT PHYSICAL LOCATION

# CAPITAL FUND – GPNA LOCATING YOUR DATA

- THE STANDARD GPNA TOOL INSTALLS BY DEFAULT IN A DIRECTORY CALLED “GREEN PNA” ON THE C-DRIVE OF THE HOST COMPUTER
- THE DEFAULT FILE NAME IS “GREENPNAFULL.ACCCR”

# CAPITAL FUND – GPNA GETTING READY

- EACH FIELD OFFICE SHOULD HAVE A POINT OF CONTACT (POC) ASSIGNED TO YOUR PHA. FIND OUT WHO THAT PERSON IS
- ENERGY AUDIT RESULTS MUST BE INCORPORATED INTO THE GPNA PRIOR TO SUBMISSION TO HUD
- GPNA WEBPAGE:

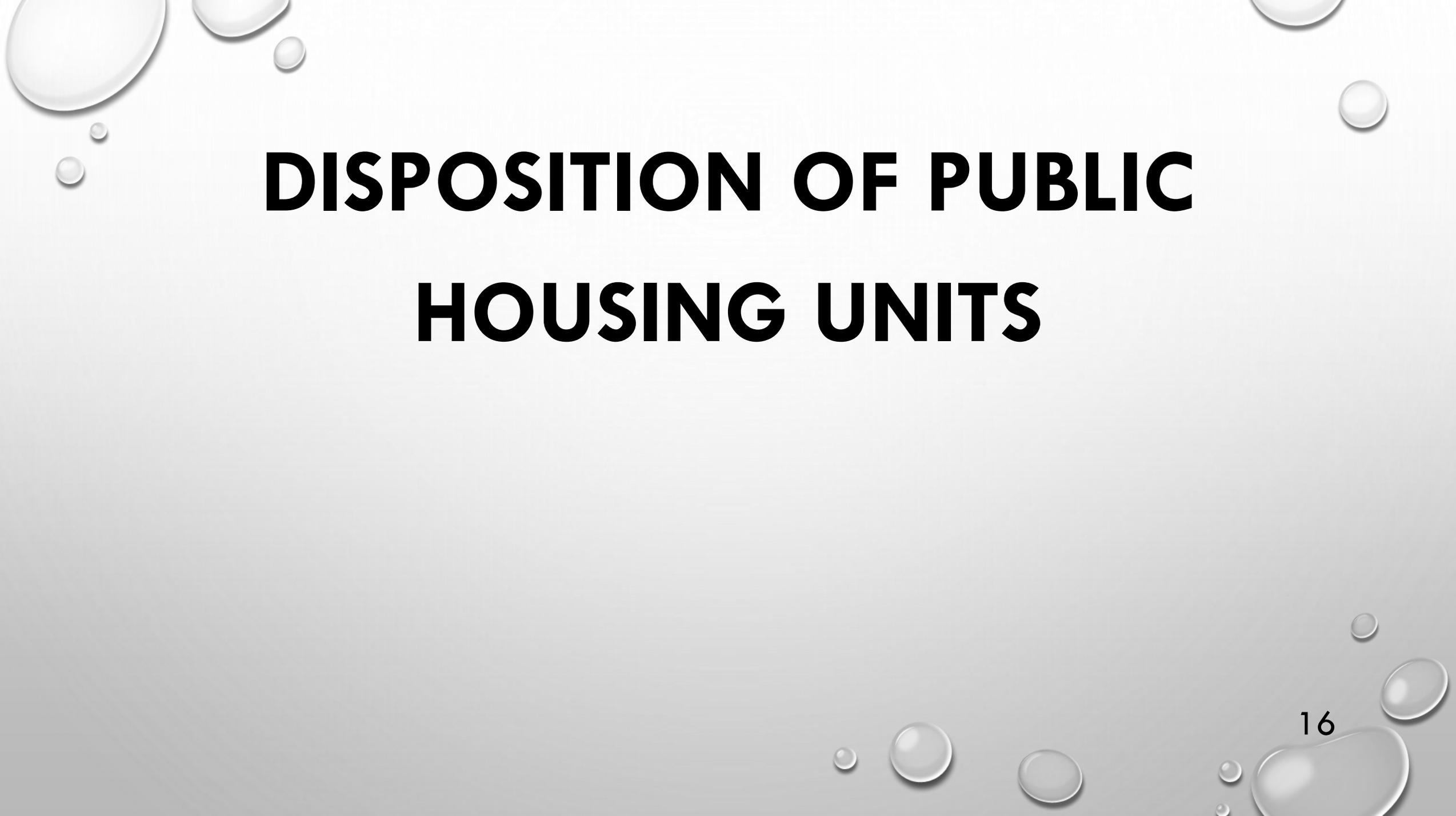
[HTTP://PORTAL.HUD.GOV/HUDPORTAL/HUD?SRC=/PROGRAM OFFICES/PUBLICINDIANHOUSING/PROGRAMS/PH/CAPFUND/GPNATOOL](http://portal.hud.gov/hudportal/hud?src=/program_offices/publicindianhousing/programs/ph/capfund/gpnatool)

## GPNA & PNA SIMILARITIES

- THEY BOTH ARE PHYSICAL NEEDS ASSESSMENTS TOOLS
- THEY BOTH USE THE SAME CRITERIA FOR THE DURATIONS AND USEFUL LIFE CYCLE OF MATERIALS AND EQUIPMENT, AS WELL AS, REPLACEMENT COSTS, RE-FURBISH COSTS AND LOCAL MULTIPLIERS.
- THEY BOTH COMPARE RENOVATION COSTS TO TDC TO DEMONSTRATE OBSOLESCENCE.

## GPNA & PNA DIFFERENCES

- PNA'S FORMATS ARE DESIGNED BY THE HA'S WITH NO SPECIFIC SET-UPS, NO SEQUENCE, OR ANY OTHER FORMULA TO FOLLOW. PHA'S DESIGN THEIR OWN PNA TO FIT THEIR NEEDS; HOWEVER, GPNA IS A DESIGNED PROGRAM FORM THAT ALL PHA'S HAVE TO FOLLOW AND FILL IN THE GPNA FORM.
- PNA'S CAN BE MADE USING ANY STANDARD THAT THE PHA SEE FIT FOR THEIR NEEDS; HOWEVER, GPNA USES ONLY MICROSOFT ACCESS WITH VERSIONS OF 2000 OR NEWER. IF YOU USE MAC AND IT HAS ACCESS, THAT CAN WORK TOO.
- PNA'S DID NOT REQUIRE ENERGY AUDITS, BUT WITH THE GPNA, THE REPORTS HAVE TO BE ACCOMPANIED WITH THE ENERGY AUDIT.



# **DISPOSITION OF PUBLIC HOUSING UNITS**

# DISPOSITION OF PUBLIC HOUSING UNITS

- FINANCING OF RENOVATION OR REPLACEMENT OF PUBLIC HOUSING UNITS OFTEN MAY REQUIRE DISPOSITION OF UNITS AND LAND IN ORDER TO OBTAIN EXTERNAL FUNDS;
- PROPOSALS FOR DISPOSITION ARE EVALUATED AGAINST THE STATUTORY CRITERIA ENUMERATED IN SECTION 18 OF THE 1937 HOUSING ACT AND THE REGULATIONS UNDER 24 CFR PART 970;
- PHAs CERTIFY THAT PROPOSALS FOR DISPOSITION MEET ONE OF THE LEGAL REASONS FOR DISPOSITION, AND SIGN A CERTIFICATION FORM STIPULATING TO OTHER SPECIFIC REGULATORY REQUIREMENTS IN AREAS SUCH AS RELOCATION, CIVIL RIGHTS, AND FINANCIAL REPORTING;

# 5 PRINCIPAL REASONS FOR DISPOSITION

IN THE CASE OF THE FOLLOWING TWO CRITERIA THE RETENTION OF THE PROPERTY MUST NOT BE IN THE BEST INTEREST OF THE RESIDENTS OR THE PHA:

- 1) ADVERSE CONDITIONS AFFECTING THE HEALTH OR SAFETY OF THE RESIDENTS OR THE OPERATION OF THE PROJECT BY THE PHA;
- 2) DISPOSITION ALLOWS THE DEVELOPMENT, OR ACQUISITION AND REHABILITATION OF OTHER UNITS MORE EFFICIENTLY OR EFFECTIVELY OPERATING AS LOW-INCOME HOUSING;

## 5 PRINCIPAL REASONS FOR DISPOSITION (CONT.)

IN THE CASE OF THE FOLLOWING CRITERIA THE PROPOSED DISPOSITION MUST BE IN THE BEST INTEREST OF THE RESIDENTS **AND** THE PHA, AS WELL AS BE CONSISTENT WITH PHA GOALS, THE PHA PLAN AND THE 1937 HOUSING ACT:

- 3) UNITS SATISFY THE CRITERION FOR OBSOLESCENCE WITH RESPECT TO REHABILITATION NOT BEING COST-EFFECTIVE;
- 4) DISPOSITION ALLOWS RENOVATION OR REDEVELOPMENT OF UNITS USING MIXED FINANCE SOURCES OF FUNDING;

## 5 PRINCIPAL REASONS FOR DISPOSITION (CONT.)

DISPOSITION UNDER SECTION 18 MAY ALSO BE USED IN CONNECTION WITH VOLUNTARY CONVERSION UNDER SECTION 22 OF THE HOUSING ACT:

- 5) IN CASES WHERE UNITS AND LAND ARE BEING SOLD AT FMV AFTER CONVERSION, OR WHERE PROPERTIES ARE TRANSFERRED BELOW FMV IN CONNECTION WITH PRESERVING THEM AS AFFORDABLE HOUSING (OR ANOTHER APPROVED COMMENSURATE LOW-INCOME BENEFIT).

EACH OF THESE FIVE PRINCIPAL REASONS FOR DISPOSITION WILL NEXT BE ADDRESSED INDIVIDUALLY.

# 1) ADVERSE NEIGHBORHOOD CONDITIONS AFFECTING RESIDENTS AND THE PHA

THIS REASON IS STRAIGHTFORWARD AND RELATIVELY SELF-EXPLANATORY. SOME EXAMPLES:

- CHANGED CHARACTER OF NEIGHBORHOOD HAS MAKES IT UNSUITABLE FOR RESIDENTIAL UNITS;
- THE NEIGHBORHOOD HAS BEEN TAKEN OVER BY INDUSTRIAL INSTALLATIONS;
- CHANGES IN ROADWAYS AND TRANSPORTATION HAVE ISOLATED THE UNITS MAKING IT DIFFICULT FOR PUBLIC HOUSING RESIDENTS TO GET TO EMPLOYMENT AND RETAIL STORES, AND DIFFICULT FOR THE PHA TO MAINTAIN THE PUBLIC HOUSING;
- DETERIORATION OF NEIGHBORHOOD THREATENS THE SAFETY OF RESIDENTS;

## 2) DISPOSITION ALLOWS THE ACQUISITION, DEVELOPMENT & REHABILITATION OF OTHER PROPERTIES MORE EFFICIENTLY OR EFFECTIVELY BE OPERATED AS LOW-INCOME HOUSING.

- THE OTHER PROPERTIES THAT WOULD REPLACE THE UNITS PROPOSED FOR DISPOSITION MUST BE LOW-INCOME HOUSING AS DEFINED UNDER THE 1937 HOUSING ACT;
- PHA MUST DEMONSTRATE TO THE SATISFACTION OF HUD THAT THE REPLACEMENT UNITS ARE BEING PROVIDED IN CONNECTION WITH THE DISPOSITION OF THE EXISTING PROPERTY;
- A PHA MAY USE SALES PROCEEDS TO FUND THE REPLACEMENT UNITS;
- THE EXPECTATION IS FOR THE SAME NUMBER OF UNITS TO BE REPLACED;

## 2) DISPOSITION ALLOWS ACQUISITION OF OTHER PROPERTIES (CONT.)

- FOR THE DEPARTMENT TO ACCEPT REPLACEMENT OF SIGNIFICANTLY FEWER UNITS , THE EXISTING UNITS WOULD HAVE TO BE UNUSUALLY INEFFICIENT AND CREATE A MATERIAL FINANCIAL HARDSHIP;
- THE OTHER PROPERTIES (I.E. THE OTHER UNITS OR THE LAND ON WHICH THEY WILL BE CONSTRUCTED) MUST BE IDENTIFIED AT THE TIME OF AN APPLICATION;
- THE OTHER PROPERTIES MUST MEET SITE AND NEIGHBORHOOD STANDARDS, AND THE STANDARDS APPLICABLE FOR PUBLIC HOUSING OR SECTION 8 UNITS;

## 2) DISPOSITION ALLOWS ACQUISITION OF OTHER PROPERTIES (CONT.)

- IF SALES PROCEEDS FROM THE DISPOSITION INSUFFICIENT TO REPLACE THE UNITS, THE PHA MUST ARRANGE FOR SUPPLEMENTAL FINANCING, FROM EXTERNAL SOURCES , OTHER THAN PUBLIC HOUSING FUNDS;
- APPLICATIONS FOR DISPOSITION FOR THIS REASON MUST INCLUDE THE PLANS FOR HOW THE REPLACEMENT UNITS WILL BE FINANCED;

## 2) DISPOSITION ALLOWS ACQUISITION OF OTHER PROPERTIES (CONT.)

ACQUISITION OF OTHER UNITS MUST BE A CONSEQUENCE OF THE DISPOSITION. THE FOLLOWING FOUR BULLETS ARE **OUTSIDE THE SCOPE** OF DISPOSITION FOR THIS REASON:

- A PHA HAS DEVELOPED PUBLIC HOUSING UNITS IN THE PREVIOUS TWO YEARS AND NOW IT WANTS TO REMOVE FROM INVENTORY THE SAME NUMBER OF UNITS FOR THIS REASON;
- A PHA HAS PLANS TO DEVELOP MORE SECTION 8 OR ACC UNITS THAT ARE UNRELATED TO THE UNITS PROPOSED FOR DISPOSITION, AND SALES PROCEEDS NOT IMPORTANT TO PLANNED UNITS;
- A PHA IS PLANNING TO USE CAPITAL FUND RESOURCES TO DEVELOP 75 NEW ACC UNITS, AND PROCEEDS FROM SALE OF 100 UNITS FINANCE ONLY 25 UNITS. THE 75 UNITS FINANCED FROM THE CFP PROGRAM ARE NOT DEPENDENT ON THE DISPOSITION OF THE 100 UNITS;
- A PHA NEEDS MORE SECTION 8 UNITS TO FINANCE THE ACQUISITION AND DEVELOPMENT OF PLANNED UNITS, SO IT APPLIES FOR DISPOSITION UNDER THIS REASON IN ORDER TO BE ELIGIBLE FOR TENANT PROTECTION VOUCHERS.

## 2) DISPOSITION ALLOWS ACQUISITION OF OTHER PROPERTIES (CONT.)

THE FOLLOWING ARE EXAMPLES OF CASES ELIGIBLE FOR DISPOSITION FOR THIS REASON, ACQUISITION & REHAB OF OTHER MORE EFFICIENT LOW-INCOME UNITS:

- SALES PROCEEDS FROM THE DISPOSITION OF THE PROPOSED UNITS ARE SUFFICIENT TO REPLACE THE UNITS AS PUBLIC HOUSING OR SECTION 8 UNITS;
- SALES PROCEEDS FROM THE DISPOSITION ARE SUFFICIENT TO FINANCE THE REPLACEMENT OF 60% OF THE UNITS, AND THE PHA SUPPLEMENTS THIS BY LEVERAGING TAX CREDIT FINANCING SUFFICIENT TO REPLACE ANOTHER 40% OF THE UNITS IN THE SAME HOUSING COMPLEX.

### 3) 3<sup>RD</sup> REASON, DISPOSITION DUE TO OBSOLESCENCE

- UNITS THAT MEET THE OBSOLESCENCE TEST FOR DEMOLITION MAY BE APPROVED FOR DISPOSITION;
- IF REHAB COSTS TO RESTORE THE UNITS TO GOOD CONDITION EXCEED THRESHOLD PERCENTAGES OF TDC, OBSOLESCENCE IS DEMONSTRATED;
- REHAB COSTS APPROPRIATE FOR OBSOLESCENCE TEST DO NOT INCLUDE EVERYTHING THAT MIGHT ACTUALLY BE PERFORMED WHEN UNITS ARE REHABBED.

### 3) 3<sup>RD</sup> REASON, DISPOSITION DUE TO OBSOLESCENCE

AFTER OBSOLESCENCE IS DEMONSTRATED:

- PHA MAY PROPOSE SALE OR LEASE OF THE BUILDINGS AND LAND TO THIRD PARTIES
- DISPOSITIONS AT FMV REQUIRE CURRENT APPRAISAL - LESS THAN ONE YEAR OLD AND HIGHEST AND BEST USE OF PROPERTY
- DISPOSITIONS MUST BE AT FAIR MARKET VALUE (FMV) UNLESS PROPERTY WILL BE USED FOR COMMENSURATE BENEFIT, SUCH AS LOW-INCOME OR AFFORDABLE HOUSING
- DEMOLITION OF OBSOLETE PROPERTIES AND DISPOSITION OF LAND BELOW FMV MAY BE APPROVED WHERE THE LAND WILL BE REDEVELOPED AS AFFORDABLE HOUSING (OR ANOTHER COMMENSURATE BENEFIT)

## 4) 4TH REASON, MIXED FINANCE RENOVATION

- WHERE NEEDED TO OBTAIN EXTERNAL FINANCING, DISPOSITION OF OBSOLETE BUILDINGS AND LAND WILL BE APPROVED TO TAX CREDIT PARTNERSHIPS AND OTHER ACQUIRING ENTITIES
- WHERE UNITS WERE OBSOLETE, PHA CAN DETERMINE THE MIX OF UNITS RENOVATED OR REDEVELOPED ON SITE AMONG LIHTC, MARKET RATE, SEC. 8, OTHER AFFORDABLE, AND PUBLIC HOUSING UNITS DEVELOPED UNDER 24 CFR PART 941

## 4) 4TH REASON, MIXED FINANCE RENOVATION

- UNITS DEVELOPED UNDER 24 CFR 941, SUBPART F ELIGIBLE FOR STREAMLINED PROCESSING;
- A DIFFERENT CERTIFICATION FORM IS REQUIRED FOR SUBPART F STREAMLINED APPLICATIONS;
- SUBPART F APPLICATIONS NOT SUBJECT TO 24 CFR 970, BUT SUBJECT TO SECTION 18;
- A PHA MAY CHOOSE TO REHABILITATE BUILDINGS AND UNITS AFTER DISPOSITION DESPITE THE FACT THAT THEY ARE OBSOLETE, AND REHABILITATION IS NOT COST-EFFECTIVE;

#### 4) 4TH REASON, MIXED FINANCE RENOVATION

- PUBLIC HOUSING UNITS MAY BE APPROVED FOR DISPOSITION IN ORDER TO PERFORM RENOVATIONS USING MIXED FINANCE WHERE NO OTHER REASON FOR DISPOSITION EXISTS;
- LIKE OBSOLESCENCE, MIXED FINANCE IS UNDER THE STATUTORY CRITERION OF THE BEST INTERESTS OF THE RESIDENTS AND THE PHA AND CONSISTENCY WITH HOUSING ACT;

## 4) 4TH REASON, MIXED FINANCE RENOVATION

- IF NO OTHER REASON EXISTS (I.E., THE UNITS ARE NOT OBSOLETE), UNITS APPROVED FOR DISPOSITION MUST REMAIN PUBLIC HOUSING UNITS AFTER MIXED FINANCE RENOVATION;
- MIXED FINANCE RENOVATIONS OF BUILDINGS WHICH ARE NOT OBSOLETE MUST RETURN THE SAME NUMBER OF PUBLIC HOUSING UNITS TO INVENTORY, WITH ONE EXCEPTION. THE NUMBER OF PUBLIC HOUSING UNITS MAY BE REDUCED BY COMBINING UNITS IN AN EXISTING BUILDING IN ORDER TO INCREASE THE NUMBER OF BEDROOMS OR SIZE OF THE UNITS;

