

Annual PHA Plan (Standard PHAs and Troubled PHAs)	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires: 02/29/2016
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**Purpose.** The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families.

**Applicability.** Form HUD-50075-ST is to be completed annually by **STANDARD PHAs or TROUBLED PHAs**. PHAs that meet the definition of a High Performer PHA, Small PHA, HCV-Only PHA or Qualified PHA do not need to submit this form.

**Definitions.**

- (1) **High-Performer PHA** – A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers, and was designated as a high performer on both of the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments if administering both programs, or PHAS if only administering public housing.
- (2) **Small PHA** - A PHA that is not designated as PHAS or SEMAP troubled, or at risk of being designated as troubled, that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceeds 550.
- (3) **Housing Choice Voucher (HCV) Only PHA** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment and does not own or manage public housing.
- (4) **Standard PHA** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceeds 550, and that was designated as a standard performer in the most recent PHAS or SEMAP assessments.
- (5) **Troubled PHA** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.
- (6) **Qualified PHA** - A PHA with 550 or fewer public housing dwelling units and/or housing choice vouchers combined, and is not PHAS or SEMAP troubled.

<b>A.</b>	<b>PHA Information.</b>								
<b>A.1</b>	<p><b>PHA Name:</b> <u>Housing Authority of Kansas City, MO</u> <b>PHA Code:</b> <u>MO002</u></p> <p><b>PHA Type:</b> <input checked="" type="checkbox"/> Standard PHA <input type="checkbox"/> Troubled PHA</p> <p><b>PHA Plan for Fiscal Year Beginning:</b> (MM/YYYY): <u>01/2022</u></p> <p><b>PHA Inventory</b> (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above)</p> <p><b>Number of Public Housing (PH) Units</b> <u>1,787</u> <b>Number of Housing Choice Vouchers (HCVs)</b> <u>8,268</u></p> <p><b>Total Combined Units/Vouchers</b> <u>10,055</u></p> <p><b>PHA Plan Submission Type:</b> <input checked="" type="checkbox"/> Annual Submission <input type="checkbox"/> Revised Annual Submission</p> <p><b>Availability of Information.</b> PHAs must have the elements listed below in sections B and C readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official website. PHAs are also encouraged to provide each resident council a copy of their PHA Plans.</p> <p><input type="checkbox"/> <b>PHA Consortia:</b> (Check box if submitting a Joint PHA Plan and complete table below)</p>								
	<b>Participating PHAs</b>	<b>PHA Code</b>	<b>Program(s) in the Consortia</b>	<b>Program(s) not in the Consortia</b>	<b>No. of Units in Each Program</b>				
	Lead PHA:				<table border="1"> <tr> <td data-bbox="1224 1791 1369 1850"><b>PH</b></td> <td data-bbox="1369 1791 1526 1850"><b>HCV</b></td> </tr> <tr> <td data-bbox="1224 1850 1369 1911"></td> <td data-bbox="1369 1850 1526 1911"></td> </tr> </table>	<b>PH</b>	<b>HCV</b>		
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<b>B.</b>	<b>Annual Plan Elements</b>																																
<b>B.1</b>	<p><b>Revision of PHA Plan Elements.</b></p> <p>(a) Have the following PHA Plan elements been revised by the PHA?</p> <p>Y N</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Statement of Housing Needs and Strategy for Addressing Housing Needs</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Financial Resources.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Rent Determination.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Operation and Management.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Grievance Procedures.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Homeownership Programs.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Community Service and Self-Sufficiency Programs.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Safety and Crime Prevention.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Pet Policy.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Asset Management.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Substantial Deviation.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Significant Amendment/Modification</p> <p>(b) If the PHA answered yes for any element, describe the revisions for each revised element(s):</p> <p>Statement of Housing Needs and Strategy for Addressing Housing Needs  This element is changed by updating the information relating to HAKC’s wait lists. Through the first six months of 2021, HAKC received an average of 893 pre-applications per month. As of the end of June 2021, there were over 4,807 on the public housing wait list. 86.56% of applicants qualify as extremely low-income families. The percentage composition of families on this wait list by family size is:</p> <table border="1" data-bbox="261 1066 1523 1129"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>6</th> <th>7</th> <th>8+</th> </tr> </thead> <tbody> <tr> <td>64.70%</td> <td>21.51%</td> <td>4.16%</td> <td>6.55%</td> <td>2.66%</td> <td>0.42%</td> <td>0.00%</td> <td>0.00%</td> </tr> </tbody> </table> <p>As of the end May 2021, there were 10,486 on the wait list for the Housing Choice Voucher Program. 83.99% of applicants qualify as extremely low-income families. The percentage composition of families on this wait list by family size is:</p> <table border="1" data-bbox="261 1255 1523 1318"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>6</th> <th>7</th> <th>8+</th> </tr> </thead> <tbody> <tr> <td>58.65%</td> <td>25.90%</td> <td>12.65%</td> <td>2.42%</td> <td>0.33%</td> <td>0.04%</td> <td>0.00%</td> <td>0.00%</td> </tr> </tbody> </table> <p>HAKC plans to complete expenditure of its Paseo Gateway/Chouteau Court Choice Neighborhoods Implementation Grant funds by September 30, 2022. Phases 1 – 5 of the Chouteau Court Replacement Housing Plan were completed previously. Phase 6 – Brookwood at Antioch, began construction in early 2021 and will be completed in the summer of 2022. This site will provide 26 Chouteau Court replacement units in a 66-unit mixed income development. It is located in a non-impacted neighborhood in Kansas City’s suburban Northland, thus deconcentrating nearly 20% of Chouteau Court replacement housing. This is the first phase utilizing the Rental Assistance Demonstration (RAD) program to convert the Chouteau Courts public housing subsidy to Project-Based Vouchers. The seventh and final phase of replacement housing – Sam Rodgers Place will also utilize RAD. It will begin construction in Fall 2021. It is described more fully in Section B.2.</p> <p>The Housing Authority anticipates working closely with the City as the City approves and implements new housing policies. These include full implementation of the Healthy Homes Inspection protocol and the increase of affordable housing within the City. Specific initiatives and interactions will develop on an as needed basis and generally will not result in a significant amendment or significant deviation to this Plan.</p> <p>HAKC may revise its deconcentration and other related policies if HAKC applies for and is awarded a Mobility Demonstration grant. Any Revisions will be done on conformance with applicable regulations.</p>	1	2	3	4	5	6	7	8+	64.70%	21.51%	4.16%	6.55%	2.66%	0.42%	0.00%	0.00%	1	2	3	4	5	6	7	8+	58.65%	25.90%	12.65%	2.42%	0.33%	0.04%	0.00%	0.00%
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The HAKC intends to revise its preferences for the HCV program to add a preference for victims of domestic violence, specifically those that have successfully participated in a domestic violence program for victims.

As HAKC pursues RAD conversions under its existing RAD portfolio reservation, HAKC may issue HCV assistance to public housing residents affected by RAD conversions for either temporary relocation or voluntary permanent relocation and will include a preference for such RAD-affected families in its Administrative Plan.

The Financial resources of HAKC changed in 2021 through additional appropriations of CARES Act funding for both the public housing program and the HCV program. Through the use of these funds, HAKC expended funds for COVID-19 related activities as well as other eligible operational and administrative expenses. Expenditures relating to CARES Act funding are allowable in the term of this Annual Plan.

HAKC has adopted the various waivers permitted by HUD pursuant to PIH Notices 2020-05 and 2020-13. While these waivers are currently set to expire no later than December 31, 2020, it is feasible they will be extended by HUD. In such case, HAKC intends to extend the waivers for the maximum period allowable. These waivers affect Rent Determination, Operation and Management, Grievance Procedures, Homeownership Programs, Community Service and Self-Sufficiency Programs and Safety and Crime Prevention. Once the waivers expire, HAKC intends to revert to its pre-COVID19 approved policies. Any future waivers authorized by law or HUD Notice or regulation may be implemented by HAKC and will not be considered a significant amendment or significant deviation to this Plan. HAKC will take advantage of waivers authorized by HUD without further amendment to this Plan. HAKC adopted virtual and telephonic meetings and hearings for grievance hearings, public meetings, briefings and other such meetings to reduce face-to-face contact during the COVID-19 emergency. Virtual meetings may continue after the emergency has been lifted.