## 4) 4TH REASON, MIXED FINANCE RENOVATION

- IF THE ACQUIRING ENTITY DEMOLISHES NON-OBSOLETE PUBLIC HOUSING AFTER DISPOSITION, PUBLIC HOUSING FUNDS OR PROCEEDS MUST NOT BE USED TO PAY FOR THE DEMOLITION;
- IF A PHA DOES NOT WISH TO KEEP ALL THE UNITS AS PUBLIC HOUSING AFTER REDEVELOPMENT, IT MUST DEMONSTRATE OBSOLESCENCE (OR ANOTHER REASON FOR DISPOSITION ELIGIBILITY), EVEN IF THE REDEVELOPMENT INVOLVES MIXED FINANCE

# CONSTRAINTS ON THE REASON OF THE BEST INTERESTS OF THE RESIDENTS AND THE PHA.

- NOTICE 2012-7 PUBLISHED FEBRUARY 2, 2012 EXPLAINS POLICY ON JUSTIFICATIONS FOR DISPOSITION, INCLUDING 24 CFR 970.17(C);
- MOST PHAS ARE HAVING TO COPE WITH CUTS IN PUBLIC HOUSING FUNDING;
- THE FACT OF INSUFFICIENCY OF PUBLIC HOUSING APPROPRIATIONS IS NOT IN ITSELF A REASON FOR DISPOSITION OF THE PUBLIC HOUSING INVENTORY;
- HUD WILL DISAPPROVE APPLICATIONS SUPPORTED BASED UPON CERTIFICATIONS OF INSUFFICIENCY OF PUBLIC HOUSING FUNDS;
- OTHER MEANS ARE AVAILABLE TO MAINTAIN AND REPOSITION PUBLIC HOUSING UNITS IN THE CURRENT ENVIRONMENT

# CHANGING PUBL HSG UNITS TO A SECT 8 PLATFORM

- IN ENACTING THE RENTAL ASSISTANCE DEMONSTRATION (RAD) IN THE 2012 APPROPRIATIONS ACT, FUNDS FOR SUBSIDY INCREASES WHEN CONVERTING PUBLIC HOUSING WERE NOT APPROPRIATED, AND THAT REMAINED TRUE IN FY 2013.
- SECTION 22 STATES THAT IT APPLIES TO UNITS WHERE “CONVERSION WILL NOT BE MORE EXPENSIVE THAN CONTINUING TO OPERATE THE PUBLIC HOUSING PROJECT (OR PORTION THEREOF) AS PUBLIC HOUSING”
- THE FACT THAT THE TWO PROGRAMS ENACTED EXPLICITLY FOR CHANGING SUBSIDY FROM PUBLIC HOUSING TO SECTION 8 ASSISTANCE INCLUDE THESE COST CONSTRAINTS INFORMS THE POLICY REGARDING THE USE OF TENANT PROTECTION VOUCHERS FOR THE SAME PURPOSE;

# CHANGING PUBL HSG UNITS TO A SECT 8 PLATFORM

- PHAS SHOULD NOT PROPOSE DISPOSITION OF UNITS UNDER SECTION 18 PURELY IN ORDER TO CHANGE THEIR SUBSIDY FROM SECTION 9 ASSISTANCE TO SECTION 8 ASSISTANCE;
- IT IS NOT FEASIBLE TO CONVERT EN MASS ALL PHAS THAT WOULD BENEFIT FROM CHANGING SECTION 9 INVENTORY TO SECTION 8 ASSISTANCE UNDER SECTION 18, OR TO DO SO FOR ALL COMERS IF SUCH A POLICY WERE SET.
- ACTIONS UNDER SECTION 18 MUST BE CONDUCTED IN HARMONY WITH THE RAD DEMONSTRATION, NOT IN CONFLICT WITH IT
- MOVING THE PUBLIC HOUSING INVENTORY TO A SECTION 8 PLATFORM OVER TIME IS A PRIORITY GOAL OF THE DEPARTMENT

## 5) 5<sup>TH</sup> DISPOSITION REASON: VOLUNTARY CONVERSION

- THE FIFTH PRINCIPAL REASON FOR DISPOSITION IS ITS USE IN CONJUNCTION WITH VOLUNTARY CONVERSION
- PROJECTS THAT MEET THE CRITERIA FOR VOLUNTARY CONVERSION WILL BE REMOVED FROM THE ANNUAL CONTRIBUTIONS CONTRACT (ACC) AND MAY BE APPROVED FOR DISPOSITION AT OR BELOW FMV, IF REQUESTED BY THE PHA
- PHAS MAY WISH TO TRANSFER UNITS TO NON-PROFIT INSTRUMENTALITIES FOR THE PURPOSE OF OPERATING THEM WITH PROJECT-BASED SECTION 8 ASSISTANCE OR AS OTHER AFFORDABLE HOUSING

## 5) 5<sup>TH</sup> DISPOSITION REASON: VOLUNTARY CONVERSION

- DISPOSITIONS AT LESS THAN FMV OF UNITS APPROVED IN TANDEM WITH VOLUNTARY CONVERSION WOULD REQUIRE A USE RESTRICTIONS TO BE OPERATED AS AFFORDABLE HOUSING (OR OTHER APPROVED COMMENSURATE BENEFIT)
- DISPOSITIONS MAY ALSO BE APPROVED FOR SALES AT FMV OF PROPERTIES PHAS CHOOSE TO “VOUCHER OUT” AFTER CONVERSION;

## 5) 5<sup>TH</sup> DISPOSITION REASON: VOLUNTARY CONVERSION

- SECTION 22 STATES THAT “ANY PROCEEDS TO THE AGENCY FROM THE CONVERSION WILL BE USED SUBJECT TO THE LIMITATIONS THAT ARE APPLICABLE UNDER SECTION 18(A)(5) TO PROCEEDS...FROM...DISPOSITION OR DEMOLITION”;
- THERE WILL BE SEPARATE PRESENTATIONS ON THE USES OF PROCEEDS AND ON VOLUNTARY CONVERSION LATER IN THE PROGRAM

## 5) 5<sup>TH</sup> DISPOSITION REASON: VOLUNTARY CONVERSION

- SECTION 18 CANNOT BE USED BY PHAS TO THEMSELVES ACQUIRE UNITS VIA DISPOSITION, EVEN IN CONJUNCTION WITH VOLUNTARY CONVERSION
- IF A PHA WISHES TO ACQUIRE A PROJECT ITSELF AFTER CONVERSION UNDER SECTION 22, THE DOT WOULD BE REMOVED UNDER 24 CFR PART 85, RATHER THAN UNDER SECTION 18
- TYPICALLY TRANSFERS UNDER PART 85 WOULD REQUIRE USE RESTRICTIONS FOR A BENEFIT TO LOW-INCOME PERSONS, LIKE AFFORDABLE HOUSING
- A SEPARATE PRESENTATION ABOUT USE RESTRICTIONS FOLLOWS THIS ONE



# **USE RESTRICTIONS AND USE OF PROCEEDS**

# USE RESTRICTIONS WHAT, WHEN, AND WHY

- WHAT: NON-PUBLIC HOUSING USE RESTRICTIONS RECORDED AGAINST LAND AS CONDITION TO DISPOSITION APPROVAL
- WHEN: BELOW FMV DISPO (INCLUDING PHA- FINANCING)
- WHY: TO ASSURE THE APPROVED “COMMENSURATE PUBLIC BENEFIT” IS ACHIEVED AND CONTINUES
  
- NOT REQUIRED FOR DEMO ONLY (ACC AND DOT REMAIN)

# FORM OF USE RESTRICTION

- NO STANDARD “HUD FORM” OF USE RESTRICTION. DEPENDS ON THE “COMMENSURATE PUBLIC BENEFIT” USE APPROVED BY HUD:
  - FORM GENERALLY DISCRETION OF LOCAL HUD OFFICE OF PH (SAC AND OGC ARE WORKING ON MODEL DOCUMENTS)
  - MF ACC AND DORC IF LAND WILL BE DEVELOPED AS PH UNDER MF
  - HUD CAPITAL ADVANCE USE AGREEMENT IF SECTION 202
- MAY BE SEPARATE USE AGREEMENT, PART OF ANOTHER AGREEMENT (LIHTC), OR REVERSION/TERMINATION CLAUSE IN DEED OR GROUND LEASE
- PHAS MAY REQUEST SPECIFIC USE RESTRICTION LANGUAGE AS PART OF DISPO APPLICATION, INCLUDING COMPATIBILITY WITH LIHTC TRANSACTION

# PARTIES TO USE RESTRICTION AGREEMENT

## PHA AND (HUD-APPROVED) ACQUIRING ENTITY

West Side Apartments (AL00200024050)			
Buildings: 0 Acres: 8.4			
Total Units to be Redeveloped __100__	Rental Units Less than 80% of Area Median Income		Market Rate
	ACC	Non-ACC	
Rental		100	
Acquiring Entity (Rental units)	ABC Housing Preservation, LP		
Method of Disposition	Negotiated Sale at less than FMV.		
Sale Price	\$10		
Purpose	New Construction of 25 buildings that will be operated as 100 dwelling units in accordance with the LIHTC program		

# USE RESTRICTION MUST “RUN WITH THE LAND”

- USE RESTRICTION MUST BE RECORDED AGAINST PROPERTY
- MUST BE IN A FIRST PRIORITY POSITION (SURVIVE FORECLOSURE OF ANY MORTGAGES OR OTHER LIENS ON THE PROPERTY)
- GENERALLY SAME OWNERSHIP MUST BE MAINTAINED THROUGHOUT 30-YEAR USE RESTRICTION PERIOD NOTWITHSTANDING THAT THE USE RESTRICTIONS WOULD APPLY TO A SUBSEQUENT TRANSFEREE

## USE RESTRICTION PERIOD

- GENERALLY AT LEAST 30 YEARS
- FOR MF PUBLIC HOUSING DEVELOPMENT,  
TYPICALLY 40-YEARS (NEW ACC UNITS)

# CHANGES IN USE RESTRICTION

- ANY CHANGES TO THE USE RESTRICTION REQUIRE HUD APPROVAL (AMENDMENT TO DISPOSITION APPROVAL)

# DISPOSITION PROCEEDS - WHEN REALIZED

- PHAS MAY REALIZE PROCEEDS FROM VARIOUS “METHODS OF DISPOSITIONS” INCLUDING
  - SALES AND GROUND LEASE
  - FMV AND BELOW FMV
  - CASH SALES AND SELLER (PHA) FINANCING

# HUD APPROVAL--DISPOSITION PROCEEDS

- PHAS MUST PROPOSE SPECIFIC USE (OF GROSS AND NET) IN DISPOSITION APPLICATION
- SAC REVIEWS AND APPROVES ON A CASE-BY-CASE BASIS
- PHAS MAY NOT USE PROCEEDS WITHOUT WRITTEN HUD (SAC) APPROVAL
- IF PROPOSED USE UNKNOWN, ESCROW, AND AMEND APPROVAL WHEN KNOWN

# GROSS PROCEEDS

- PHAS MAY DEDUCT THE COSTS OF RELOCATION AND REASONABLE COSTS OF DISPOSITION FROM GROSS PROCEEDS
- HUD APPROVAL REQUIRED

# NET PROCEEDS

- FIRST, DEBT RETIREMENT (UNLESS WAIVED)
- SECOND, CFFP AND OTHER MODERNIZATION DEBT (IF DUE)
- THIRD, ANY OF THE FOLLOWING (\*PHA CHOICE\*) :
  - THE PROVISION OF LOW-INCOME HOUSING (DECENT, SAFE, & SANITARY DWELLINGS ASSISTED UNDER THE ACT)
  - BENEFIT THE RESIDENTS OF THE PHA
  - LEVERAGING FOR ON-SITE COMMERCIAL DEVELOPMENT TO SERVE RESIDENTS

## **EXAMPLES OF ACCEPTABLE USES OF DISPO PROCEEDS**

- PH MODERNIZATION (BACK-LOG OF CAPITAL NEEDS);
- DEVELOPMENT OF ACC PUBLIC HOUSING UNITS PURSUANT TO 24 CFR PART 941 (INCLUDING MIXED-FINANCE; LEVERAGING);
- DEVELOPMENT OF UNITS THAT WILL BE EXCLUSIVELY USED AS UNITS ASSISTED BY FUNDS UNDER SECTION 8 OF THE ACT (E.G. PBV SECTION 8 OR RAD);
- HOMEOWNERSHIP UNDER SECTION 9, 24, AND 32;
- BENEFITS TO RESIDENTS; AND
- SECTION 8 HCV PURPOSES (E.G. HAP SHORTFALLS)

## USE OF PROCEEDS –OTHER INFO

- IF OK USE OF PH OPERATING OR CAP FUNDS, GENERALLY OK USE OF PROCEEDS PROVIDED NO DOUBLE DIPPING (E.G. CANNOT USE PROCEEDS TO MAKE A 20% ADMIN FEE FOR ADMINISTRATION CAPITAL FUNDS IF HUD OTHERWISE ALLOWS ONLY A 10% ADMIN FEE, BUT CAN TAKE 10% OFF OF PROCEEDS FOR ADMIN EXPENSES RELATED TO APPROVED PH MODERNIZATION USES)
- OMB COST GUIDELINES (2 CFR PART 225) APPLY
- LEVERAGING OK IF PRO RATA
- HUD MAY APPROVE PHA TO “GRANT” PROCEEDS TO AN AGENT TO USE (E.G. LIHTC OWNER ENTITY IF PROCEEDS WILL BE USED IN RAD PROJECT OR FOR MF PH)
- FEDERAL FUNDS

# TREATMENT OF PROCEEDS

- SEPARATE FROM OTHER FUNDS
- ALL INTEREST - ADDITIONAL PROCEEDS
- ESCROW AGREEMENT OR HUD DEPOSITORY AGREEMENT (HUD-51999) MAY BE REQUIRED

## **TIME-FRAMES FOR USING PROCEEDS**

- **NONE REQUIRED BY LAW, BUT MAY BE INCLUDED IN SAC DISPOSITION APPROVAL;**
- **PHA FIDUCIARY RESPONSIBILITY TO USE PROCEEDS IN A TIMELY, ECONOMICAL AND EFFICIENT MANNER**
- **KEEP LOCAL HUD OFFICE OF PH IN THE LOOP**

# **PHA REPORTING REQUIREMENTS AND HUD MONITORING**

- REPORT ACTUAL USE (FDS) (24 CFR § 970.35)
- LOCAL HUD OFFICE OF PH MAY MONITOR—  
MAY REQUIRE ADDITIONAL REPORTING & DATA

# **WHEN SECTION 18 DOES NOT APPLY**

13 INSTANCES LISTED AT 24 CFR § 970.3 (B)—  
FOUR OF THESE “TRIP” PHAS UP THE MOST...

# TRIP #1: DISPOSITIONS FOR MF PUBLIC HOUSING DEVELOPMENT

- 24 CFR § 970.3 (B)(1 2)
- SECTION 18 APPLIES (BUT NOT 24 CFR PART 970);
- STREAMLINED APPLICATION SUBMISSION REQUIREMENTS (PHA CAN CERTIFY TO MORE);
- STREAMLINED SAC PROCESSING

## **TRIP #2: LEASES**

- 24 CFR § 970.3 (B)(4)
- “INCIDENT TO THE NORMAL OPERATION OF THE PROJECT FOR PH PURPOSES, AS PERMITTED BY THE ACC”
- ANY INCOME IS PROGRAM INCOME UNDER 9(K)

# **TRIP #3: EASEMENTS, RIGHTS-OF-WAY, TRANSFERS OF UTILITY SYSTEMS**

- 24 CFR § 970.3 (B)(7)
- “INCIDENT TO THE NORMAL OPERATION OF THE PROJECT FOR PH PURPOSES, AS PERMITTED BY THE ACC”

## **TRIP #4: LEASE OF ENTIRE PROJECT FOR NON-DWELLING PURPOSES FOR ONE YEAR OR LESS**

- 24 CFR § 970.3 (B)(10)
- INTENDED PRIMARILY FOR LEASING OF ENTIRE PROJECT (NOT INDIVIDUAL UNITS) FOR SITE CONTROL IN AN APPLICATION FOR FUNDING THE PROJECT'S REDEVELOPMENT (E.G. LIHTC)

# **FUTURE GUIDANCE IN THE WORKS**

- **PIH NOTICE ON LEASE/LICENSE;**
- **PIH NOTICE ON DISPOSITION PROCEEDS;**
- **24 CFR PART 970 REGULATION REVISION; AND**
- **MODEL USE AGREEMENTS**



# **FHEO Demolition/Disposition Application Reviews**

# FHEO Demolition/Disposition Review

- Improve fair housing choice for residents
- Minimize any discriminatory effects of the proposed demolition/disposition

# Statute

- Fair Housing Act
- 42 USC §3608(e)(5)
- The Secretary of Housing and Urban Development shall—“(5) administer the programs and activities relating to housing and urban development in a manner affirmatively to further the policies of” the Fair Housing Act.

# General FHEO Concerns

- Consideration of primary justification for proposed demolition/disposition project
- Occupancy data of proposed demolition/ disposition project
- Demographics of current tenant population
- Demographics of waiting lists – family & elderly
- Comparison with demographic characteristics with surrounding neighborhoods/communities
- Analysis of public housing inventory and demographics

# Proposed Demolition/Disposition

- PHA housing unit inventory
  - Percentage loss of units
  - Percentage loss of UFAS accessible units
  - Percentage loss of large bedroom-size units
- Occupancy/Vacancy data
- Civil rights characteristics of tenant population (race, color, national origin, sex, religion, disability, familial status)

# Civil Rights/Affirmatively Furthering Fair Housing (AFFH)

- PHA's existing lawsuits, VCAs, letters of findings, or pending investigations
- Current tenant civil rights/fair housing concerns
- Impact of proposed demolition/disposition to the PHA's obligation to AFFH (24 CFR 903.7(o))
- Conditions for minority de-concentration among the PHA's existing tenant population
- Relocation opportunities outside minority-concentrated areas

# Civil Rights/Affirmatively Furthering Fair Housing (AFFH)

- Identification of potential discriminatory effects on the supply, location, availability, or affordability of housing for protected class members (24 CFR 1.4)
- Objections raised by third party advocacy groups or other interested parties (e.g. legal aid organizations, local community groups, etc.)

# Relocation Assistance

- Tenants have the opportunity to move to higher opportunity areas, or improved housing choices and opportunities
- Proposed relocation housing opportunities
  - Proposed replacement housing project located in a housing market area that is less minority concentrated?
  - New replacement housing units meet accessibility requirements of Section 504 of the Rehabilitation Act of 1973?

# Relocation Assistance

- Relocation services offered by the PHA
- Relocation through HCV assistance or other HUD assistance programs
- Assistance for individuals with disabilities in finding accessible housing
- Availability of housing at HCV FMR, including –
  - Accessible housing
  - Large bedroom-size units
- Record of voucher-holder success finding housing

# Disparate Impact

- Examples of FHEO disapproval recommendations based on evidence of disparate impact
  - Race/national origin: minorities
  - Familial status

# Disparate Impact: Minorities

- HA: 630 family units & 630 elderly/disabled
- Family units 35% minority (30% Hispanic)
- Elderly/disabled units 8% minority
- Family waiting list 64% minority (51% Hispanic)
- 51 family units previously approved for disposition
- New proposal: demolish 148 family units in development occupied: 69% minority (63% Hispanic)
- FHEO recommended disapproval - need for low-income housing; family units marketable as they are (per SAC review); very substantial part of need is among minorities

# Disparate Impact: Familial Status

- HA: 6 family units & 246 elderly/disabled
- Family units: 3 two bedroom & 3 three bedroom:
  - Over 40% of HA's two bedroom units
  - 100% of HA's three bedroom units
- HA proposes disposition of all 6 family units
- HA's tenants : 97% white, 3% black
- 6 family units occupied: 67% white, 33% black
- Family units house 43% of HA's minority tenants
- FHEO recommended disapproval - adverse impact on families with children & minorities

# Disparate Impact Rule

<http://portal.hud.gov/hudportal/documents/huddoc?id=discriminatoryeffectrule.pdf>

**HOUSING INVENTORY THROUGH  
IMS/PIC SYSTEM  
AND  
SPECIAL APPLICATIONS CENTER  
(SAC)**

# WHAT IS THE COMPLETE LIFE CYCLE OF AN ANNUAL CONTRIBUTIONS CONTRACT (ACC) BUILDING/UNIT?

- PHA PLANS FOR NEW PUBLIC HOUSING BUILDING/UNIT
- HUD FIELD OFFICE APPROVES
- UPLOAD OF THE UNIT INTO IMS/PIC SYSTEM
- LEASE TO TENANT OR SALE TO HOMEOWNER
- PHA COLLECTS RENT AND RECEIVES SUBSIDY
- BUILDING/UNIT BECOMES “OBSOLETE, OR SATISFIES ONE OF THE STATUTORY CRITERIA FOR DISPOSITION”

# WHAT IS THE COMPLETE LIFE CYCLE OF AN ANNUAL CONTRIBUTIONS CONTRACT (ACC) BUILDING/UNIT? (CONT.)

- SAC APPROVES OR DISAPPROVES THE REMOVAL REQUEST.
- PHA REMOVES THE PHYSICAL UNITS (E.G., DISPOSITION OR DEMOLITION) AFTER THE SAC APPROVAL`
- BUILDING/UNIT/LAND STATUS IS CHANGED TO "REMOVED FROM INVENTORY" (RMI) IN IMS/PIC
- PHA/FO REQUESTS SAC TO TERMINATE THE DEVELOPMENT IN IMS/PIC
- DEVELOPMENT PUT IN "TERMINATED" STATUS IN IMS/PIC ONLY BY SAC

## **WHAT ACCESS ROLE DO I NEED TO SUBMIT AN APPLICATION?**

- PHA SECURITY COORDINATOR TO ASSIGN RIGHTS IN PIC
- NEED ACTIVE IMS/PIC ID WITH THE “SUBMIT” ROLE/ACTION ASSIGNED
- PIC IDS ASSIGNED ONLY “EDIT” RIGHTS CAN HELP TO PREPARE THE APPLICATION BUT CANNOT SUBMIT IT.

**WHERE CAN I FIND THE HOUSING AUTHORITY'S PIC  
USER MANUAL?**

[HTTP://PORTAL.HUD.GOV/HUDPORTAL/DOCUMENTS/  
HUDDOC?ID=DOC\\_11663.PDF](http://portal.hud.gov/HUDPORTAL/DOCUMENTS/HUDDOC?ID=DOC_11663.PDF)

**CAN I SUBMIT A PAPER FORM 52860 INSTEAD?**

**NO. SAC WILL NOT REVIEW WITHOUT A PIC APPLICATION.**

## WHAT DO I DO WITH ATTACHMENTS TO THE APPLICATION?

- EVERY SECTION CAN ACCEPT ELECTRONIC ATTACHMENTS IN FORMS OF WORD, EXCEL, ETC; (WITH DOC, DOCX, XLS, XLSX, PDF, GIF, JPG, BMP, PNG, MPP, RTF, PPT, PPTX, TXT, OR ZIP FILE EXTENSIONS).
- ATTACHMENTS TO PIC APPLICATIONS CAN ALSO BE MADE DIRECTLY ON THE SUPPORTING DOCUMENTS PAGE.
- IF TECHNICAL PROBLEMS ENCOUNTERED, E-MAIL AND REQUEST SAC MANAGMENT TO MAKE AN EXCEPTION

**WHERE CAN I FIND THE LIST OF DOCUMENTS AND INFORMATION REQUIRED FOR EACH APPLICATION TYPE?**

- **THE DETAIL MATRIX IS LOCATED ON PAGE 9 OF HUD FORM-52860 (8/2008)**

# CAN I ASK FOR TECHNICAL ASSISTANCE FROM SAC MANAGEMENT PRIOR TO SUBMITTING AN APPLICATION?

- YES, SAC MANAGEMENT IS AVAILABLE TO PROVIDE ASSISTANCE. CALL OR E-MAIL.
- SAC MANAGEMENT MAY ASSIGN IT TO A REVIEWER OR WILL ANSWER DIRECTLY
- SAC WILL NOT REVIEW IN ADVANCE A WHOLE DRAFT APPLICATION
- TECHNICAL ASSISTANCE (TA) CAN ONLY BE PROVIDED WHILE THE APPLICATION IS NOT YET SUBMITTED IN PIC

# HOW TO CREATE A PIC APPLICATION?

- LOG ON TO PIC SYSTEM. BRING YOUR HUB AND PHA NAME AND CONFIRM BY ACCEPTING SELECT. SOME USERS WILL SEE ONLY ONE HUB AND PHA.
- CLICK THE **CREATE APPLICATION** LINK.
- SELECT THE NAMES OF THE EXECUTIVE DIRECTOR AND PRIMARY CONTACT.
- THE SUBMISSION DATE WILL BE SYSTEM GENERATED WHEN SUBMITTED
- SELECT THE APPROPRIATE APPLICATION TYPE
- HIT CREATE AND NEW PIC APPLICATION WITH DDA000XXXX  
CREATED

# APPLICATION TYPES IN IMS-PIC

- CHOICE NEIGHBORHOOD DEMO
- CHOICE NEIGHBORHOOD DISPOSITION
- DEMOLITION
- DISPOSITION
- DEMOLITION/DISPOSITION
- DISPO SUBPART F
- DE MINIMIS
- EMINENT DOMAIN

## APPLICATION TYPES IN IMS-PIC (CONT.)

- HOPE VI/5(H) OR HOPE III/5(H) OR HOPE VI/NEHEMIAH
- HOPE I
- MANDATORY CONVERSION
- REQUIRED CONVERSION
- VOLUNTARY CONVERSION
- RAD CONVERSION PBV
- RAD CONVERSION PBRA
- SECTION 32
- SECTION 5(H) OR SECTION 24 OR SECTION 9 OR TURNKEY III



**THE HOUSING INVENTORY MODULE INCLUDES  
THE FOLLOWING SUB-MODULES:**

- HOUSING AGENCY
- DEVELOPMENT
- INVENTORY REMOVALS

# FORM HUD-52860 (APPLICATION INDEX) SUB TAB PAGE

- THE HA WILL BE ABLE TO SEE **ONLY** FIRST THREE HIGHLIGHTED SECTIONS (1 TO 3).
- CLICK THE “ADD/REMOVE DEVELOPMENT” AND ADD APPROPRIATE THE DEVELOPMENT NUMBERS THAT INCLUDE THE BUILDINGS, UNITS AND/OR LAND PROPOSED FOR REMOVAL. SECTION 4 AND 5 WILL BE ACTIVATED AND HIGHLIGHTED BY THE SYSTEM AUTOMATICALLY.
- THE LINKS FOR SECTIONS 6 TO 9 WILL SHOW UP IF THE PHA HITS THE MODIFY AND SAVE BUTTONS IN SECTION 5, EVEN IF THE DATA IS NOT ENTERED INTO SECTIONS 4 AND 5.

# APPLICATIONS ARE ORGANIZED INTO 9 SECTIONS

- **THE SECTION 1: GENERAL INFORMATION**
- **SELECT OR PROVIDE PRIMARY CONTACT AND EXECUTIVE DIRECTOR'S NAME**

## **THE SECTION 2: LONG TERM POSSIBLE IMPACT OF PROPOSED ACTION**

- **ENTER THE TOTAL NUMBER OF UNITS PROPOSED FOR REMOVAL IN THE BOX.**
- **ENTER THE PER UNIT OPERATING AND CAPITAL SUBSIDY IN PERFORMANCE FUNDING SUBSIDY (PFS) AND CAPITAL FUND PROGRAM (CFP) BOXES, WITH FISCAL YEAR OF FUNDING**
- **IMS/PIC WILL CALCULATE ESTIMATED DECREASES IN PFS \$ & CFP \$ VALUES** 89

# APPLICATION SECTIONS

- **THE SECTION 3 BOARD RESOLUTION, ENVIRONMENTAL REVIEW, AND LOCAL GOVERNMENT CONSULTATION**
- BOARD RESOLUTION, ENVIRONMENTAL REVIEW, LIST JURISDICTIONS COVERED BY THE HA, AND A LETTER OF SUPPORT FROM THE LOCAL GOVERNMENT OFFICIAL
- ATTACH THE REQUIRED SUPPORTING DOCUMENTS BEFORE SUBMITTING AN APPLICATION.
  
- **THE SECTION 4 DESCRIPTION OF PROPERTY**
- PROVIDE INFORMATION ABOUT **SINGLE FAMILY HOUSES** DISTRIBUTION OPTION (LINE 8), AND THE **TOTAL ACRES OF THE DEVELOPMENT OPTION** (LINE 10).

## Section 5: Description of Proposed Removal Action

[Modify Section 5 After HQ Approval](#)

### 1. Proposed Action By Building Type

Calendar Year:

**Available Buildings :**

(Building Number\Building Number  
Entrance\Address Line1 Text)

**Proposed Buildings :**

(Building Number\Building Number  
Entrance\Address Line1 Text)

0546 \1 \4101 HAZELWOOD AVE / 2007	▲
0546 \10 \4119 HAZELWOOD AVE / 2007	▬
0546 \11 \4121 HAZELWOOD AVE / 2007	▬
0546 \12 \4123 HAZELWOOD AVE / 2007	▼

# indicates Non Dwelling Building Structures

### 2. Proposed Action By Unit Designation

Select the building number(s):

\* - indicates the building has units that are assigned in this application.

@ - indicates the building is proposed in this application.

#### **No Units Information Found**

**Available Units :**

(Unit Number\Unit Designation\Bedroom  
Count)

**Proposed Units :**

(Unit Number\Unit Designation\Bedroom  
Count)

# APPLICATION SECTIONS

- **THE SECTION 5 DESCRIPTION OF PROPOSED REMOVAL ACTION**

## LINE ITEM 1, **PROPOSED ACTION BY BUILDING TYPE**

- IF SELECT THE BUILDING(S) OR BUILDING ENTRANCES FOR PROPOSED ACTION THEN ALL OF THE UNITS IN THE BUILDING(S)/ENTRANCES WILL BE SELECTED AS WELL.

## LINE ITEM 2, **PROPOSED ACTION BY UNIT DESIGNATION**

- IF ONLY A PORTION OF THE UNITS UNDER A BUILDING ENTRANCE/BUILDING NUMBER ARE BEING PROPOSED IN THE APPLICATION, THE UNITS SHOULD BE SELECTED INSTEAD UNDER LINE ITEM 2, **PROPOSED ACTION BY UNIT DESIGNATION.**
- **WARNING: A UNIT CAN BE SELECTED BY MEANS OF ONE OR THE OTHER, BUT NOT BY BOTH LINE ITEMS BY BUILDING TYPE AND BY UNIT DESIGNATION.**

### 3. Proposed Action for Non Residential Inventory

#### A. Acres included in Proposed Disposition

Calendar Year : 2006

Number of Acres : 1.78

#### B. Buildings included in Proposed Disposition

Calendar Year :            Number of Non-Dwelling Buildings without PIC building numbers :

# APPLICATION SECTIONS

- **THE SECTION 5 DESCRIPTION OF PROPOSED REMOVAL ACTION (CONT.)**

LINE ITEM 3, **PROPOSED ACTION FOR NON RESIDENTIAL INVENTORY**

- ENTER ACRES OF LAND PROPOSED FOR SALE OR LEASE AND ANY NON-RESIDENTIAL BUILDINGS NOT IN PIC (I.E., WITHOUT A BUILDING NUMBER IN PIC).
- NON-DWELLING BUILDINGS IN PIC HAVE A # SIGN AFTER THE BUILDING NUMBER/ADDRESS
- BUILDINGS WITH NON-DWELLING UNITS IN PIC HAVE A DWELLING BUILDING TYPE
- **WARNING** PLEASE DO NOT DUPLICATE THE COUNT OF NON-DWELLING STRUCTURES BY COUNTING THEM BOTH IN LINE 1, WITH A BUILDING NUMBER, AND ALSO IN LINE 3 FOR THE COUNT OF NON-DWELLING BUILDINGS WITHOUT A PIC BUILDING NUMBER

# APPLICATION SECTIONS

- **THE SECTION 5 DESCRIPTION OF PROPOSED REMOVAL ACTION (CONT.)**

LINE ITEM 4 IS INTENTIONALLY DELETED TO CONFORM HUD-52860.

LINE ITEM 5,

- **ATTACH** SITE MAP AS AN ATTACHMENT FOR PARTIAL REMOVAL AND MARK CLEARLY THE UNITS AND BUILDINGS ON THE SITE MAP. **DO NOT WORRY ABOUT \$ SIGN.**

LINE ITEM 6

- **ATTACH** A DESCRIPTION OF THE PROPERTY AND A NARRATIVE EXPLAINING WHY THE PHA IS PROPOSING TO REMOVE THE PARTICULAR UNITS AND BUILDINGS, IN THE CASE OF PROPOSED PARTIAL REMOVAL.

7. Which of the following describe the proposed disposition? (Check that which applies)

- A. Disposition at Fair Market Value (FMV)
- B. Disposition at less than Fair Market Value (e.g. donation)
- C. Disposition which includes an exchange of property

*If B and/or C are checked, provide a justification and reference it as Section 5, line 7.*

---

8. What is the value of the property subject to disposition:

**\$ 9000.00**

*Attach evidence verifying the value (e.g. executive summary of the appraisal) and reference it as Section 5, line 8*

---

9. Was an appraiser used to determine the value of the property listed at Number 8?

**Yes**

If so, name of appraiser who conducted the appraisal:

**Foster Group  
Appraisers**

Date of appraisal:

**11/03/2010**

---

10. Calculation of Net Proceeds

Estimated Sales Price **\$9000.00** - Debt **\$** - Cost & Fees **\$1550.00** = Estimated Net Proceeds **\$7,450.00**

# APPLICATION SECTIONS

- **THE SECTION 5 DESCRIPTION OF PROPOSED REMOVAL ACTION (CONT.)**

LINE ITEM 7

- SELECT THE METHOD OF DISPOSITION; A) DISPOSITION AT FAIR MARKET VALUE, B) DISPOSITION AT LESS THAN FAIR MARKET VALUE AND/OR DISPOSITION WHICH INCLUDES AN EXCHANGE OF PROPERTY.

LINE ITEMS 8 AND LINE 9

- PROVIDE THE APPRAISED VALUE OF THE PROPERTY AND APPRAISER.

LINE ITEMS 10

- PROVIDE **ESTIMATED SALES PRICE, DEBT, COST & FEES PAID FROM GROSS PROCEEDS, AND ESTIMATED NET PROCEEDS**

LINE ITEMS 11

- ATTACH A NARRATIVE EXPLAINING THE PROPOSED USE OF NET PROCEEDS

# APPLICATION SECTIONS

- **THE SECTION 5 DESCRIPTION OF PROPOSED REMOVAL ACTION (CONT.)**

LINE ITEM 12

- PROVIDE THE ESTIMATED COST OF DEMOLITION IN THE (A) \$ TEXT BOX AND (B) **INDICATE SOURCES OF FUNDS** TEXT BOXES AND THE FISCAL YEAR OF FUNDING.
- IN THE LINE ITEM 13
- PROVIDE A TIMETABLE BASED ON THE NUMBER OF **DAYS** AFTER APPROVAL OF THE APPLICATION THAT THE FOLLOWING MAJOR ACTIONS WILL OCCUR:
- BEGIN RELOCATION OF RESIDENTS: **NOT LESS THAN 90 DAYS UNLESS ALL UNITS VACANT**
- COMPLETE RELOCATION OF RESIDENTS AND ACTUAL REMOVAL ACTION: (E.G. DEMOLITION OR SALE CLOSING)

## TIMETABLE

13. General Timetable: The HA is to provide a brief timetable based on the number of days after approval of the application that the following major actions will occur:

- |                                                                                   |    |                                                            |     |
|-----------------------------------------------------------------------------------|----|------------------------------------------------------------|-----|
| A. Begin relocation of residents                                                  | 0  | B. Complete relocation of residents                        | 0   |
| C. Execution of contract for removal (e.g. sales contract or demolition contract) | 30 | D. Actual Removal Action (e.g. demolition or sale closing) | 180 |

# APPLICATION SECTIONS

## THE SECTION 6

- ENTER THE NUMBER OF INDIVIDUALS THAT WILL BE AFFECTED AND RELATED COSTS FOR MOVING AND COUNSELING.
- INDICATE THE SOURCES OF FUNDING AND ATTACH DOCUMENTS TO EXPLAIN THE RESOURCES TO BE RELIED UPON.

## THE SECTION 7 RESIDENT CONSULTATION

- RESIDENT COUNCIL AND NARRATIVE EXPLAINING CONSULTATION WITH RESIDENTS.
- PHA-WIDE RESIDENT ORGANIZATION(S) ALONG WITH A NARRATIVE ABOUT THE PHA'S CONSULTATION WITH THE RESIDENT ADVISORY BOARD (RAB)
- ATTACH COPIES OF ANY COMMENTS RECEIVED FROM RESIDENTS

# APPLICATION SECTIONS

## THE SECTION 8 OFFER OF SALE

- INDICATE WHETHER THE OFFER OF SALE WAS MADE BY PHA OR NOT.
- INDICATE WHETHER PHA IS EXERCISING ANY OF THE EXCEPTIONS TO THE OFFER OF SALE REQUIREMENTS PERMITTED BY 24 CFR 970.9(B) (3).

# APPLICATION SECTIONS

## THE SECTION 9 CERTIFICATIONS AND ADDENDUMS

- THE CERTIFICATIONS ARE AVAILABLE FOR DOWNLOADING AS WORD DOCUMENTS AT THE FOLLOWING LOCATION ON THE SPECIAL APPLICATIONS CENTER WEBSITE:

[HTTP://WWW.HUD.GOV/OFFICES/PIH/CENTERS/SAC/PHACRTCMP.CFM](http://www.hud.gov/offices/pih/centers/sac/phacrtcmp.cfm)

- ADDENDA TO HUD-52860 FORM CAN BE FOUND AT THE FOLLOWING ADDRESS:

[HTTP://WWW.HUD.GOV/OFFICES/PIH/CENTERS/SAC/EXP52860.CFM](http://www.hud.gov/offices/pih/centers/sac/exp52860.cfm)

- THE EXECUTIVE DIRECTOR, BOARD CHAIRPERSON, OR OTHER AUTHORIZED AGENT OF THE PHA, SHOULD SIGN AND DATE CERTIFICATIONS AND SUBMIT IT AS PART OF ITS ON-LINE APPLICATION. CERTIFICATIONS VARY BY APPLICATION TYPE.

**Application**

Application  
Review

Comments

Remove from  
Inventory

Reports

DD w/o HUD  
Approval

Non-PIC  
Homeownership

List

Form HUD-52860 Supporting Documents Quality Checklist

Submission

Development	0- Bdrm Units	1- Bdrm Units	2- Bdrm Units	3- Bdrm Units	4 & 4+ Units	Total Resid. Units	Total Non- Resid. Units	Resid. Bldgs.	Non- Resid. Bldgs.	Total Bldgs.	Acres Disposed
CT004000001 WESTVILLE MANOR	0	0	1	3	1	5	0	1	0	1	0
<b>Totals:</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>5</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>

Application Submission

Please submit the application by clicking on the Submit button below:

Submit

## **SUBMISSION SUB-TAB PAGE**

- CLICK THE **SUBMISSION** SUB TAB TO VIEW SUMMARY INFORMATION FOR THE PROPOSED BUILDINGS, UNITS AND LAND SAVED TO AN APPLICATION.
- **SUBMISSION** SUB TAB ENABLES THE AUTHORIZED USER TO SUBMIT AN APPLICATION TO THE SAC.
- HIT THE “**SUBMIT**” BUTTON TO SUBMIT AN APPLICATION TO SAC.
- **ONCE THE APPLICATION IS SUBMITTED, SYSTEM WILL NOT ALLOW ANY CHANGES BY THE PHA.**

Application

Application  
Review

Comments

Remove from  
Inventory

Reports

## Remove Bldg/Units

Development Number	Development Name	Total Approved Units	Total Removed Units	Total Remaining Units	Total Approved Non-Dwelling Structures	Total Removed Non-Dwelling Structures	Total Remaining Non-Dwelling Structures	Total Approved Acres	Total Removed Acres	Total Remaining Acres
<a href="#">RI001000002</a>	CODDING COURT	10	7	3	0	0	0	5.19	0.19	5.00
<a href="#">RI001000003</a>	HARTFORD PARK	32	32	0	0	0	0	0.00	0.00	0.00
<a href="#">RI001000006</a>	DOMINICA MANOR	0	0	0	0	0	0	0.20	0.00	0.20
<a href="#">RI001036</a>	PROVIDENCE HA	1	1	0	0	0	0	0.00	0.00	0.00
<a href="#">RI001039</a>	PROVIDENCE HA	2	2	0	0	0	0	0.00	0.00	0.00
<a href="#">RI001040</a>	PROVIDENCE HA	2	2	0	0	0	0	0.00	0.00	0.00

Application Number: DDA0003998 -

Action/Closing Date:   MM/DD/YYYY

**Remove Residential Inventory By Building**

**Complete Buildings Available :**  
(Building Number\Building Number  
Entrance\Address Line1 Text)

071225\1 \1225 S CALDWELL STREET ~



**Proposed Buildings :**  
(Building Number\Building Number  
Entrance\Address Line1 Text)

# indicates Non Dwelling Structures

~Indicates the Units within the Building are not vacant.