#### Significant Deviation

A significant deviation to the Annual and/or Five-Year Plans is defined as:

A substantial deviation includes, but is not limited to:

(a) A change or changes to the 5-year goals or objectives that are substantial but do not rise to the level of a “significant amendment” (such as the modification or elimination of a specific objective or minor program while retaining the overall strategic goal and accomplishing it through other objectives); (b) Additions of a Capital Fund project or non-emergency work items that are not included in the current Annual Statement or 5-year Action Plan in an amount less than \$1,000,000; or (c) changes in the use of replacement reserve funds under the Capital Fund program in an amount less than \$1,000,000. A significant deviation does not include the implementation of any waiver authorized by law or HUD Notice or regulation.

As part of the Rental Assistance Demonstration (RAD), the Housing Authority of Kansas City, MO excludes from the definition of a substantial deviation from the PHA Plan the following RAD-specific items:

(i) The decision to convert to either Project Based Rental Assistance (PBRA) or Project Based Voucher (PBV) assistance; (ii) Changes to the capital fund budget produced as a result of each approved RAD Conversion, regardless of whether the proposed conversion will include use of additional Capital Funds; (iii) Changes to the construction and rehabilitation plan for each approved RAD conversion; and (iv) Changes to the financing structure for each approved RAD conversion.

#### Significant Amendment/Modification

A significant amendment or modification to the Annual and/or Five-Year Plans is defined as:

A change to HAKC policies due to statutory or regulatory changes made effective and in the opinion of the Authority, has either a substantial programmatic or financial effect on the programs administered by the Authority or creates substantial or administrative burdens beyond the programs under administration at the start of the Plan year unless they are adopted to reflect changes in HUD regulations or requirements; AND any other change that the Authority’s Board of Commissioners determines to be a significant amendment or modification of the approved Annual Plan. Such changes may include: (a) substantial changes to rent or admissions policies; (b) substantial changes to the organization of the waiting lists; (c) additions of non-emergency CFP work items that are not included in the current CFP Annual Statement or CFP 5-Year Action Plan in an amount equal to or greater than \$1,000,000, excluding projects arising out of federally-declared major disasters; acts of God beyond the control of the Authority, such as earthquakes, fires, and storm damage; civil unrest; or other unforeseen significant event; (d) Material changes in regard to demolition, disposition, designation, or conversion activities; and (e) any required Plan provisions due to RAD approvals not previously identified in the Plan. A substantial deviation does not include any changes in HUD rules and regulations

which require or prohibit changes to activities listed herein. A significant deviation does not include the implementation of any waiver authorized by law or HUD Notice or regulation.

(c) The Housing Authority's Deconcentration Policy is shown in Chapter 1, Section D of the Admissions and Continued Occupancy Policy (ACOP).

**B.2**

**New Activities.**

(a) Does the PHA intend to undertake any new activities related to the following in the PHA's current Fiscal Year?

Y N

- Hope VI or Choice Neighborhoods.
- Mixed Finance Modernization or Development.
- Demolition and/or Disposition.
- Designated Housing for Elderly and/or Disabled Families.
- Conversion of Public Housing to Tenant-Based Assistance.
- Conversion of Public Housing to Project-Based Assistance under RAD.
- Occupancy by Over-Income Families.
- Occupancy by Police Officers.
- Non-Smoking Policies.
- Project-Based Vouchers.
- Units with Approved Vacancies for Modernization.
- Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).

(b) If any of these activities are planned for the current Fiscal Year, describe the activities. For new demolition activities, describe any public housing development or portion thereof, owned by the PHA for which the PHA has applied or will apply for demolition and/or disposition approval under section 18 of the 1937 Act under the separate demolition/disposition approval process. If using Project-Based Vouchers (PBVs), provide the projected number of project-based units and general locations, and describe how project basing would be consistent with the PHA Plan.