**Remove Residential Inventory By Unit**

Select the building number:  -

**Units Available :**  
(Unit Number\Unit Designation\Bedroom Count)



**Proposed Units :**  
(Unit Number\Unit Designation\Bedroom Count)

\*\*Indicates at least one of the units of the building has been proposed in this transaction.

**Remove Non Residential Inventory**

**A. Acres included in Proposed Disposition**

Number of Acres\* :

**B. Buildings included in Proposed Disposition**

Number of Non-Dwelling Buildings without PIC building numbers@ :

# REMOVED FROM INVENTORY TAB

- ***THE REMOVE BLDG/UNITS SUB TAB:***
- **THE DEVELOPMENT LIST SECTION CONTAINS THE DEVELOPMENT NUMBER, DEVELOPMENT NAME, TOTAL APPROVED UNITS, TOTAL REMOVED UNITS, TOTAL REMAINING UNITS, TOTAL APPROVED NON-DWELLING STRUCTURES, TOTAL REMOVED NON-DWELLING STRUCTURES, AND TOTAL REMAINING NON-DWELLING STRUCTURES AND ACRES OF LAND.**
- PHA STAFF SELECT DEVELOPMENT, THEN CLICK ADD TRANSACTION LINK, SELECT APPLICABLE APPLICATION NUMBER, ENTER THE ACTION DATES ON WHICH APPROVED UNITS, BUILDINGS AND/OR LAND WERE REMOVED FROM INVENTORY. ONLY VACANT UNITS CAN BE SELECTED FROM AVAILABLE APPROVED UNITS TO MOVE TO PROPOSED BOX FOR REMOVED UNITS. AFTER SAVING DATA THE STATUS OF THE TRANSACTION DISPLAYS AS “DRAFT.”

# FOUR STEPS TO MAKE UNITS REMOVED FROM INVENTORY

## SECOND STEP: SUBMISSION SUB-TAB PAGE

- HA SUPERVISORY STAFF SUBMIT TO THE HA EXECUTIVE DIRECTOR, OR THE DESIGNATED FINAL REVIEWER AT THE PHA. THE STATUS BECOMES “SUBMITTED FOR REVIEW”.

## THIRD STEP: REVIEW SUB-TAB PAGE

- HA EXECUTIVE DIRECTOR REVIEWS AND SUBMITS IT TO THE FIELD OFFICE FOR APPROVAL. IF THE ED REJECTS THE TRANSACTION, IT RECEIVES A “REJECTED” STATUS. IF ED APPROVES, THE TRANSACTION RECEIVES A “SUBMITTED FOR APPROVAL” STATUS.

## FOURTH STEP: APPROVAL SUB-TAB PAGE

- HUD FIELD OFFICE APPROVES OR REJECTS THE TRANSACTION. IF THE FIELD OFFICE APPROVES THE TRANSACTION, THE STATUS PERMANENTLY BECOMES “REMOVED FROM INVENTORY (RMI)”.

# **THE INVENTORY REMOVAL REPORTS TAB**

## **REPORT TYPES:**

- **NATIONAL REPORT**
- **ACTIVITY REPORT**
- **NON-PIC HOMEOWNERSHIP REPORT**

# HOW TO REQUEST AND WHO HAS RIGHT TO TERMINATE THE DEVELOPMENT?

[PIH NOTICE 2011-61](#) INDEFINITELY EXTENDED [PIH NOTICE 2009-28](#)

- ALL OF THE BUILDINGS AND UNITS MUST BE REMOVED FROM INVENTORY IN IMS/PIC;
- ALL OF THE LAND UNDER THE ACC MUST BE ACCOUNTED FOR;
- FIELD OFFICE SHOULD REQUEST TO TERMINATE A DEVELOPMENT NUMBER IN IMS/PIC BY SUBMITTING THIS [FIELD OFFICE CERTIFICATION FOR DEVELOPMENT TERMINATION](#) TO THE SAC.
- SAC WEB SITE:  
[HTTP://PORTAL.HUD.GOV/HUDPORTAL/HUD?SRC=/PROGRAM OFFICES/PUBLIC INDIAN HOUSING/CENTERS/SAC/TERMINATION](http://portal.hud.gov/hudportal/hud?src=/program_offices/public_indian_housing/centers/sac/termination)

# SAC APPLICATION PROCESSING

## SAC APPLICATION PROCESSING

SAC WILL NOT PROCESS APPLICATIONS THAT ARE SUBSTANTIALLY INCOMPLETE AT SUBMISSION WITH RESPECT TO ONE OR MORE MATERIAL COMPONENTS SUCH AS THOSE IN 24 CFR 970 (PARTS 970.7 (A)(1)- (17) FOR EXAMPLE:

- LACK OF JUSTIFICATION UNDER THE APPLICABLE CRITERIA;
- INADEQUATE DOCUMENTATION OF CONSULTATIONS WITH THE RESIDENTS OF THE AFFECTED DEVELOPMENT, AND ANY RESIDENT ORGANIZATION IN THE DEVELOPMENT AND THE PHA-WIDE RAB;
- SUBMISSION OF THE APPLICATION BEFORE THE ENVIRONMENTAL REVIEW HAS BEEN DONE UNDER 24 CFR 50 OR 24 CFR 58;

## GROUNDS FOR NOT PROCESSING

- WHERE OBSOLESCENCE IS CLAIMED, OMISSION OF THE TOTAL DEVELOPMENT COST ADDENDUM (52860-B) SHOWING ESTIMATED REHABILITATION COSTS AS A PERCENTAGE OF TDC;
- FAILURE TO IDENTIFY THE METHOD OF DISPOSITION (LEASE OR SALE, FAIR MARKET VALUE (FMV), OR BELOW FMV);
- FAILURE TO IDENTIFY A COMMENSURATE PUBLIC BENEFIT FOR BELOW FMV DISPOSITIONS;

## GROUND FOR NOT PROCESSING (CONT.)

- LACK OF AN APPRAISAL OR OTHER VALUATION OF THE PROPERTY, DEPENDING ON WHETHER PROPOSED ACTION IS AT OR BELOW FMV
- FAILURE TO INCLUDE THE REQUIRED PHA CERTIFICATIONS;
- FAILURE TO OBTAIN LETTER OF SUPPORT FROM THE APPROPRIATE LOCAL GOVERNMENT OFFICIAL

# GROUNDNS FOR NOT PROCESSING

- LACK OF SUFFICIENT DETAILS AS TO THE PROPOSED USES OF GROSS AND NET PROCEEDS;
- ABSENCE OF INFORMATION REQUESTED ON THE FORM HUD-52860 REGARDING THE RELOCATION FOR RESIDENTS;
- LACK OF CERTIFICATION OF COMPLIANCE WITH RELOCATION REQUIREMENTS;
- FAILURE TO INCLUDE THE PROPOSED DEMOLITION OR DISPOSITION IN THE PHA AGENCY PLAN, OR SIGNIFICANT AMENDMENT TO IT, FOR THOSE PHAS REQUIRED TO DO ANNUAL PLANS;

# TREATMENT OF INCOMPLETE APPLICATIONS

- APPLICATIONS THAT ARE REJECTED BECAUSE THEY ARE INCOMPLETE IN MATERIAL RESPECTS WILL BE PUT INTO “INACTIVE” STATUS IN PIC.
- A NEW APPLICATION NUMBER IN PIC MUST BE USED IF PHA RE-SUBMITS APPLICATION
- CONSULTATION WITH RESIDENTS AND RESIDENT ORGANIZATIONS MUST BE PERFORMED AGAIN WITH RESPECT TO THE NEW APPLICATION, AND ANOTHER BOARD RESOLUTION MUST BE APPROVED AFTER THE NEW CONSULTATIONS ARE CARRIED OUT.
- DEFICIENCIES OR OMISSIONS FROM THE EARLIER APPLICATION MUST BE ADDRESSED.

# PROCESSING OF COMPLETE APPLICATIONS

- IF NOT SUBSTANTIALLY INCOMPLETE, BUT PHA TEMPORARILY WITHDRAWS APPLICATION, APPLICATION IS PUT IN “DRAFT” STATUS SO PHA CAN CHANGE AND RE-SUBMIT THE SAME APPLICATION LATER.
- NO REUSE OF “INACTIVE APPLICATION”, BUT DRAFT APPLICATIONS CAN BE REUSED.
- IF PROCESSED, BUT PHA FAILS TO PROVIDE MORE INFORMATION REQUESTED WITHIN 60 DAYS, THEN REJECTION LETTER SENT AND APPLICATION IS MADE PERMANENTLY “INACTIVE” IN PIC.

## FHEO INPUT TO DEMOLITION AND DISPOSITION

A PROTOCOL EXISTS MAKING THE OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY (FHEO) AN INTEGRAL PART OF THE REVIEW OF APPLICATIONS TO REMOVE UNITS UNDER SECTION 18

THE PROTOCOL WAS SIGNED APRIL 4, 2011.

IT DOES NOT COVER OTHER TYPES OF INVENTORY REMOVAL APPLICATIONS BESIDES SECTION 18.

# FHEO CIVIL RIGHTS REVIEW OF APPLICATIONS

- SAC REVIEWERS TASKED WITH *NOTIFYING* FHEO AFTER THEY DETERMINE THE APPLICATION IS NOT SUBSTANTIALLY INCOMPLETE, AND WILL BE PROCESSED.
- SOME FHEO ISSUES THAT COME TO LIGHT WHICH ARE NOT RELATED TO SECTION 18 ARE DEALT WITH BY FHEO AND PIH FIELD OFFICES AFTER APPLICATION APPROVALS TAKE PLACE.
- IN SOME CASES, SAC WILL ADD CONDITIONS TO THE APPROVAL LETTER THAT ADDRESS CIVIL RIGHTS CONCERNS.

FHEO CIVIL RIGHTS REVIEW OF APPLICATIONS  
THE SECTION 18 PHA CERTIFICATION INCLUDES THE  
FOLLOWING:

- THE PHA CERTIFIES THAT IT WILL CARRY OUT THE PROPOSED REMOVAL ACTION IN CONFORMITY WITH TITLE VI OF THE CIVIL RIGHTS ACT OF 1964, THE FAIR HOUSING ACT OF 1990 AND WILL AFFIRMATIVELY FURTHER FAIR HOUSING IN CARRYING OUT THE PROPOSED REMOVAL ACTIONS.

# PROCESSING OF SUBSTANTIALLY COMPLETE APPLICATIONS

- APPLICATIONS THAT ARE NOT FOUND TO BE SUBSTANTIALLY INCOMPLETE WILL BE REVIEWED BY SAC STAFF WITH RESPECT TO THE JUSTIFICATIONS FOR DEMOLITION AND DISPOSITION IN 24 CFR PARTS 970.15 AND 970.17.
- DURING THE REVIEW PROCESS, THE REVIEWER WILL CHECK EACH SECTION OF THE HUD-52860 FORM ALONG WITH THE ATTACHMENTS TO DETERMINE IF THE PHA HAS ADDRESSED EACH SECTION ADEQUATELY.

## ITEMS EXAMINED DURING REVIEW

- PRESENCE OF APPROPRIATE PHA CERTIFICATION
- DESCRIPTION WITH SUPPORTING EVIDENCE OF THE PHA'S CONSULTATION WITH RESIDENTS, ANY RESIDENT ORGANIZATIONS, AND THE RESIDENT ADVISORY BOARD
- ESTIMATED COSTS OF ANY REQUIRED RELOCATION HOUSING, MOVING COSTS, AND COUNSELING
- LETTER OF SUPPORT FROM THE MAYOR OR APPROPRIATE ELECTED GOVERNMENT OFFICIAL

## ITEMS EXAMINED DURING REVIEW

- THE RESOLUTION OF THE PHA'S BOARD OF COMMISSIONERS APPROVING THE SPECIFIC DEMOLITION OR DISPOSITION PROPOSED, SIGNED AND DATED AFTER RESIDENT CONSULTATION AND LOCAL GOVT. CONSULTATION HAVE BEEN COMPLETED
- ADDITIONAL INFO THAT MAY BE NECESSARY TO SUPPORT AN APPLICATION AND ASSIST HUD IN MAKING DETERMINATIONS

## ITEMS EXAMINED DURING REVIEW

- “EXHIBIT A” ON WHICH THE PHA INDICATES THE STATUTORY REASON USED TO JUSTIFY DISPOSITION OF THE PROPOSED UNITS AND/OR LAND
- WHETHER THE SPECIFIC CIRCUMSTANCES OF THE BUILDINGS AND UNITS PROPOSED FOR REMOVAL QUALIFY UNDER THE JUSTIFICATION MADE BY THE PHA
- WHETHER AVAILABLE INFORMATION CONFLICTS WITH THAT CERTIFIED TO BY THE PHA IN THE APPLICATION

## MISSING INFORMATION THAT MAY BE REQUESTED

THE SAC WILL CONTINUE TO PROCESS AN APPLICATION (AND ALLOW THE PHA TO SUBMIT CLARIFYING OR FURTHER INFORMATION) WHEN IT DEEMS THE MISSING INFORMATION TO BE MINOR .

- INFORMATION THAT MAY BE REQUESTED DURING PROCESSING INCLUDES THE FOLLOWING:
  - OMITTED ACREAGE OR OTHER IMPROVEMENTS (E.G. NON-DWELLING BUILDINGS) PROPOSED FOR DEMOLITION OR DISPOSITION.
  - NAME OF ACQUIRING ENTITY
  - EXACT COMPENSATION AMOUNT
  - EXACT AMOUNT OF PROCEEDS, IF ANY, THAT WILL BE REALIZED

## MISSING INFORMATION THAT MAY BE REQUESTED

APPLICATION DOES NOT INCLUDE A GENERAL TIMETABLE FOR THE PROPOSED ACTION(S):

- THE DATE THE PHA EXPECTS TO BEGIN RELOCATION
- THE INITIAL CONTRACT FOR DEMOLITION
- THE ACTUAL DEMOLITION, AND/OR THE CLOSING OF SALE.

## MISSING INFORMATION THAT MAY BE REQUESTED

- APPLICATION DOES NOT INCLUDE SUFFICIENT DETAILS ABOUT THE PHA'S ITEMIZED REHAB COSTS SUPPORTING CLAIM OF OBSOLESCENCE, AND HUD NEEDS TO REQUEST ADDITIONAL INFORMATION ABOUT THEM.
- FURTHER ELABORATION IS NEEDED AS TO WHY PROPOSED BUILDINGS ARE OBSOLETE

# MISSING INFORMATION THAT MAY BE REQUESTED

- SIGN-IN SHEETS FROM RESIDENT MEETINGS OMITTED
- UPDATED BOARD RESOLUTION WHERE ORIGINAL APPROVED PRIOR TO LAST RESIDENT CONSULTATION
- DESCRIPTION OMITTED OF THE PROCESS OF CONSULTATION WITH LOCAL GOVERNMENT OFFICIALS, WHICH SUMMARIZES DATES, MEETINGS, AND ISSUES RAISED BY THE LOCAL GOVERNMENT OFFICIALS AND THE PHA'S RESPONSES
- EVIDENCE OF ENVIRONMENTAL REVIEW, IF IT WAS COMPLETED AND IN THE HANDS OF THE HUD FIELD OFFICE PRIOR TO APPLICATION SUBMISSION DATE

## SAC APPLICATION PROCESSING

- AFTER RECEIPT OF CERTIFICATIONS FROM HUD FIELD OFFICE AND COMPLETION OF THEIR REVIEW, SAC STAFF MAY RECOMMEND APPLICATIONS FOR APPROVAL BY SAC MANAGEMENT
- SAC NOTIFIES THE ASSISTANT SECRETARY OF PUBLIC AND INDIAN HOUSING BEFORE SENDING APPROVAL DOCUMENTS TO PHAs FOR APPLICATIONS INVOLVING UNITS



# **AMENDMENT AND RESCISSION OF INVENTORY REMOVAL APPROVALS**

# AMENDMENTS TO DEMOLITION/DISPOSITION

PHAs MUST REQUEST AMENDMENTS FOR ANY CHANGE AFTER THE SAC APPROVAL SUCH AS:

- APPROVED FOR DEMOLITION BUT THE PHA WANTS TO DISPOSE OF “AS-IS”
- APPROVED FOR DISPOSITION “AS-IS”, BUT PROPOSAL TO DEMOLISH PRIOR TO DISPOSITION
- CHANGES OF THE ACQUIRING ENTITY OR ITS NAME
- CHANGES TO METHOD OF SALE
  - FROM PUBLIC BID TO NEGOTIATED SALE
  - FROM AT FAIR MARKET VALUE TO LESS THAN FMV
- CHANGES TO THE FAIR MARKET VALUE

## AMENDMENTS TO DEMOLITION/DISPOSITION(CONT.)

- CHANGES TO THE NUMBER OR TYPE OF UNITS TO BE REDEVELOPED
- CHANGES TO THE USES OF NET PROCEEDS
- IF THE AMENDMENT RESULTS IN NEW NET PROCEEDS, AND THEIR USE WAS NOT APPROVED PREVIOUSLY
- IF THE ORIGINAL DEMOLITION/DISPOSITION WAS FOR MULTIPLE PHASES BUT APPROVAL WAS FOR ONLY PARTIAL, COVERING SOME OF THEM (I.E., TO ADD ADDITIONAL PHASE(S))
- CHANGES TO ANY OTHER CONDITION INCLUDED IN THE APPROVAL DOCUMENTS

# RESCISSIONS OF APPROVALS FOR DEMOLITION OR DISPOSITION

PHAs MUST REQUEST THAT PREVIOUS APPROVALS BE RESCINDED IN CASES SUCH AS:

- DEMOLITION OR DISPOSITION WAS APPROVED, BUT THE PHA INTENDS TO REHABILITATE
- DISPOSITION WAS APPROVED, BUT THE PHA NOW WANTS TO KEEP THE PROPERTY, SUCH AS WHEN A FINANCING DEAL FOR REDEVELOPMENT FAILED
- PROPOSED RESCISSIONS MUST JUSTIFY WHY THE ORIGINAL CIRCUMSTANCES HAD CHANGED (FOR EXAMPLE, WHY THE BUILDINGS WILL NO LONGER BE OBSOLETE)

# **RENTAL ASSISTANT DEMONSTRATION (RAD) RELATED RESCISSION**

**GOING TO RAD IS REASON ENOUGH TO RESCIND PREVIOUS  
INVENTORY REMOVAL APPROVALS**

**NOTE:**

- **UNITS CAN ONLY BE SAVED TO ONLY ONE APPLICATION AT A TIME IN PIC**
- **UNITS CAN NOT BE ADDED TO A RAD APPLICATION IN PIC, IF THY ARE STILL SAVED TO A SECTION 18 APPLICATION**

# **RAD RELATED RESCISSIONS (CONT.)**

## **FOR APPROVED APPLICATIONS:**

- IF UNITS HAVE ALREADY RECEIVED SECTION 18 APPROVAL, BUT HAVE NOT YET BEEN ACTUALLY DEMOLISHED OR DISPOSED OF, UPON HUD APPROVAL OF THE FINANCING PLAN (AS PART OF ITS RAD APPLICATION), THE PHA MAY APPLY FOR CONVERSION OF THE UNITS UNDER RAD SO LONG AS THE PHA COMMITS TO REQUEST HUD APPROVAL TO RESCIND THE SECTION 18 APPROVAL UNDER 24 CFR § 970.7(B)(1).
- THE SAC WILL TAKE OUT THE HQ APPROVAL DATE, AND CHANGE THE APPLICATION TYPE TO ONE OF THE RAD TYPES AND CHANGE ITS STATUS TO DRAFT. THE HA CAN THEN MAKE ANY CHANGES IT WANTS AND THEN RE-SUBMIT IT FOR REVIEW UNDER RAD.

## **RAD RELATED RESCISSIONS (CONT.)**

### **FOR APPLICATION UNDER REVIEW BY SAC:**

FOR PHA'S WITH SECTION 18 APPLICATIONS UNDER REVIEW BY SAC, AT THE DIRECTION OF RAD STAFF, SAC CAN CHANGE THE "APPLICATION TYPE" TO ONE OF THE RAD TYPES AND CHANGE ITS STATUS BACK INTO DRAFT. THE PHA CAN THEN MAKE ANY CHANGES IT WANTS AND THEN SUBMIT IT FOR REVIEW UNDER RAD.

# **INFORMATION NEEDED FOR AMENDMENTS**

- **DESCRIPTION AND SPECIFICS OF AMENDMENT REQUEST**
- **REASON FOR REQUEST AND ITS JUSTIFICATION**
- **WHY THE REASONS FOR THE ORIGINAL APPROVAL MAY NOT BE APPLICABLE NOW.**
- **REASON NOT REQUIRED FOR CONVERSION TO RAD**

# **REQUIRED SUPPORTING DOCUMENTS (DEPENDING ON THE TYPE OF AMENDMENT OR RESCISSION)**

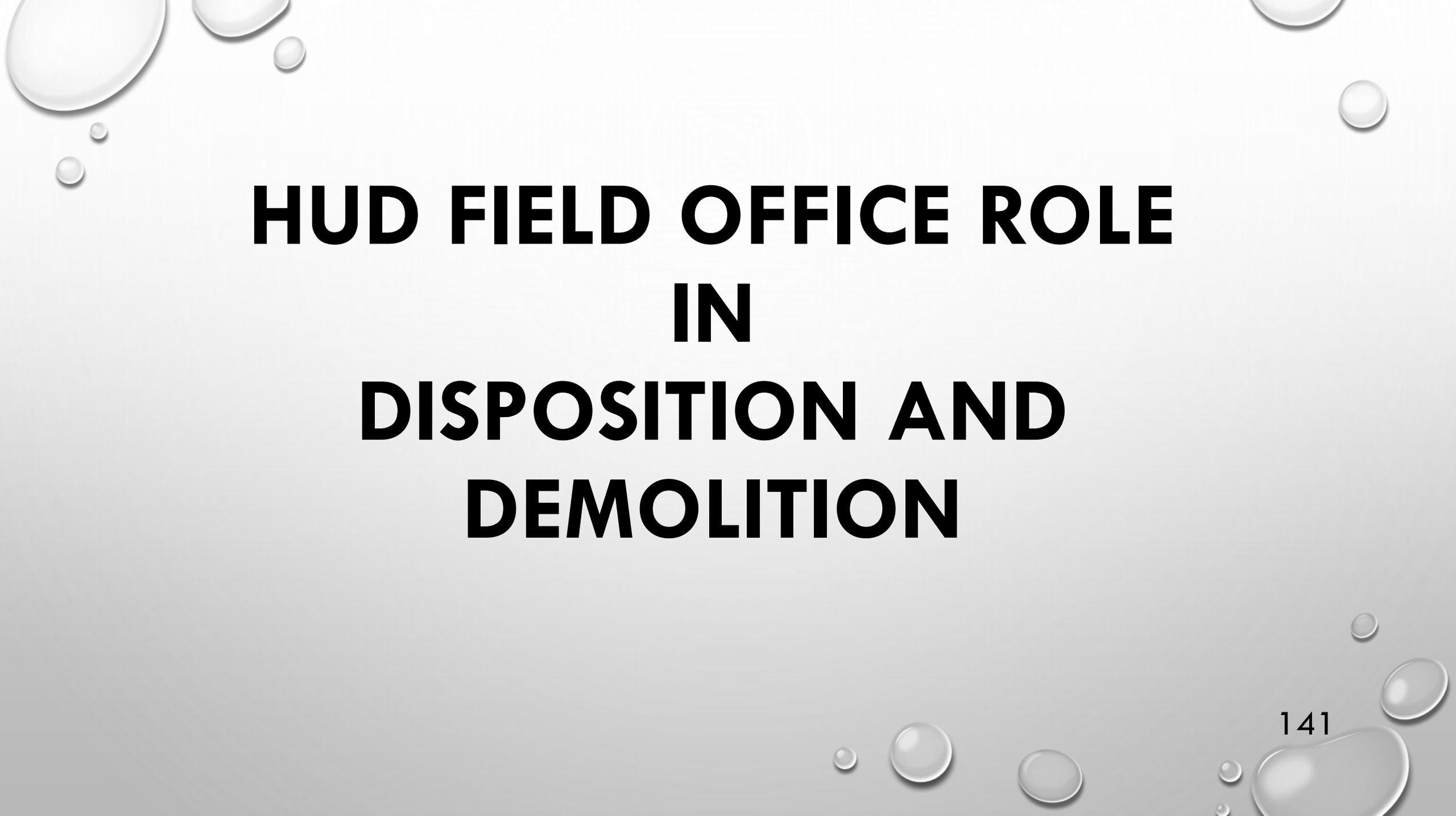
- BOARD RESOLUTION APPROVING THE REQUESTED AMENDMENT IS REQUIRED IN MOST CASES.
- INDEPENDENT APPRAISAL, IF THE AMENDMENT IS TO CHANGE FROM LESS THAN FMV TO AT FMV.
- COMMENSURATE PUBLIC BENEFIT, AND ANY OTHER RELEVANT INFORMATION AS APPLICABLE, IF PREVIOUS APPROVAL WAS AT FMV AND THE AMENDMENT IS AT LESS THAN FMV.

## REQUIRED SUPPORTING DOCUMENTS (CONT.)

- IN CASES OF PROPOSED MAJOR CHANGES SUCH AS FROM DEMOLITION TO DISPOSITION, A NEW BOARD RESOLUTION, RESIDENT AND LOCAL GOVERNMENT CONSULTATION, APPRAISAL, COMMENSURATE PUBLIC BENEFITS, IF APPLICABLE, AND AN OFFER FOR SALE ARE REQUIRED.
- AN ENVIRONMENTAL REVIEW (ER) UPDATE IS REQUIRED, IF THE AMENDMENT IS TO CHANGE FROM DEMOLITION TO DISPOSITION.
- AN ER IS REQUIRED, IF ADDITION OF NEW PHASE FOR WHICH ER NOT PREVIOUSLY PERFORMED.
- AN AMENDMENT TO THE PHA AGENCY PLAN, IF THE PROPOSED NEW ACTION IS NOT IN THE AGENCY PLAN (I.E. CHANGE FROM DEMOLITION TO DISPOSITION OR VICE VERSA).

# LOCAL HUD FIELD OFFICE CONCURRENCE MAY BE REQUIRED

- FOR PROPOSED REDUCTIONS TO THE FAIR MARKET VALUE OF PROPERTY APPROVED FOR DISPOSITION
- FOR ENVIRONMENTAL REVIEW UPDATES, FOR AMENDMENTS TO CHANGE FROM DEMOLITION TO DISPOSITION
- TO CONFIRM AMENDMENTS TO PHA AGENCY PLANS (E.G., A CHANGE FROM DISPOSITION TO DEMOLITION NOT PREVIOUSLY IN THE PHA PLAN)



# **HUD FIELD OFFICE ROLE IN DISPOSITION AND DEMOLITION**

# FIELD OFFICE CERTIFICATION PROCESS

FIELD OFFICES NEED THE FOLLOWING TO COMPLETE A DEMOLITION OR DISPOSITION CERTIFICATION:

- ENVIRONMENTAL REVIEWS
- PHA PLANS (EXCEPT FOR “QUALIFIED” PHAs)
- AMOUNT OF CAPITAL FUNDS SPENT OVER EACH OF THE LAST 5 FISCAL YEARS ON THE DEVELOPMENTS PROPOSED FOR REMOVAL

## ADDITIONAL INFORMATION THAT MAY BE REQUESTED BY FIELD OFFICES

- DESCRIPTIONS OF PROPOSED DEMOLITIONS AND DISPOSITIONS
- THE AMOUNT OF MAINTENANCE COSTS INCURRED IN RECENT YEARS
- THE AMOUNT OF OPERATING RESERVES AT THE END OF THE FISCAL YEAR PROCEEDING DISPOSITION
- THE LONG-TERM CAPITAL NEEDS FOR PROPOSED PROPERTIES

# ADDITIONAL FACTORS THAT MAY BE CONSIDERED BY FIELD OFFICES FOR PROPOSED DISPOSITIONS

- WILL THE PROPOSED PROPERTY BE SOLD BY PUBLIC SALE OR NEGOTIATED SALE?
- WILL THE PROPOSED PROPERTY BE TURNED OVER TO A NONPROFIT GROUP FOR LOW-INCOME HOUSING?
- WILL AN NON-PROFIT AFFILIATED WITH THE PHA BE PURCHASING THE PROPERTY?
- IS THE PROPERTY PART OF A MIXED FINANCE PROJECT?

# FIELD OFFICE MONITORING OF DEMOLITION AND DISPOSITION

- ONCE THE FIELD OFFICE RECEIVES SIGNED APPROVAL DOCUMENTS FROM THE SAC, THE ASSIGNED FIELD OFFICE ANALYST CONTACTS THE PHA AND INFORMS THEM THAT ALL THE INSTRUCTIONS DETAILED IN THE APPROVAL MUST BE FOLLOWED
- THE PHA IS ASKED TO PROVIDE THE FIELD OFFICE WITH THE STATUS OF THE PROJECT UNTIL THE DEMOLITION AND/OR DISPOSITION IS COMPLETED
- THE FIELD OFFICE MAY PROVIDE THE PHA WITH THE IMS-PIC INVENTORY REMOVAL USER MANUAL FOR REFERENCE WHEN THE PHA REPORTS IN PIC THAT THE UNITS HAVE BEEN REMOVED FROM INVENTORY

# FIELD OFFICE REMOTE MONITORING

FIELD OFFICES MONITOR DEMOLITION AND DISPOSITION ACTIVITY, IN AREAS SUCH AS:

- CAPITAL FUND ACTIVITIES AND DRAW REQUESTS, TO ENSURE FUNDS ARE NOT SPENT ON REHAB OF HOUSES/UNITS AFTER APPROVAL FOR DISPOSITION
- USE OF RELOCATION VOUCHERS, TO ENSURE THAT SUFFICIENT TIME FOR FAMILIES TO LEASE UNITS IS PROVIDED IN ACCORD WITH THE LEASING SCHEDULED SUBMITTED IN APPLICATION
- EQUIPMENT TRANSFERS, TO ENSURE THE PHA HAS A MASTER LIST OF NON-EXPENDABLE EQUIPMENT & DISPOSED OF IT IN ACCORD WITH 24 CFR 85.32(e)

# FIELD OFFICE REMOTE MONITORING (CONT.)

- MONITORING OF OPERATING FUND ACTIVITIES, CHECKING FISCAL YEAR END AFTER DISPOSITION TO SEE IF THERE WERE ANY DECREASES
- MONITORING PROCEEDS OF SALE OF THE PROPERTIES, REVIEW DOCUMENTS ON HOW PROCEEDS OF DISPOSITION WERE USED.
- MONITORING FOR RETURN OF REMAINING FUNDS (DETERMINING IF ANY CFP OR OPERATING FUNDS SHOULD BE RETURNED
- ISSUING LETTERS AND WIRING INSTRUCTIONS IN CASES WHERE PHAs ARE REQUESTED TO RETURN FUNDS
- FIELD OFFICE VERIFIES ALL REQUIREMENTS ARE FULFILLED AFTER PHA SUBMITS REQUEST TO PUT UNITS INTO REMOVED FROM INVENTORY STATUS IN IMS-PIC

# PHA REPORTING REQUIREMENTS

- PHA IS RESPONSIBLE FOR APPRISING THE FIELD OFFICE OF THE STATUS OF ALL OF THE REQUIREMENTS DETAILED IN THE APPROVAL LETTER

PHA QUARTERLY REPORTS TO THE FIELD OFFICE ON DEMOLITION AND DISPOSITION ACTIVITY SHOULD CONTAIN THE FOLLOWING :

- AMP NUMBER
- UNIT ADDRESS
- DATES UNITS VACATED
- METHOD OF DISPOSITION
- GROSS SALE/DISPOSITION PROCEEDS
- NET SALE/PROGRAM INCOME

# PHA REPORTING REQUIREMENTS (CONT.)

PHA QUARTERLY REPORTS TO THE FIELD OFFICE ON DEMOLITION AND DISPOSITION ACTIVITY SHOULD CONTAIN THE FOLLOWING (CONT.) :

- INTEREST INCOME
- PROGRAM INCOME
- AMOUNT OF DISPOSITION PROCEEDS USED & WHAT ACTIVITY USED FOR
- TARGET DATE FOR WHEN THE PHA ANTICIPATES ALL DISPOSITION ACTIVITIES WILL BE COMPLETED
- TARGET DATE FOR WHEN THE PHA ANTICIPATES ALL ACTIVITIES INVOLVING THE USE OF DISPOSITION PROCEEDS WILL BE COMPLETED

# DEMOLITION AND DISPOSITION IMPLEMENTATION

- PHAs MUST GO BACK TO THE SPECIAL APPLICATIONS CENTER IN ORDER TO CHANGE CONDITIONS IN THE APPROVAL LETTER
- PHA SHOULD REQUEST HUD/FO TO RELEASE THE DOT ON THE PROPERTY APPROVED FOR DISPOSITION
- PHA SHOULD NOT DISPOSE OF PROPERTY UNTIL ITS HUD FIELD OFFICE RELEASES THE DOT
- PHAs RECORD THE RELEASE OF DOTs IN THE APPLICABLE COUNTY LAND RECORDS
- PHAs ARE REQUIRED TO SUBMIT A FINAL REPORT TO THE FIELD OFFICE CONFIRMING THE DD ACTIVITY AND CERTIFYING COMPLIANCE WITH ALL APPLICABLE REQUIREMENTS
- AFTER ALL REQUIREMENTS FULFILLED, A PHA SHOULD SUBMIT DATES OF REMOVAL FROM INVENTORY THROUGH PIC AND REQUEST FIELD OFFICE APPROVAL IN IMS-PIC

# FIELD OFFICE IMPLEMENTATION

## PIH NOTICE 2010-44 ADDRESSES FIELD OFFICE DOT RESPONSIBILITIES

- FIELD OFFICE RECEIVES DRAFT OF A RELEASE DOT SUBMITTED BY A PHA ON PROPERTY APPROVED FOR DISPO
- FIELD OFFICE FORWARDS RELEASE TO OFFICE OF COUNSEL
- HUD FIELD COUNSEL VERIFIES THAT :
  - (A) ALL OF THE REQUESTED PROPERTY HAS BEEN APPROVED BY SAC FOR DISPOSITION
  - (B) ALL CONTINGENCIES IN THE APPROVAL LETTER HAVE BEEN SATISFIED
- THE OFFICE OF COUNSEL SENDS THE RELEASE SIGNED BY PIH BACK TO THE PHA FOR RECORDATION

# FIELD OFFICE IMPLEMENTATION

ADDITIONAL DOCUMENTATION MAY BE REQUIRED FROM PHAs IN CONNECTION WITH DOTs:

- COPIES OF RECORDED DOTs
- PROPOSED DISPOSITION DOCUMENTS
- LAND SURVEYS
- WARRANTY DEEDS
- TITLE REPORTS
- THE PUBLIC HOUSING DIRECTOR IN THE FIELD OFFICE WITH THE DELEGATED AUTHORITY RELEASES THE DOT

## AFTER DISPOSITION

FIELD OFFICES MONITOR FUTURE ADHERENCE TO:

- USE AGREEMENTS
- DISPOSITION AGREEMENTS

# **ASSET REPOSITIONING FEE (ARF)**

# ASSET REPOSITIONING FEE

ARF is an Add-On to Operating Fund

PHAs “transitioning” *Projects or Entire Buildings* out of inventory may be eligible for ARF

Fee helps address costs associated with Unit Removal

- Administration and Management of removal process
- Tenant Relocation costs
- Minimum Protection and Security during removal process

# ASSET REPOSITIONING FEE

ARF is effective with Inventory Removal Applications (DDAPPs) approved January 1, 2007 or later

ARF replaces funding for phase-down of demolitions and costs attributable to deprogrammed units

- ARF began mid-stream for units approved prior to January 1, 2007
- Pre-1/1/2007 phase-down/ARF approvals have now run their course

# ASSET REPOSITIONING FEE

ARF Requirements and Guidance addressed in:

- 24 CFR Part 990.19(h)
- PIH Notice 2011-18 (HA)

Additional guidance and an ARF Management Tool (discussed later) will be provided for Funding Year 2014 processing

# ASSET REPOSITIONING FEE

## Eligible Units:

- Units approved for Demolition under 24 CFR 970 and 972
- Units approved for Disposition under 24 CFR 970 and 972
- Units approved for Demolition under HOPE VI Revitalization Plan
- Units approved for transition to Homeownership under Sec. 32 or Sec. 5(h) of the Act

Units must be *HUD-approved* pursuant to the above in order to be eligible for ARF

# ASSET REPOSITIONING FEE

## Ineligible Units:

- Individual units removed within a multi-unit building
- Units approved for voluntary/required conversion pursuant to Section 22 or 33 of Act
  - Exception: HUD-approved conversion plan includes demo/dispo approved under 24 CFR 972
- Units NOT subject to HUD approval under 24 CFR 970, 972, 906 (e.g., De Minimus, eminent domain, disposition subpart F)
- Otherwise eligible units removed *without HUD-approval*

# ASSET REPOSITIONING FEE

**ARF Timeline:** Established on the Project/DDAPP level

DDAPP Application Approval Date



# ASSET REPOSITIONING FEE

## ARF Timeline (cont.):

**ARF Start Date**



36 months



**ARF End Date**



**Demolition**

**ARF Start Date**



24 months



**ARF End Date**



**Disposition &  
Homeownership**

# ASSET REPOSITIONING FEE

**ARF Funding:** Calculated on the Project/DDAPP Application level

- Fund Demolition Units:
  - 75% of Project Expense Level (PEL) for first 12 months of ARF Period
  - 50% of PEL for second 12 months of ARF Period
  - 25% of PEL for third 12 months of ARF Period
- Fund Disposition/Homeownership Units:
  - 75% of PEL for first 12 months of ARF Period
  - 50% of PEL for second 12 months of ARF Period

# ASSET REPOSITIONING FEE

## ARF Funding (cont.):

- PELs generally change (increase) from funding year to funding year
- Each time the funding year changes, ARF funding must switch to the new PELs for that funding year
- *To keep things simple, consistent and predictable, ARF business rules will require use of the PEL from the ARF Start Year for the 1<sup>st</sup> funding year – Each funding year thereafter, the initial PEL is inflated by the inflation factor from the ARF Start Year based on the DDA*

*Application*

# ASSET REPOSITIONING FEE

## Data Accuracy and Integrity:

### Key Data Elements driving ARF:

- DDAPP Application Approval Date and Application Type
- Units and Buildings Included in the DDAPP Application
- Occupied at DDAPP Approval Date and/or Relocation Date – Yes/No
- Number of Days to Relocation
- Date of First Move-out (or Last Homeownership Move-out/Sale) After the Relocation Date

# ASSET REPOSITIONING FEE

## **Data Accuracy and Integrity (cont.):**

Operating Subsidy and ARF calculations rely heavily on data in existing HUD data systems

- For ARF, the key data elements (shown previously) will be drawn from HUD data systems and used to automatically calculate ARF

*Data accuracy in HUD data systems is essential for accurate Operating Subsidy and ARF calculations*

- Where system data is inaccurate and impacts Op Sub and/or ARF, the data will need to be corrected in the appropriate systems

# ASSET REPOSITIONING FEE

Once a unit begins receiving ARF, it is no longer eligible to receive regular Operating Subsidy [24 CFR 990.155(b)(2)]

- Units no longer counted in calculation of Eligible Unit-Months
- Units *may* need removal from Reporting Period data on HUD-52723
- Units are included in HUD-52723, Sec. 2, Lines 12, until *both* ARF ends *and* units are removed/sold

PHAs should contact their Field Office Financial Analyst for guidance and clarification on specific situations

# ASSET REPOSITIONING FEE

Once a unit begins receiving ARF, ARF continues unabated regardless of:

- Actual expenses incurred in demolition, disposition or homeownership
- Actual demo/dispo/homeownership schedule
- Actual fate of the unit
- Whether replacement vouchers received, new units constructed, etc.