**Hope VI or Choice Neighborhoods**

Updated activities include: The HAKC has proceeded with the implementation of the Chouteau Court Replacement Housing Plan under the Choice Neighborhoods Initiative (CNI) program. Five (5) of the seven (7) replacement housing phases – Rose Hill Townhomes, Pendleton Flats, Pendleton Arts Block, Quinlan Place, and Quinlan Row have been completed and fully occupied. All five phases are located within the Paseo Gateway target district.

The sixth replacement housing phase, Brookwood at Antioch, located in Kansas City's Northland, began construction in early 2021 and will be completed in the Summer of 2022. The 66-unit mixed-income development will include 26 Chouteau Court replacement units, of which 24 are utilizing the Rental Assistance Demonstration (RAD) program to convert public housing funding to PBV while the remaining two will be non-RAD PBV.

The seventh and final replacement Chouteau Court housing phase will be on the site of the federally qualified Samuel U. Rodgers Community Health Center in the Paseo Gateway District. To be known as Sam Rodgers Place, it will include the final 27 Chouteau Court replacement units in a 62-unit mixed-income development. This will mark the completion of 141 replacement units for the 134-unit former Chouteau Court (the number of 4-bedroom units were reduced to make more two- and three-bedroom units to better respond to the needs on the HAKC waiting list). The project received an award of Low-Income Housing Tax Credits (LIHTC) in December 2020. Construction will begin in the Fall of 2021 after closing on construction financing. Completion is projected in early 2023. Like Brookwood at Antioch, it also will utilize the RAD program to convert the Chouteau Courts public housing funding to Project-Based Vouchers.

All People and Neighborhood activities of the Choice Neighborhoods grant will be completed by September 30, 2022. Case management for all former Chouteau Court residents and current residents of Chouteau Court replacement housing will continue through that date. HAKC will work with its People administrative partner – United Way of Greater Kansas City, to plan an endowment for the remaining funds (approximately three to four hundred thousand dollars) in the People portion of the grant. Those funds will be used to sustain key programs from partner agencies in the areas of employment, health, education, and self-sufficiency.

**Mixed Finance Modernization or Development**

Updated activities include: As part of the CNI Implementation Grant, all seven phases of the Chouteau Courts replacement housing will be developed using Mixed Finance Development. In addition to CNI funds, all seven phases

utilize LIHTC equity and conventional construction loans and permanent financing. All phases since Rose Hill Townhomes have been co-developed with Brinshore Development, the lead developer for the Paseo Gateway CNI housing program. Brinshore expects to complete construction on Brookwood at Antioch, the 6<sup>th</sup> phase in the Northland in July 2022, and begin construction on Sam Rodgers Place, the 7<sup>th</sup> and final phase in Fall 2021. Unlike previous phases, these last two mixed-income sites will utilize the Rental Assistance Demonstration (RAD) program to convert the Chouteau Courts public housing funding to Project-Based Vouchers..

Cardinal Ridge is a 160-unit mixed-income development completed in 2001 with HOPE VI funding and LIHTC. Sixty-nine (69) of the units are currently operated as public housing. It was previously owned and managed by the Michaels Organization. HAKC received a notice on May 6, 2021, that Fannie Mae was foreclosing on the Cardinal Ridge first mortgage and indicated a pending May 21 public sale (Fannie Mae sent the HAKC notice to the wrong address). HAKC engaged legal counsel and quickly began negotiations with both Fannie Mae and the owner. Fannie Mae agreed to extend the sale date until June 30.

With the pending foreclosure, HAKC asked the non-profit developer, National Housing Partnership Foundation (NHPF) – who had previously expressed interest in acquiring the development with HAKC, to join in the effort to pay off Fannie Mae and provide financial backing for the purchase and redevelopment of Cardinal Ridge. The Regional HUD office approved the non-competitive procurement of NHPF on June 17, 2021, due to the pending public sale of the property.