# ARF MANAGEMENT TOOL

HUD has developed a beta version of an ARF Management Tool

**Objective:** Use existing data – PIC (Demo/Dispo, Building and Unit, 50058) plus PELs and Inflation Factors – to automatically calculate ARF

- Accurately
- Consistently
- Clearly
- Simply

# ARF MANAGEMENT TOOL

Tool makes transparent what ARF will be, based on the data

Tool allows ARF calculation literally at the push of a button

Tool will be used by Field Offices initially to calculate ARF and review PHA calculations

After testing by FOs and appropriate refinements/corrections,

Tool will be made available to PHAs

# ARF MANAGEMENT TOOL

The screenshot shows the 'Asset Repositioning Fee (ARF) Management and Funding' interface. It includes a header with a logo and a 'Close' button. Below the header are fields for 'PHA' (CO001) and 'Project' (CO001000010 SOUTH LINCOLN PARK). The interface is divided into three main sections: 'PHA', 'Projects', and 'Inventory Removal Applications (DDAPPs)'. Each section has a title bar with a question mark icon. The 'PHA' section has a dropdown for 'State' (CO) and a dropdown for 'PHA' (CO001). The 'Projects' section has a dropdown for 'Projects' (Projects with ARF-Eligible DDAPPs Only) and a table of projects. The 'Inventory Removal Applications (DDAPPs)' section has a table of DDAPPs. Annotations include purple arrows pointing to the 'PHA' dropdown, the 'Projects' dropdown, and the 'Funding' button in the 'Projects' table. Another set of purple arrows points to the 'Detail' button in the 'DDAPPs' table. A status message at the bottom reads: 'Status: Based on PIC data, DDAPP eligible for ARF for 36 months: ARF Start Date 10/1/2012 through ARF End Date 9/30/2015.'

Select PHA

Select Project

Select DDAPP

View Project Funding

View DDAPP Detail

Project	
CO001000010	SOUTH LINCOLN PARK
CO001000011	WESTWOOD HOMES
CO001000017	JOHN R MULROY APTS
CO001000021	WALSH MANOR ANNEX

DDAPP:	Application Number	Description	Approval Date	
	DDA0004656	HOPE VI RP Demolition	11/23/2011	Detail
	DDA0004657	HOPE VI RP Demolition	11/23/2011	
	DDA0004658	HOPE VI RP Demolition	11/23/2011	

Status: Based on PIC data, DDAPP eligible for ARF for 36 months: ARF Start Date 10/1/2012 through ARF End Date 9/30/2015.

# ARF MANAGEMENT TOOL

**Asset Repositioning Fee (ARF)**
Close

**Application Detail**

PHA: CO001 Housing Authority of the City And County of Denver

Project: CO001000010 SOUTH LINCOLN PARK

ARF Eligibility
Building Detail
Funding
Comments

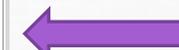
DDAPP No.: DDA0004656

Application Type: HOPE VI RP Demolition

DDAPP Approval Date: 11/23/2011

	?	PIC/Business	?	User	?
DDAPP is eligible for ARF?:	YES		?	YES	?
<b>Buildings and Units</b> ?					
Total Buildings Included in DDAPP:	6		?	6	?
Total ACC Units Included in DDAPP:	38		?	38	?
Total ARF-ELIGIBLE Units included in DDAPP:	38		?	38	?
<b>ARF Timeline</b> ?					
ELIGIBLE Units Occupied as of Approval Date?	Yes		?	?	?
No. Days to Relocation from Approval Date (Calc):	90		?		?
Relocation Date:	2/21/2012		?		?
ELIGIBLE Units Occupied as of Relocation Date?	Yes		?	NO	?
Date 1st ELIGIBLE Move-out after Relocation Date:			?		?
ARF Trigger Date:	Estimate 2/21/2012		?		?
ARF Trigger Date + 6 Months:	8/21/2012		?		?
ARF Start Date:	10/1/2012		?		?
No. Months Eligible:	36		?	36	?
ARF End Date:	9/30/2015		?		?
<b>Project Expense Levels (PELs)</b> ?					
Start Year					
Calendar Year:	2012		?		?
PEL:	\$473.26		?		?
Inflation Factor:	1.032		?		?
Year Two					
Calendar Year:	2013		?		?
PEL:	\$488.40		?		?
Year Three					
Calendar Year:	2014		?		?
PEL:	\$504.03		?		?
Year Four					
Calendar Year:	2015		?		?
PEL:	\$520.16		?		?

PIC/Business Column

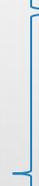


User Edit Column

DDAPP Bldg/Unit Totals



DDAPP ARF Timeline



PELs



# ARF MANAGEMENT TOOL



**Asset Repositioning Fee (ARF)**

Application Detail

Close

---

PHA:

CO001

Housing Authority of the City And County of Denver

Project:

CO001000010

SOUTH LINCOLN PARK

---

ARF Eligibility

Building Detail

Funding

Comments

DDAPP No.:

Application Type:

DDAPP Approval Date:

---

Building and Unit Totals ?

Building No.	Total Units in Building	Total Units in Application	Total Eligible Units	Eligibility Status
LSB20	6	6	6	Eligible
LSB21	6	6	6	Eligible
LSB22	6	6	6	Eligible
LSB23	6	6	6	Eligible
<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="font-weight: bold;">TOTALS:</div> <div style="border: 1px solid gray; padding: 2px 10px;">6</div> <div style="border: 1px solid gray; padding: 2px 10px;">38</div> <div style="border: 1px solid gray; padding: 2px 10px;">38</div> <div style="border: 1px solid gray; padding: 2px 10px;">38</div> </div>				

DDAPP Building/Unit Detail

Totals

# ARF MANAGEMENT TOOL

**Asset Relocation Fee (ARF)** Close

**Application Detail**

PHA: CO001 Housing Authority of the City And County of Denver  
 Project: CO001000010 SOUTH LINCOLN PARK

ARF Eligibility | Building Detail | Funding | Comments

DDAPP No.: DDA0004656  
 Application Type: HOPE VI RP Demolition  
 DDAPP Approval Date: 11/23/2011

	PIC/Business	User
<b>OVERALL</b>		
Funding Period:	10/1/2012 - 9/30/2015	4/1/2013 - 3/31/2016
Total Months:	36	36
Total Units:	38	38
Total Eligibility:	\$338,607	\$343,980
<b>YEAR 1</b>		
Calendar Year:	2012	2013
Funding Period:	10/1/2012 - 12/31/2012	4/1/2013 - 12/31/2013
Months:	3	9
Unit-Months:	114	342
PEL:	\$473.26	\$488.40
Monthly Eligibility:	\$13,488	\$13,919
Total Eligibility:	\$40,464 ?	\$125,275 ?
<b>YEAR 2</b>		
Calendar Year:	2013	2014
Funding Period:	01/01/2013 - 12/31/2013	01/01/2014 - 12/31/2014
Months:	12	12
Unit-Months:	456	456
PEL:	\$488.40	\$504.03
Monthly Eligibility:	\$12,760	\$10,774
Total Eligibility:	\$153,115 ?	\$129,284 ?
<b>YEAR 3</b>		
Calendar Year:	2014	2015
Funding Period:	01/01/2014 - 12/31/2014	01/01/2015 - 12/31/2015
Months:	12	12
Unit-Months:	456	456
PEL:	\$504.03	\$520.16
Monthly Eligibility:	\$11,173	\$24,708
Total Eligibility:	\$100,555 ?	\$74,123 ?
<b>YEAR 4</b>		
Calendar Year:	2015	2016
Funding Period:	01/01/2015 - 9/30/2015	01/01/2016 - 3/31/2016
Months:	9	3
Unit-Months:	342	114
PEL:	\$520.16	\$536.81
Monthly Eligibility:	\$4,942	\$5,100
Total Eligibility:	\$44,474 ?	\$15,299 ?

PIC/Business Column



User Edit Column

DDAPP ARF Funding: Total and By FY



# ARF MANAGEMENT TOOL

**Asset Repositioning Fee (ARF)**  
Project Funding Detail

PHA: CO001 Housing Authority of the City And County of Denver  
Project: CO001000010 SOUTH LINCOLN PARK

PIC/Business User

ARF Project Funding by Year: PIC/Business ?

YEAR	ARF Period	Funding
2012	01/01/2012 - 12/31/2012	\$127,780
2013	01/01/2013 - 12/31/2013	\$619,923
2014	01/01/2014 - 12/31/2014	\$550,108
2015	01/01/2015 - 12/31/2015	\$283,194

ARF Project Funding by Application and Year: PIC/Business ?

YEAR	App Number	ARF Period	Months	Units	PEL	Funding
2012	<a href="#">DDA0004656</a>	10/1/2012 - 12/31/2012	3	38	\$473.26	\$40,464
2012	<a href="#">DDA0004657</a>	10/1/2012 - 12/31/2012	3	82	\$473.26	\$87,316
2013	<a href="#">DDA0004656</a>	01/01/2013 - 12/31/2013	12	38	\$488.40	\$153,115
2013	<a href="#">DDA0004657</a>	01/01/2013 - 12/31/2013	12	82	\$488.40	\$330,406
2013	<a href="#">DDA0004658</a>	7/1/2013 - 12/31/2013	6	62	\$488.90	\$136,403
2014	<a href="#">DDA0004656</a>	01/01/2014 - 12/31/2014	12	38	\$504.03	\$100,555
2014	<a href="#">DDA0004657</a>	01/01/2014 - 12/31/2014	12	82	\$504.03	\$216,986
2014	<a href="#">DDA0004658</a>	01/01/2014 - 12/31/2014	12	62	\$500.14	\$232,567

Project-level ARF Funding: By FY

Project-level ARF Funding: By DDAPP and FY

# ARF MANAGEMENT TOOL

The screenshot displays the 'Asset Repositioning Fee (ARF) Reports' window. It features two main sections: 'ARF Edited Data Export' and 'ARF Filtered Data/Report'. The 'ARF Edited Data Export' section includes an 'Open' button. The 'ARF Filtered Data/Report' section is divided into four steps: Step 1 (filtering by PIC/Business data), Step 2 (filtering by project eligibility), Step 3 (selecting report filters at various levels), and Step 4 (generating and downloading datasets or reports). Step 4 includes buttons for 'Open', 'View', and 'Print'.

**Asset Repositioning Fee (ARF) Reports** Close

**ARF Edited Data Export** ?

Generate a dataset of DDAPP and ARF data that you've edited in the ARF tool. Export the dataset to an MS Excel workbook. Open

**ARF Filtered Data/Report** ?

Generate ARF reports and download ARF datasets based on selected criteria.

**Step 1.** Filter your dataset based on original PIC/Business data only, or on data modified by your edits.  
PIC/Business Data EDITED

**Step 2.** Filter results to include "All Projects with DDAPPs" or "Projects with ARF-Eligible DDAPPs only".  
Projects with ARF-Eligible DDAPPs Only

**Step 3.** Select the level of your dataset using the report filters. From top to bottom, select only those filters you need; leave the remaining fields blank.

Region-Level: Rocky Mountains

Field Office-Level: Denver Hub Office

PHA-Level: CO001

Denver

Project-Level: CO001000010  
SOUTH LINCOLN PARK

**Step 4.** Generate your report or generate and download your dataset, based on your selected criteria.

DATASET 1: Downloadable dataset of Funding Year records by Project and DDAPP: Open

DATASET 2: Downloadable dataset of DDAPP records by Project: Open

SUMMARY REPORT: On-screen or printable report of DDAPP records by Project: View Print

User-edited Data Export

Filtered Datasets and Reports

Select Filters

Open/Export Datasets

View/Print Report

# ARF MANAGEMENT TOOL

ARF Data Export

 **Asset Repositioning Fee (ARF)**  
**Data Export**

**Export to Excel**  
**Close**

PHA Code	PHA Name	FO Code	HUB Code	Region Code	Project No.	Inventory Removal	Inventory Removal
CO001	Housing Authority of t	8APH	8HDEN	08	CO001000010	DDA0004658	HOPE VI RP Demo
CO001	Housing Authority of t	8APH	8HDEN	08	CO001000010	DDA0004657	HOPE VI RP Demo
CO001	Housing Authority of t	8APH	8HDEN	08	CO001000010	DDA0004656	HOPE VI RP Demo
CO001	Housing Authority of t	8APH	8HDEN	08	CO001000010	DDA0004658	HOPE VI RP Demo
CO001	Housing Authority of t	8APH	8HDEN	08	CO001000010	DDA0004657	HOPE VI RP Demo
CO001	Housing Authority of t	8APH	8HDEN	08	CO001000010	DDA0004656	HOPE VI RP Demo
CO001	Housing Authority of t	8APH	8HDEN	08	CO001000010	DDA0004658	HOPE VI RP Demo
CO001	Housing Authority of t	8APH	8HDEN	08	CO001000010	DDA0004657	HOPE VI RP Demo
CO001	Housing Authority of t	8APH	8HDEN	08	CO001000010	DDA0004656	HOPE VI RP Demo
CO001	Housing Authority of t	8APH	8HDEN	08	CO001000010	DDA0004658	HOPE VI RP Demo
CO001	Housing Authority of t	8APH	8HDEN	08	CO001000010	DDA0004657	HOPE VI RP Demo
CO001	Housing Authority of t	8APH	8HDEN	08	CO001000010	DDA0004656	HOPE VI RP Demo

Dataset Export Example

Export to Excel

# ARF MANAGEMENT TOOL



## ARF Summary Report: Project-Level \*

CO001000010 SOUTH LINCOLN PARK

U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing

Region: Rocky Mountains  
Field Office: Denver Hub Office  
PHA: CO001 - Housing Authority of the City And County of Denver  
Project: CO001000010 SOUTH LINCOLN PARK  
Applications:

App. No.	Type	Approval Date	Units	Units Occ. at Approval?	Days to Relocation	Relocation Date	Move-out Date	Trigger Date	Trigger Date + 6	Mths	ARF Period	ARF Funding
DDA0004658	HOPE VI RP Demolition	11/23/2011	62	Yes	394	12/21/2012		12/21/2012	6/21/2013	36	7/1/2013 - 6/30/2016	\$560,398

YEAR	Edit?	Unit-Mths	ARF Period	PEL	Funding	Calculation
2013	--	372	7/1/2013 - 12/31/2013	\$488.90	\$136,403	6 mths X 62 units X \$488.90 (PEL) X 0.75
2014	--	744	01/01/2014 - 12/31/2014	\$500.14	\$232,567	[6 mths X 62 units X \$500.14 (PEL) X 0.75] + [6 mths X 62 units X \$500.14 (PEL) X 0.50]
2015	--	744	01/01/2015 - 12/31/2015	\$511.65	\$142,750	[6 mths X 62 units X \$511.65 (PEL) X 0.50] + [6 mths X 62 units X \$511.65 (PEL) X 0.25]
2016	--	372	01/01/2016 - 6/30/2016	\$523.42	\$48,678	6 mths X 62 units X \$523.42 (PEL) X 0.25

Onscreen Summary Report Example

\* EDITED - Substitutes User-edited data, where appropriate.

# ASSET REPOSITIONING FEE

## Closing Thoughts:

- Data needed for ARF calculations can be found in HUD system data (e.g., PIC) – This data will be relied upon to establish ARF funding
- Therefore, HUD data system (e.g., PIC) accuracy is critical
- HUD, Field Offices, PHAs must review system data – particularly the key data elements that drive the calculations – ensure that this data is accurate and maintain this accuracy moving forward



# **PUBLIC HOUSING DEMOLITION/DISPOSITION ACTIONS AND TENANT PROTECTION VOUCHERS**

OFFICE OF PUBLIC AND INDIAN HOUSING

# Objectives

- Overview of Tenant Protection Vouchers (TPVs)
- Eligible Demolition/Disposition Actions for TPVs
- Applying for TPVs
- TPV Funding and Reporting
- References

# Overview of TPVs

- TPVs are Housing Choice Vouchers (HCVs) administered by a local PHA.
- All HCV program regulations apply, *except*
  - *Income targeting requirements do not apply because a public housing resident is a “continuously assisted” participant of a covered housing program under the United States Housing Act of 1937;*
  - *Waiting list requirements do not apply because the family is considered a special admission under 24 CFR 982.203(b)(1).*
- A family’s “Right to Remain” is not applicable under certain demo/dispo actions.
  - *Typically, PH residents do not have the right to remain in their units with TPV assistance, as in the case of a family being displaced as a result of a Multifamily Housing Conversion Action where the family would receive an enhanced voucher.*

# Overview of TPVs

- Family may immediately move outside of the administering PHA's jurisdiction (Portability) or within its jurisdiction.
- PHAs need to ensure that families know and understand the rules and requirements of the HCV program.
  - Family's freedom to choose a unit that meets its needs
  - Income and rent determination
  - Payment standards and subsidy standards
  - PHA processing procedures, timeframes, and requirements (i.e., HQS inspection, rent reasonableness determination, etc).

# Overview of TPVs

- *PHA screening* - may deny admission to the voucher program for any grounds allowed under voucher program rules.
- PHA must provide family with an opportunity for an informal review.
- If a TPV turns over for any reason (family determined ineligible, leaves program, refuses assistance) PHA may retain the voucher assistance to serve other families currently on its HCV waiting list.

# TPV Eligible Demo/Dispo Actions

(Funding Eligibility Categories)

- Demo/Dispo of Public Housing Units
  - In connection with approved demo & dispo under Sec. 18;
  - In connection with HOPE VI Revitalization Plans;
  - In connection with required or voluntary conversions to tenant-based assistance;
  - In conjunction with “De Minimis demolition”; or
  - Other displacement action as determined by the Assistant Secretary for Public and Indian Housing

# Applying for TPVs

(After SAC approves application)

## PHA submits the following items to local HUD Field Office of Public Housing (OPH):

- Cover letter
- Section 8 Voucher Funding Application (Form HUD-52515)
- Leasing Schedule
- HUD Approval Letter from the Special Application Center (SAC)

## Field OPH staff processes PHA's voucher application package:

- **Conducts technical review of the application package:**
  - Determine if PHA is eligible for the TPV funding
  - Determine if package is complete and accurate
  - Notify PHA of any deficiencies, the basis for lack of funding eligibility, or the basis for rejection
- **Notifies the Housing Voucher Financial Management Division (HVFMD) in HUD HQ of the PHA's TPV request and that the PHA is eligible.**

## HUD HQ HVFMD funds eligible applications:

- Funds are subject to availability
- Funds are only provided for vouchers that will be leased in the calendar year during which the Section 8 Voucher funding application was submitted.
- Funding for vouchers to be leased the following calendar year will be deferred until that calendar year.

# TPV Funding Process

- Full processing may take approximately 3-4 weeks.
  - Field Office: Approximately 1-2 weeks for technical review (refer to slide 7)
    - *Process may take longer if information is missing from, and/or there are discrepancies that need correction to, the PHA's Section 8 Voucher Funding Application package (paragraph 8 of Notice PIH 2007-10).*
  - HQ: Approximately 1-2 weeks for review, processing and obligating funds in HUDCAPS
- Field PIH notifies PHA, in writing, about funding eligibility.
- Section 8 Financial Management Center sends PHA amended ACC.

# Special Note about TPV– FY 2013 Funding

- Due to limited funding this year, as stated in Notice PIH 2013-12:
  - TPVs are only being provided for eligible units that are occupied on the date of the Section 8 Voucher Funding Application for Public Housing demolition/disposition.
  - Relocation vouchers will not be provided for units that are currently unoccupied.
  - Subject to the availability of TPV funding, the term of the initial funding increment may vary.

# TPV Reporting Requirements

- TPV funding must be reported in the Voucher Management System (VMS) until expiration of funding increment.
  - Refer to funding award letter and/or contact FMC Financial Analyst.
- After expiration of the initial funding increment, TPVs are renewed as regular HCV funding. PHA must report in VMS as regular HCV funding.
- TPVs for demo/dispo must also be reported in PIC on line 2n of the form 50058, code PHRR.
  - See Notice PIH 2010-25 PIC Reporting Requirements

# References

- Notice PIH 2007-10 *Voucher Funding in Connection with the Demolition or Disposition of Occupied Public Housing Units*
- 24 CFR Part 970—*Demo/Dispo of PH Units*
- Notice PIH 2013-12 *FY 2013 Funding Implementation Notice*

# REPLACEMENT HOUSING FACTOR (RHF) FUNDS

# RHF SUMMARY

- REGULATIONS 24 CFR 905.10(I)(7)
- RHF FROM DEMOLITION OR DISPOSITION (ONLY)
  - NOT FOR CONVERSIONS OR HOMEOWNERSHIP
- RHF ONLY IF NO REPLACEMENT PUBLIC HOUSING FROM HOPE VI, DEVELOPMENT AND OTHER PROGRAMS
- BEGAN IN 1998

## RHF SUMMARY (CONTINUED)

- FY1998-1999 – COULD USE RHF FOR MOD OR ACCUMULATE FOR ELIGIBLE DEVELOPMENT ACTIVITIES
- BEGINNING IN FY2000 – RHF CAN ONLY BE USED FOR REPLACEMENT PUBLIC HOUSING UNDER PUBLIC HOUSING DEVELOPMENT REGS AT 24 CFR PART 941
- RHF FUNDING PROVIDED FOR 5 YEARS
- 2ND FIVE-YEAR INCREMENT POSSIBLE

## WHEN DOES A PHA BEGIN TO RECEIVE RHF?

- UNITS ARE REMOVED FROM INVENTORY AS SHOWN ON THE ANNUAL PIC CERTIFICATION
- UNITS REMOVED ON OR BEFORE 9/30 OF THE PREVIOUS FEDERAL FISCAL YEAR ARE REVIEWED FOR RHF ELIGIBILITY
  - INELIGIBLE UNITS
    - UNITS PLANNED FOR REPLACEMENT BEING FUNDED BY HOPE VI, MROP AND OTHER SOURCES
    - UNITS REMOVED BY SALES TO HOME OWNERSHIP
    - UNITS REMOVED BECAUSE OF EMINENT DOMAIN
    - UNITS THAT HAVE BEEN ADDED TO THE PHA INVENTORY SINCE 10/1/1999 THAT ARE ATTRIBUTED TO HOPE VI ( THE UNITS ARE REMOVED USING FIRST IN-FIRST-OUT SCENARIO SO THE UNITS THAT FIRST ENTERED RHF ARE MADE INELIGIBLE AS NEW UNITS ARE ADDED TO INVENTORY)
  - ELIGIBLE UNITS ARE FUNDED FOR RHF FOR UP TO 5 YEARS OF FIRST INCREMENT
    - AFTER THE FIFTH YEAR ELIGIBLE UNITS CAN CONTINUE FOR UP TO FIVE YEARS IN SECOND INCREMENT IF ADDITIONAL CRITERIA ARE MET (LATER SLIDE)

# **RHF PLAN (SEE PIH NOTICE 2010-21) PURPOSE**

- FOR A PHA TO COMMUNICATE TO HUD ITS INTENT TO ACCUMULATE TWO OR MORE YEARS OF RHF TO ALLOW THE SETTING OF THE OBLIGATION END DATE
- UPON THE APPROVAL OF THE RHF PLAN BY THE LOCAL HUD OFFICE HEADQUARTERS WILL SET THE OBLIGATION END DATES TO THE DATES IN THE APPROVED PLAN
  - PHAS CAN ACCUMULATE 2, 3, 4 OR 5 CONSECUTIVE YEARS OF RHF FIRST INCREMENT FUNDING
- NO RHF PLAN – PHA SUBJECT TO OBLIGATION BY DEADLINE FOR THE FISCAL YEAR WHEN FUNDS WERE PROVIDED THE SAME AS THE FORMULA GRANTS

## RHF OBLIGATION DEADLINE

- 24 MONTHS FROM WHEN FUNDS ARE MADE AVAILABLE, OR IF HUD APPROVES, 24 MONTHS FROM WHEN PHA ACCUMULATES SUFFICIENT FUNDS TO DEVELOP PUBLIC HOUSING UNITS
- TO HAVE AN OBLIGATION DEADLINE BEYOND 24 MONTHS FROM THE DATE FUNDS BECAME AVAILABLE FOR EACH GRANT RECEIVED IN PRIOR YEARS, PHAS MUST SUBMIT RHF PLAN TO HUD FOR APPROVAL

# RHF – ELIGIBILITY EXAMPLE

- ANYTOWN PHA APPLIES TO THE SAC TO DEMOLISH 100 UNITS IN ITS MAINSTREET DEVELOPMENT AT001000001
- SAC APPROVES THE DEMO
- ANYTOWN AT001000001 RECORDS 50 UNITS REMOVED FROM INVENTORY ON 9/15/2006 AND THE REMAINING 50 AS REMOVED FROM INVENTORY ON 11/1/2006 IN PIC
- THE PHA WAS AWARDED A HOPE VI GRANT IN 2005 WITH A PLANNED REPLACEMENT OF 25 ACC UNITS

# RHF – ELIGIBILITY EXAMPLE

- ANSWER:
  - FFY 2007
    - THIS BECAUSE RHF IS AWARDED IN THE YEAR FOLLOWING THE REMOVAL OF THE UNITS IN PIC
    - THE FIRST 50 UNITS WERE REMOVED IN FFY 2006

# RHF – ELIGIBILITY EXAMPLE

- HOW MANY UNITS OF RHF WILL ANYTOWN PHA RECEIVE IN 2007?
  - 50
  - 100
  - 25
  - 75

# RHF – ELIGIBILITY EXAMPLE

- ANSWER:
- 25
  - THE PHA IS CONSIDERED IN 2007 FOR THE 50 UNITS REMOVED ON 9/15/2006
  - BECAUSE THE PHA HAS A HOPE VI GRANT WITH A PLANNED REPLACEMENT OF 25 ACC UNITS THE FIRST 25 UNITS ARE INELIGIBLE FOR RHF
  - THIS LEAVES 25 ELIGIBLE UNITS THAT START RECEIVING RHF IN 2007

# RHF ACCUMULATION

- CAPITAL FUND OBLIGATION OF FUNDS REQUIREMENTS
  - THE US HOUSING ACT SECTION 9(J)(1)
    - **OBLIGATION OF AMOUNTS:** “... A PUBLIC HOUSING AGENCY SHALL OBLIGATE ANY ASSISTANCE RECEIVED UNDER THIS SECTION NOT LATER THAN 24 MONTHS AFTER, AS APPLICABLE—”
      - 9(J)(1) (A) THE DATE ON WHICH THE FUNDS BECOME AVAILABLE TO THE AGENCY FOR OBLIGATION IN THE CASE OF MODERNIZATION; OR
      - 9(J)(1) (B) THE DATE ON WHICH THE AGENCY ACCUMULATES ADEQUATE FUNDS TO UNDERTAKE MODERNIZATION, SUBSTANTIAL REHABILITATION, OR NEW CONSTRUCTION OF UNITS

# RHF ACCUMULATION

- RHF OBLIGATION REQUIREMENTS: IN ALL CASES THE CAPITAL FUND REQUIREMENTS OF 9(J)(1) (A) AND (B) APPLY TO RHF GRANTS
- 9(J)(1) (B) ALLOWS A MECHANISM TO ACCUMULATE MULTIPLE YEARS OF RHF GRANTS SINCE IN MANY CASES RHF GRANTS FOR A SINGLE YEAR ARE:
  - INSUFFICIENT TO FUND DEVELOPMENT, OR
  - THE PHA IS PLANNING A MULTI-PHASE MIXED FINANCE DEVELOPMENT OVER SEVERAL YEARS

# RHF ACCUMULATION

- ACCUMULATING RHF GRANTS
  - RHF PLAN IS REQUIRED
  - UP TO FIVE CONSECUTIVE YEARS CAN BE ACCUMULATED
    - NOTE: FIRST AND SECOND INCREMENT GRANTS CANNOT BE INCLUDED IN THE SAME RHF PLAN; HOWEVER, FIRST AND SECOND INCREMENT FUNDS CAN BE USED FOR THE SAME DEVELOPMENT
  - THE OBLIGATION END DATE CAN BE SET AS LATE AS 120 DAYS PLUS 2 YEARS AFTER THE FUNDS BECAME AVAILABLE FOR FORMULA GRANTS FOR THE LAST YEAR RHF IS BEING ACCUMULATED

# RHF PLANNING EXAMPLE

- IN THE EARLIER EXAMPLE THE ANYTOWN PHA APPLIED TO THE SAC IN 2005 TO REMOVE 100 UNITS. THE MOST IMPORTANT PART OF THE PLANNING PROCESS IS TO FORECAST THE FUTURE RHF FUNDING
  - THE PHA LOOKS UP THE PER UNIT FUNDING FOR DEVELOPMENT AT001000001 AND FINDS THAT THE CAPITAL FUND FORMULA GENERATED \$2,275.50 PER UNIT
  - THIS INFORMATION IS UPDATED EACH YEAR AND CAN BE FOUND AT:  
[HTTP://WWW.HUD.GOV/OFFICES/PIH/PROGRAMS/PH/CAPFUND/INDEX.CFM](http://www.hud.gov/offices/pih/programs/ph/capfund/index.cfm)

# RHF PLANNING EXAMPLE

- ANYTOWN PHA THEN FORECASTS THE NUMBER OF RHF ELIGIBLE UNITS
- THE PHA ASSUMES ALL THE UNITS WOULD BE REMOVED BY 9/30/2006 AND COMES UP WITH THE ESTIMATED TOTAL \$853,312.50, KNOWING THAT IT WILL NOT RECEIVE FUNDING FOR THE 25 HOPE VI REPLACEMENT UNITS

FFY	2007	2008	2009	2010	2011
RHF units	75	75	75	75	75
RHF\$	\$170,662.50	\$170,662.50	\$170,662.50	\$170,662.50	\$170,662.50

# RHF PLANNING EXAMPLE

- ANYTOWN PHA ACTUALLY REMOVED ONLY 50 UNITS IN 2006 AND THE REMAINING 50 IN 2007
- AS A RESULT, THE PHA RECEIVED RHF FOR 25 ELIGIBLE UNITS IN 2007 (THE REMAINING 50 UNITS ARE STILL INCLUDED IN THE FORMULA GRANT)
- THIS PROVIDES A NEW ESTIMATE OF RHF FUNDING OF \$741,537.50

FFY	2007	2008	2009	2010	2011
RHF units	25	75	75	75	75
RHF\$	\$56,887.5	\$170,662.50	\$170,662.50	\$170,662.50	\$170,662.50

# RHF PLANNING EXAMPLE

- **CLEARLY A SINGLE YEAR OF RHF IS NOT ENOUGH TO DEVELOP NEW PUBLIC HOUSING UNITS (IN MOST LOCALITIES)**
- **BY SUBMITTING AN RHF PLAN, ALL 5 FIRST INCREMENT RHF GRANTS CAN BE ACCUMULATED, EFFECTIVELY MAKING ALL 5 YEARS AVAILABLE FOR DEVELOPMENT AT THE SAME TIME**

# RHF PLANNING EXAMPLE

- THE PHA SUBMITS AN RHF PLAN TO ACCUMULATE THE 2007 TO 2011 RHF GRANTS
  - THE APPROVED RHF PLAN PERMITS HUD TO SET AN OBLIGATION END DATE TO 10/30/2013\* FOR ALL 5 RHF GRANTS BEING ACCUMULATED
  - PLEASE NOTE THAT WHEN A PHA ACCUMULATES 5 YEARS OF RHF, THE DISBURSEMENT END DATE FOR THE FIRST YEAR WILL BE SET AT 7/30 TO MEET THE ACCOUNT CLOSING STATUTE
  - SEE CURRENT GUIDANCE ON THE PREPARATION OF THE RHF PLAN AT THE CAPITAL FUND HOME PAGE  
[HTTP://WWW.HUD.GOV/OFFICES/PIH/PROGRAMS/PH/CAPFUND/INDEX.CFM](http://www.hud.gov/offices/pih/programs/ph/capfund/index.cfm)

# DEVELOPING WITH RHF

- USE OF RHF FUNDS
  - MUST BE OBLIGATED WITHIN 2 YEARS OF THE FUNDS BECOMING AVAILABLE
- OR
- WITH RHF PLAN APPROVAL, 2 YEARS FROM THE DATE WHEN ADEQUATE FUNDS HAVE BEEN ACCUMULATED (ESTABLISHED BY THE LAST YEAR IDENTIFIED IN THE RHF PLAN)

# Moving to Work

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## **PUBLIC HOUSING REPOSITIONING TRAINING (CHICAGO, IL)**

**AUGUST 6-7, 2013**

**IVAN POUR**

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**



# Overview

210

- Moving to Work (MTW) is a demonstration program for public housing authorities (PHAs).
- The MTW Statute gives MTW agencies the ability to design and test innovative, locally-designed housing and self-sufficiency strategies for low-income families.

# Goals

211

- The three statutory goals of MTW are to:
  - Reduce cost and achieve greater costs effectiveness in Federal expenditures
  - Give incentives to families with children where the head of household is working, is seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient
  - Increase housing choices for low-income families

# MTW Flexibilities

212

- In pursuing the three MTW goals, MTW agencies may:
  - Waive certain portions of the United States Housing Act of 1937 to gain exceptions from existing public housing and tenant-based Housing Choice Voucher rules, and
  - Combine operating, capital, and tenant-based assistance funds into a single agency-wide funding source, known as the MTW “block grant.”

# MTW Block Grant

213

- MTW agencies can combine Federal funds from the public housing operating and modernization programs and Housing Choice Voucher program into a "block grant" to help them better meet the purposes of the demonstration and the needs of their communities.
- MTW PHAs must still assist substantially the same total number of families as would have been served had the funding amounts not been combined.
- MTW PHAs do NOT receive any additional funding as a result of participation in MTW.

# Scope of MTW

214

- There are currently 39 selected MTW agencies, representing both small and large PHAs in urban and rural communities.
- These agencies receive over three billion dollars of federal housing assistance each year.
- MTW PHAs represent roughly 14 % of the nation's public housing stock.

# Participating Agencies

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- Alaska HFC
- Atlanta
- Baltimore
- Boulder, CO
- Cambridge, MA
- Champaign Co. IL
- Chicago
- Columbus, GA
- Delaware State
- Fairfax Co, VA
- Holyoke, MA
- Keene, NH
- King County, WA
- Lawrence-Douglas County, KS
- Lexington, KY
- Lincoln, NE
- Louisville, KY
- Massachusetts
- Minneapolis
- New Haven, CT
- Oakland
- Orlando
- Philadelphia
- Pittsburgh
- Portage Metro (OH)
- Portland, OR
- Reno, NV
- San Antonio
- San Bernardino, CA
- San Diego
- San Mateo, CA
- Santa Clara/San Jose, CA
- Seattle
- Tacoma, WA
- Tulare County, CA
- Vancouver, WA
- Washington, D.C.

# History

216

- The 1996 Appropriations Act authorized up to 30 public housing authorities to participate in MTW.
- Since 1996, Congress has authorized additional MTW agencies through Appropriations Acts:
  - 2 PHAs specifically named and authorized in 1999
  - 4 MTW PHAs specifically named and authorized in 2008
  - 3 MTW PHAs authorized in 2009 and selected by HUD through a competitive process
  - 3 MTW PHAs authorized in 2010 – 3 selected
  - 3 MTW PHAs authorized in 2011 – 3 selected

# MTW Innovations

217

- Using MTW flexibilities, agencies implement innovative programs that effectively address locally identified needs.

<b>Cost Savings</b>	<b>Self Sufficiency</b>	<b>Housing Choice</b>
Using the MTW block grant to leverage funds	Linking rental assistance with supportive services	Developing mixed-income and tax credit properties
Streamlining HUD processes	Earned income exclusions	Developing programs that encourage mobility to low poverty areas
Risk-based inspections	Self sufficiency/ employment requirements	Increasing the percentage of project-based vouchers

# MTW Reporting Requirements

218

- MTW agencies have unique reporting requirements:
  - Submit an Annual MTW Plan in lieu of the PHA Annual Plan
  - Submit an Annual MTW Report
- MTW PHAs are expected to measure and report on the outcomes of all MTW activities.
- Each MTW Agency outlines its own measures of success, based on local and community standards.

# MTW Reporting Requirements

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- **Plan and Report Format:**
  - I. Introduction
  - *II. General Housing Authority Operating Information*
  - III. Non-MTW Related HA Information (Optional)
  - IV. Long-Term MTW Plan (Optional)
  - V. Proposed MTW Activities (HUD Approval Required)
  - VI. Ongoing MTW Activities
  - VII. Sources and Uses of Funding
  - VIII. Administrative

# MTW Must Follow Section 18

220

- MTW agencies are NOT exempt from two sections of the 1937 Act – Section 12 (re Davis Bacon and community service requirements) and Section 18 – Demolition and Disposition requirements.
- To receive demo/dispo approval, MTW agencies must include information in their MTW plans in order to meet the requirement that it has certified that the PHA has described the demolition or disposition in its plan (24 CFR 970.7).

# Update of Recent Activity

221

- Planned Revision to Plan and Report Requirements
- MTW Reserve Calculation
- Baseline Notice (PIH 2013-2)

# THE MIXED-FINANCE APPROACH PHAS' PRIMARY ASSET REPOSITIONING STRATEGY

- THE MIXED-FINANCE APPROACH (MFA/MF) – AN ASSET REPOSITIONING UMBRELLA THAT INVOLVES ALL DEVELOPMENTS, NEW OR REHABILITATION, ON AND OFF PHA LAND, THAT INCLUDE PUBLIC HOUSING UNITS; BY DEFINITION ALL HOPE VI, CHOICE NEIGHBORHOODS AND SOME SECTION 30 TRANSACTIONS ARE MIXED FINANCE TRANSACTIONS, WHERE THERE IS ALSO PRIVATE FUNDING SUCH AS TAX CREDITS.