The Cardinal Ridge ownership entity – Heritage Noland Associates, LP, will remain the same until a LIHTC resyndication. The previous owner agreed to step out as general partner and the tax credit investor / limited partners also stepped out. A new partnership of NHPF and HAKC’s non-profit affiliate, Affordable Housing of Kansas City, Inc. (AHKC), stepped into the role of owner and general partner. The partnership will continue to operate the site and public housing units under the current public housing control documents until resyndication. The HUD Office of Public Housing Investments approved this ownership re-structure on June 26, 2021. The partnership was approved by the HAKC Board of Commissioners on June 28, 2021.

HAKC and NHPF received a forbearance agreement from Fannie Mae and paid off the first mortgage loan on June 30, 2021. NHPF and HAKC selected a new property manager to take over the site on August 1, 2021. The Partnership’s plans for the future of Cardinal Ridge includes the following: 1) obtain a bridge loan to reimburse purchase costs and provide operating and maintenance reserves for the operation of Cardinal Ridge until resyndication, 2) convert the public housing units to project-based rental assistance under the RAD program, and potentially utilize a RAD/Section 18 Blend, as discussed in Attachment #2, 3) seek resyndication with 4% or 9% LIHTC in an application to the Missouri Housing Development Commission in September 2022, and 4) rehabilitate Cardinal Ridge by early 2024 to preserve this important HAKC affordable housing asset for years to come

#### Demolition and/or Disposition

HAKC submitted an application for the demolition of Chouteau Courts as part of the CNI implementation grant. Approval was received on July 23, 2019. Demolition began in the fall of 2019 and was completed in the summer of 2020. HAKC is coordinating with the City to determine the best use for the site and then will submit an application for disposition to the HUD Special Applications Center (SAC) in 2021. The 7-acre Chouteau Court site will be combined with the 8-acre vacated Belvidere Park to create a 15-acre redevelopment district. An Urban Land Institute (ULI) Technical Assistance Panel (TAP) event was completed for the site in September 2020. The TAP event provided outside expertise and an opportunity for community input in planning the future use of the site. A written report summarized recommendations for public improvements and the mixed-use redevelopment of the combined 15-acre site.

Eleven scattered sits units (7504 & 7506 E. 50th Terr, 404 Jackson, 1618 Belmont, 4932 Walrond, 1619 Cambridge, 3339 Cypress, 3406 Anderson, 2713 Elmwood, 5605 Hardesty, and 7804 E. 51st) are being considered for disposition.

Previously, HAKC received authorizations from HUD SAC to dispose of the 6-acre vacant portion of Guinotte Manor known as “Phase 3” and the 13 acres of vacant land known as “Maple Corners”. HAKC has not yet disposed of these parcels, however, with renewed market interest this past year, HAKC will resubmit to HUD for authorization to dispose of these sites in 2021.

HAKC has long planned to redevelop the vacant land and the 74 aging townhomes of the Wayne Miner development. The vacant land was the site of the former Wayne Miner towers which were demolished in 1987. St. Joseph Place, a

HUD 202 development for seniors, was created with Catholic Charities on a portion of the site in 2010. Recently requests have been received from developers to redevelop the remainder of the Wayne Miner site with new housing and to develop a community facility oriented toward youth recreation and after-school programming on the vacant land. HAKC will issue an RFP in 2021 for the redevelopment of the public housing townhomes in a mixed-income setting utilizing RAD or a RAD/Section 18 Blend, and evaluate the proposal received for the youth center on the vacant land. A HUD SAC application for disposition is pending HAKC determination of the new site configuration.

HAKC will consider use of the RAD/Section 18 Construction Blend (the “Blend”) options made available under Notice PIH 2021-07 in its Public Housing repositioning efforts. Under the Blend, some Public Housing units will be disposed of and replaced with Project-Based Voucher assistance set at applicable Fair Market Rents (FMR) instead of the pre-determined and site-specific RAD contract rents. The number of PH units disposed of will depend on each project’s construction and/or rehabilitation scope of work in comparison to HUD’s published Housing Construction Costs for the metropolitan area, as well as the project’s use of 4% or 9% LIHTC in its financing.