# DEFINITION OF MIXED FINANCE 24 CFR 941.600 SUBPART F

- PUBLIC/PRIVATE PARTNERSHIP OF MIXED  
FINANCE DEVELOPMENT OF PUBLIC HOUSING  
UNITS

# NECESSARY FOR UNDERTAKING A MF TRANSACTION

- PHA CAPACITY—EXISTING OR PROCURED
- HUB FIELD OFFICES AND OPHI STAFF—COORDINATED EFFORTS BUT DIFFERENT ROLES
- INCLUSION IN APPROVED PHA PLAN
- SAC APPROVAL—CANNOT DO/BEGIN A MF TRANSACTION WITHOUT PRIOR DISPOSITION APPROVAL OF THE SITE FROM THE SAC. ACTUAL TRANSFER WILL OCCUR AFTER MIXED FINANCE APPROVAL.
- CHOICE NEIGHBORHOODS AND HOPE VI HAVE AUTHORITY TO APPROVE DEMOLITION OF PUBLIC HOUSING, BUT NOT AUTHORITY FOR DISPOSITION OF LAND
- THE CAPABILITY TO LEVERAGE PHA ASSETS (I.E., LAND AND CAPITAL FUNDS) FOR DEVELOPMENT OF UNITS IS THE PRIMARY DRIVER OF ALL MF TRANSACTIONS

# THE ART OF LEVERAGING

- LEVERAGING LAND FOR UNITS (OPERATING SUBSIDY ONLY)
- LEVERAGING LAND AND PIH FUNDS FOR UNITS (MOST COMMONLY USED)
- EXPANDING THE FOOTPRINT TO CREATE MORE UNITS

# THE SUBMISSION AND APPROVAL PROCESS

- STAGE 1 – NOTIFICATION AND GRANT MANAGER ASSIGNMENT: THE PHA NOTIFIES THE HUB OF ITS INTENT AND THE HUB OFFICE CONTACTS OPHI TO ASSIGN A GRANT MANAGER
- STAGE 2 – DEAL PACKAGING/PRESENTATION AND INITIAL APPROVAL
  - THE ASSIGNED GRANT MANAGER BEGINS WORKING WITH THE PHA/CONSULTANT TOWARDS THE PRESENTATION OF THE PROPOSED “COOKED” TRANSACTION (THE RENTAL TERM SHEET) TO THE PROJECT PANEL
  - IN THE BEST CASE THE PANEL APPROVES THE RTS AND THE GRANT MANAGER REPORTS BACK TO THE PHA/CONSULTANT TO TURN IN THE EVIDENTIARIES

## SUBMISSION AND APPROVAL PROCESS (CONT.)

- STAGE 3 – EVIDENTIARY REVIEW PROCESS BEGINS AND ENDS WITH A CLOSING APPROVAL LETTER FOR THE TRANSACTION (THIS IS WHEN THE ACTUAL TRANSFER OF AN APPROVED DISPOSITION WOULD OCCUR)

## TENURE TYPE (UNIT MIX/MIXED-USE)

- ANY COMBINATION AS LONG AS IT INCLUDES ACC UNITS
- CAN BE A 100% ACC TRANSACTION
- CAN BE MIXED-INCOME TRANSACTION WITH ELEMENTS OF ACC, AFFORDABLE (INCLUDING PBV) AND MARKET-RATE UNITS
- CAN EVEN INCLUDE HOMEOWNERSHIP UNITS AS A SEPARATE PHASE

# OTHER SOURCES OF FUNDS LEVERAGED BY PHA ASSETS

- FEDERAL LOW INCOME HOUSING TAX CREDITS (LIHTC)
- NEW MARKETS TAX CREDITS (NMTC)
- STATE AFFORDABLE HOUSING TAX CREDITS (VARIES BY STATE)
- PRIVATE FINANCING
- TRUST FUNDS (STATE)
- GRANTS FROM FOUNDATIONS

# OTHER SOURCES OF FUNDS LEVERAGED BY PHA ASSETS (CONT.)

- BANKS (CONSTRUCTION AND PERMANENT)
- BONDS
- FHLB - AFFORDABLE HOUSING PROGRAM (AHP)
- TAX INCREMENT FINANCING (TIF)
- FEDERAL DOLLARS (CDBG, HOME, NSP ETC.,)
- STATE, COUNTY AND CITY SOURCES

# OWNERSHIP STRUCTURE/WHO CAN OWN A MIXED FINANCE DEVELOPMENT

- LIHTC OWNER ENTITY AND
- PHA (VIA ITS INSTRUMENTALITY/AFFILIATE)

## EXAMPLES

- PHA HOPE VI SITES
- NON-PHA SITES (VERY COMPLEX TRANSACTIONS WITH MULTIPLE SOURCES OF FUNDS)
- PHA SITES WITH OPERATING SUBSIDY AND SECTION 30 LOANS

## CONTACT INFORMATION

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- 312-913-8670 [Abbey.o.ogunbola@hud.gov](mailto:Abbey.o.ogunbola@hud.gov)

# **U.S. Department of Housing & Urban Development**

**The Future of Alternative Finance, CFFP Lessons Learned, A  
Primer on PHMP**

**Session:     Capital Fund Financing Program  
              Public Housing Mortgage Program**

**Speakers: | Todd Wendorf, HUD OPHI**

# SECTION 30

## Section 516 of QHWRA added Section 30 to the United States Housing Act of 1937

### Sec. 30: Public Housing Mortgages and Security Interests

- (a) GENERAL AUTHORIZATION.—The Secretary may, upon such terms and conditions as the Secretary may prescribe, authorize a public housing agency to mortgage or otherwise grant a security interest in any public housing project or other property of the public housing agency.
- (b) TERMS AND CONDITIONS.—In making any authorization under subsection (a), the Secretary may consider—
  - (1) the ability of the public housing agency to use the proceeds of the mortgage or security interest for low-income housing uses;
  - (2) the ability of the public housing agency to make payments on the mortgage or security interest; and
  - (3) such other criteria as the Secretary may specify.
- (c) NO FEDERAL LIABILITY.—No action taken under this section shall result in any liability to the Federal Government.

## CFFP Fundamentals

### ■ Financial Structure/Business Terms

- Capital Formula Funds

- Generally – up to 20 years and up to 33.3%. Proceeds considered CF

### – RHF Pledge

- Pledge 100% provided overall CF does not exceed 50%
- If pledge or use RHF, loan proceeds considered RHF funds
- Ability to approve up to 10 years. Ability to approve 2<sup>nd</sup> increment at time of financing approval.
- Accelerated Amortization Provision Required
- Target Capital Formula Funds if shortfall of RHF

## CFFP Fundamentals

- Pledging of a portion of your current and future years capital fund allocation as collateral for borrowing.
  - Pledge Must Be subject to Congressional appropriations.
  - No Additional Appropriations
  - No guaranty or full faith and credit of HUD or the U.S. Government
  - Section 30 – specifically states, No Liability to the Federal Government
- Risk to Lenders/Investors and PHAs
  - Appropriations Risk
  - Performance Risk
  - Poor Planning/Implementation

## CFFP Fundamentals, (cont.)

- Proceeds from CFFP transactions considered Capital funds. All statutes, regulations, etc that apply to CFP apply to proceed.
  - PHA Plan
    - Use of Proceeds – Annual Statement
    - Use of FF/RHF for Debt Service – 5 year Action Plan (Annual Statement if Applicable)
  - RHF Plan (if using RHF Funds)
  - Procurement
  - Environmental
  - Declaration of Trust on all PH Properties
  - Depository Agreement
  - Obligation/Expenditure (mandatory redemption)

- **Streamlined PHAs**
  - **Mixed Finance**
  - **RHF**
  - **Small PHAs at least Standard Performer**
  - **High Performer**
- **Streamlined Requirements**
  - **PNA**
  - **DOTs for Mixed Finance Projects**
  - **CFFP Budget**
  - **Management Assessment**
  - **Fairness Opinion**
  - **Elements of the cover letter/narrative**

## What do I want/need to do?

- Conduct PNA for entire portfolio for term of proposed financing
- Identify priority need projects, size, scope, and cost estimate

## Assessing Feasibility

- With Asset Management, there is a greater need for each to stand on its own financially.
  - It is more difficult to internally cross-subsidize.

## Marketability

- Distressed properties may need to be repositioned.
- Don't assume that, if you build it, they will come
- The financing programs involve commitments of up to 20 years – that is a long time to pay off an error in judgment.

## Where does a PHA find information regarding the necessary documentation?

CFFP website

<http://www.hud.gov/offices/pih/programs/ph/capfund/cffp.cfm>

Office of Capital Improvements website (Cap Fund Reports)

<http://www.hud.gov/offices/pih/programs/ph/capfund/index.cfm>

Local Field Office

<http://www.hud.gov/offices/pih/programs/ph/capfund/cffprolefo.cfm#1>

# The Basics – Financing Capacity

Cap Funds	1,000,000
Annual \$ Pledge (33%)	330,060
Remaining Cap Funds	669,940
Total Borrowing*	4,000,000
Debt Service Reserve	330,060
Capitalized Interest (3 mos)	60,000
Expenses	140,000
Project Fund	3,469,940

\*Assumes 5.495% fixed rate for 20 years, \$140,000 in expenses

# The Case for Leverage

20-year Capital Fund Projection (from Portfolio Schedule)	20,000,000
Less: 20 Year Debt Service Requirement	(6,601,200)
CF Available After Debt Service	<b>13,398,800</b>
20-year PNA Total Needs	(25,634,131)
Portion of PNA Met Using CFFP Proceeds (Net Proceeds to Project)	3,469,940
Leverage	0
Total 20-year PNA Needs Remaining after CFFP & Leverage	(22,164,501)
CF Available after 20-year PNA Needs	<b>(8,765,701)</b>
20-year 1406, 1408 & 1410 Soft Cost Projection (% based on 5 year avg.)	(4,600,000)
CF Available after Projected Soft Costs	<b>(13,365,701)</b>

# Replacement Housing Factor (RHF) Funds

- Began in 1998 - Regulations 24 CFR 905.10(i)(7)
- RHF compensates for loss of units
  - Section 18 Demolition or Disposition (only)
  - Not for merging units (i.e. combining two 1 bedrooms to make one 2 bedroom unit)
  - Not for homeownership
  - Not for units being replaced through other sources of funding including HOPE VI, Development and other programs
- RHF Formula
  - Same as Capital Fund
  - Not related to the cost to replace units
- Eligible use of RHF funding
  - Beginning in FY2000 – RHF only for replacement public housing under public housing development regs at 24 CFR Part 941
- Increments
  - 1<sup>st</sup> Increment: RHF funding automatic for first 5 years after eligible unit loss
  - 2nd Five-year increment: possible if certain requirements met

- Uneven debt service payments to fully use available RHF funds in the short term
- PHAs pledged 100% of RHF funds even if RHF funds received were greater than scheduled debt service payment
- If RHF funds are insufficient to meet scheduled debt service payment, like FY Capital Funds (to the extent available) will be targeted for repayment of CFFP debt
- The 100% pledge was designed to assure PHA would be eligible for the RHF second increment, and does not violate obligation/expenditure requirements

# CFFP RHF Loan Debt Service Schedule

Payment Year	Fiscal Year's Funds	Annual Debt Service	Projected Capital Funds	Projected RHF	Total Projected CF + RHF	Debt Service as % of CF + RHF	Debt Service as % of CF only
2009	FY 2007	582,190	1,768,336	582,190	2,350,526	24.77%	32.92%
2010	FY 2008	582,190	1,768,336	582,190	2,350,526	24.77%	32.92%
2011	FY 2009	582,190	1,631,642	582,190	2,213,832	26.30%	35.68%
2012	FY 2010	519,176	1,631,642	519,176	2,150,818	24.14%	31.82%
2013	FY 2011	352,402	1,631,642	352,402	1,984,044	17.76%	21.60%
2014 and beyond	FY 2012 and beyond	300,212	1,631,642		1,631,642	18.40%	18.40%

## Using CFFP to Combine RHF and LIHTC

- 2<sup>nd</sup> Increment RHF Plans to be approved as part of the financing approval
  - Must be 100% pledge of all future funds for both increments.
  - Must include an accelerated amortization provision.
  - Approval conditioned upon any other approvals needed for expenditure of the loan proceeds, including:
    - Demo/Dispo approval
    - Mixed Finance Proposal Approval
    - Development Proposal Approval along with Simultaneous execution of a General Contractor's contract.

**Public Housing Mortgage Program  
(PHMP)**

## What is a PHMP Transaction?

- Mortgage on PH Real Estate
  - May be in first position on non-dwelling space
  - Must be subordinate to DOT on dwelling units
- Repayment with non-PH Sources
  - Because repayment is from non-PH funds, the proceeds are not considered PH funds. The PH rules don't apply. Proceeds can be used for affordable housing purposes
  - If loan to be repaid with OF or CF, it would be an OFFP or CFFP respectively.
  - Proceeds would then be considered CF and proceeds could only be used for PH Mod or Development.

## Examples of Public Housing Property to Mortgage:

- Dwelling Units
- Land
- Parking lots
- Community facilities
- Administrative buildings
- Maintenance buildings

## **Permitted types of units:**

- Public Housing, Project-Based Section 8, or other at or below 80% of AMI
- Rental or Homeownership
- Modernization or Development
- 15-year use restriction

**The PHMP permits PHAs to utilize the following types of programs (which may require a mortgage or restrictive use covenant filed on the property:**

- **FHLP AHP-[http://ci.fhlbc.com/Grant\\_Pgms/application.shtml](http://ci.fhlbc.com/Grant_Pgms/application.shtml)**
- **NSP**
- **TCAP**
- **Other State or local lending programs**

## Legal Provisions

- Conflicts Provision
  - Incorporate into all loan documents.
  - Indicates that notwithstanding anything else in the legal documents, to the extent that the legal documents conflict with public housing requirements, the public housing requirements prevail.
- Non-Recourse Provision
  - Recourse to public housing assets limited only to property being mortgaged.
- These legal provisions must be incorporated into all legal documents.

## **Housing Authority**

- accepts risk of loss through foreclosure
- must maintain Public Housing program without regard to the status of the loan.

## **No Federal Guarantee**

- In all circumstances, the PHA's financing activities are not obligations or liabilities of the federal government.
- The federal government neither guarantees nor provides any full faith and credit for these financing transactions.

- Underwriting is responsibility of HA
  - HA must submit underwriting to HUD as its representation that it has completed due diligence, and concluded that loan can be repaid (representing that the Public Housing asset will not need to be foreclosed upon to satisfy the debt).
- HUD looks primarily to non-recourse provisions
- Cannot depend solely on sale of asset
- Escrow accounts for interest-only payments

# Voluntary Conversion

- Section 22 of the 1937 Act and 24 CFR 972
- Required or voluntary
  - Means the **removal of the units from the inventory and the ACC**
  - Provisions of tenant-based or project-based assistance for residents of PH being removed
  - **Conversion does not necessarily mean the removal of the PH development- demolition**

# Overview

- PHA **may** undertake an assessment to determine if units are eligible for conversion
- Compare cost of running as PH versus providing tenant-based rental assistance
- PHA must consider other factors
  - Market value of the development
  - Rental conditions in the community
  - Likely impact of the conversion on affordable housing
  - Planned implementation process

# Conversion Assessment

- If conversion assessment is more than 1 year old
  - Must be updated
  - PHA must ensure that analysis of rental market is based on the most recent available data
- HUD cannot approve the voluntary conversion plan or application until PHA has completed information and included it in PHA Plan or Annual MTW Plan

# Voluntary Conversion Assessment Components

1. Cost Analysis
2. Analysis of Market Value
3. Analysis of Rental Market Conditions
4. Impact Analysis
5. Conversion Implementation

# Number 1-Cost Analysis for VCA

- Evaluate the viability
- Operating, capital and accrual cost
- Information on tenant-based assistance
- Voluntary conversion only allowed only if they are cost effective
- Follow the Calculation Rule and voluntary conversion Appraisal Notice
- Use the HUD spreadsheet

## Other Obligations

- PHA must identify additional financial, contractual, or legal obligations that may affect the conversion
  - Energy performance contracts
  - Capital fund leveraging agreements
  - Voluntary Compliance Agreements
  - Etc.

# Cost Analysis

- PHAs must determine the length of useful life of the development
  - 20- light, moderate rehabilitation
  - 30- addresses all back log needs and any redesigns
  - 40- rehabilitation performed equal to new construction
- Guidance found in 24 CFR 972 Modernization

## Number 2- Analysis of Market Value for VCA

- Appraisal determines
  - “Highest and best use” or “market value” of the property
  - Before and after rehabilitation
- Value included in the cost calculator
- Assists PHAs in considering recapitalization decisions
- Assists PHAs and HUD is assessing the market feasibility

# Number 3-Analysis of Rental Market Conditions for VCA

- Essential that PHA demonstrates the current market can absorb tenants that will be displaced if using vouchers for relocation
  - Vacancy rates
  - Location of affordable units that pass HQS
  - Types of units that will be needed
    - Accessible
    - Large family
    - Etc.

# Analysis of Rental Market

- Affordability in the vicinity
- Hard-to-house issues
- Data sources
  - Census
  - Local consolidated plan
  - PHA historical data
  - Other available local data

## Number 4- Impact Analysis for VCA

- Impact on the community in which the development is located
- Detailed discussion on
  - a. the availability of affordable housing in the community;
  - b. the concentration of poverty in the community; and
  - c. any other substantial characteristics of the community.

# Number 5- Conversion Implementation for VCA

- Actions and action steps
- Planned use of the development, means and timetable for accomplishing
- Plans for the development after conversion
  - Demolished
  - Disposed
  - Retained and utilized for assisted, unassisted or market-rate housing
  - Etc

# Voluntary Conversion Plan

- Completed after the PHA submits a conversion assessment that demonstrates the units are eligible for conversion
- Part of the Annual Plan or Annual MTW Plan
- May submit both assessment and conversion plan in the same Annual Plan or Annual MTW Plan, but must at least submit within 1 year of the assessment
- Implementation of the plan must be complete within 5 years

# Eight Required Components of the Plan

1. Future Use of the Development
2. Impact Analysis
3. Description of How the Voluntary Conversion Plan is Consistent with the Findings of the Conversion Assessment
4. Evidence that the Voluntary Conversion Plan was Developed with Significant Participation from Public Housing Residents

# Eight Required Components of the Plan- continued

5. Evidence the Voluntary Conversion Plan was Developed with Appropriate Local Government Consultation
6. Confirmation that any Proceeds Received from the Conversion are Subject to Limitations under Section 18 Applicable to Proceeds Resulting from Demolition or Disposition
7. Relocation Plan
8. A Summary of how the Conversion Assessment of the Public Housing Project Supports the Three Conditions Necessary for HUD to Approve a Voluntary Conversion Pursuit to 24 CFR 972.224

# Future Use of the Development

- Plans after the Voluntary Conversion
  - Demolition
  - Disposition
  - Retained
    - Assisted
    - Unassisted
    - Market-rate Housing
  - Conversion will remove from ACC, however the underlying land will continue subject to a Declaration of Trust (DOT)

# Plan Consistent with the Conversion Assessment

- Plan accurately describes the findings of the assessment
- Address any additional deficiencies or problematic issues identified in the assessment
- Any differences must be fully explained

# Approval Process on Proceeds

- Include narrative
- SAC will review
- Once SAC approves- PHA cannot change without prior written approval
- When PHA expends, must notify HUD Field Office by providing financial statement showing how funds were expended and amount

# Relocation Plan Components

- Number of households to be relocated
- Description of relocation resources
- Schedule of relocation and removal of units
- Proof residents given timely written notice of the plan
  - Not subject to URA, written notice to residents must be at least 90 days before displacement
  - Subject to URA, General Information Notice given to residents no later than date of conversion plan submission to SAC

## Summary of How the Conversion Assessment Supports the Three Conditions

- PHA **must** demonstrate to HUD that the voluntary conversion:
  - Will not be more expensive than continuing to operate the development (or a portion thereof) as public housing;
  - Will principally benefit the residents of the development, the PHA, and the community; and
  - Will not adversely affect the availability of affordable housing in the community.

## Summary of How the Conversion Assessment Supports the Three Conditions

- To demonstrate that it meets the conditions the PHA should summarize the:
  - Results of the appraisal and cost analysis
  - Feedback from residents
  - Rental market analysis
  - Analysis of impact
  - Future use of the development
  - Availability of landlords to absorb

## Voluntary Conversion and Section 18 of the Act

- Applies to all dispositions and demolitions of developments
- Must meet all requirements of Section 18 of the Act
- Not required to submit separate application
- Must demonstrate compliance as part of the conversion plan

# Voluntary Conversion and the URA

- The URA also applies to the demolition and disposition of developments related to Voluntary Conversion
- Any demolition or disposition means your PHA has to develop a relocation plan

## What's New – Streamlined Voluntary Conversion Notice

1. Streamlines the Conversion Assessment
2. Removes Burden for Small PHAs
3. Requires Conversion Plan
4. Future use of units/buildings required in the plan
5. PHAs not eligible for ARF or RHF

# Gregory Byrne

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## **SAC's Sponsored August 6-7, 2013, Training**

### **New Document with Q&A's from training-**

#### *Overview of Public Housing Inventory-Presenter-Greg Byrne*

- 1. Question:** What is the status of the 60,000 units HUD wants converted to the Rental Assistance Demonstration (RAD) program?

**Answer:** Presently, congress is aware of PHA's working on 15,000 units for RAD. However, not certain what will take place in FY 2013 and/or future plans.
- 2. Question:** Even with long-term Section 8 and congress appropriating less funding, PHA's concerned that less funding allotted to them will be insufficient to operate public housing.

**Answer:** PHA's have a 20 year contract. However, congress can decide not to fund, renew and/or prorate the contract.
- 3. Question:** What is the difference between the contract the PHA signs for Section 8 compared to the multi-family contract funded under the Project-Based Rental Assistance (PBRA) contract?

**Answer:** PHA's have to renew the contract.
- 4. Question:** Can state, city, county agencies convert units/properties to RAD?

**Answer:** Yes, all of the above, as well as properties from a different AMP. RAD allows PHA's with more flexibility and this program will help preserve affordable rental housing. Smaller PHA's should consider RAD due to its flexibility.
- 5. Question:** What if the PHA has a grant through the Capital Funds Financing Program (CFFP)?

**Answer:** Any PHA that has a CFFP grant HUD has to team up with the PHA and lender to work out a deal.

- 6. Question:** What should PHA's do in order to renew a contract?  
**Answer:** Someone has to pick up the contract. However, the contract will automatically be renewed if PHA is under the Choice Neighborhoods Program.
- 7. Question:** Current status of Section 8?  
**Answer:** Under RAD there is more choice mobility/assistance available for the tenants.

**Attendee List for Public Housing Repositioning: From A to Z at Chicago IL on August 6 7, 2013**

First Name	MI	Last Name	Title	Organization	Phone number	Email Address
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