Villa Del Sol will be the first of HAKC’s public housing developments to utilize the Blend with its Fall 2021 RAD conversion. Thirteen of Villa Del Sol’s 65 public housing units will be disposed of through Section 18 and replaced on-site using PBVs. The remaining 52 units will convert to PBV under RAD as further detailed in the Significant Amendment to the 2021 Annual Plan.

#### Conversion of Public Housing to Project-Based Assistance under RAD

The Housing Authority anticipates a possible conversion of a portion of its public housing portfolio to Project Based Rental Assistance (PBRA) or Project-Based Vouchers (PBV) utilizing the RAD program. HAKC currently has a HUD-issued RAD portfolio award reserving 465 public housing units for conversion through RAD. Out of the 465 reserved units, HUD Commitment(s) to Enter into Housing Assistance Payments (CHAP) contracts have been received for 116 PH units. These include 65 units at Villa Del Sol, an HAKC mixed-finance development, and the remaining Chouteau Courts’ replacement units in the 6<sup>th</sup> and 7<sup>th</sup> replacement housing phases under CNI. HAKC has until September 30<sup>th</sup>, 2024 to submit acceptable RAD applications for the remaining 349 units covered under the RAD portfolio reservation. In order to retain its portfolio award after September 5, 2020, HAKC must close on average either two projects per year or 25% of the 465 reserved units per year. HAKC may withdraw and/or substitute certain projects in the RAD portfolio reservation, and switch projects between the active and pending portions of the portfolio; therefore, the number of RAD applications submitted to HUD may be subject to change. Conversion to RAD is contingent on the financial feasibility of the conversion plan for each site.

The currently approved and anticipated conversions, and adoption of the applicable PBRA or PBV-specific resident rights, participation, waiting list, and grievance procedures listed in the corresponding sections of PIH Notice 2019-23 (HA), REV-4, and any successor notices, are detailed in Attachment 2 to this Plan. RAD Financing Plans will have been submitted to HUD for both Villa Del Sol, which received a 4% LIHTC award in Fall 2019, and Sam Rodgers Place - phase 7 of Chouteau Courts replacement housing which received a 9% LIHTC award in December 2020, prior to the submission of this Plan. Additionally, HAKC submission of a RAD application for Cardinal Ridge, after satisfaction of all RAD requirements including resident meetings and HAKC board approval, will also be submitted to HUD prior to the submission of this Plan. RAD applications for Wayne Miner and Pemberton Heights are also anticipated to occur over the next several months, subject to the same RAD requirements.

RAD was designed by HUD to assist in addressing the capital needs of public housing by providing housing authorities access to private sources of capital to repair and preserve its affordable housing assets. The potential conversions could consist of straight conversion(s), substantial rehabilitation, or demolition and new construction of the residential units to preserve their long-term affordability. The HAKC’s current and future Capital Fund Program Grant budgets will be reduced by the pro rata share of Public Housing Developments converted as part of the Demonstration., The HAKC may also borrow funds to address the capital needs of some properties and/or seek award of Low-Income Housing Tax Credits.

#### Over-Income Families

HAKC fully implemented the requirements of HOTMA providing that the tenancy of families that are over-income for two consecutive years will be terminated within six months of the second income determination; or the monthly rent will be the greater of the applicable FMR or the amount of subsidy for the unit from the operating and capital fund as determined by regulations.

	<p><b>Project-Based Vouchers</b>  Updated activities include: The Housing Authority will follow its procedures relating to project-based vouchers as outlined in its HCV Administrative Plan. A Request for Proposals (RFP) to add up to 200 additional project-based voucher units was released in June 2020. Two (2) proposals were received which included properties with planned significant rehabilitation or new construction utilizing LIHTC. The proposals received conditional commitments for project-based vouchers from HAKC and will be placed under Agreements to enter into a Housing Assistance Payments (AHAP) contracts upon completion by HUD of the Subsidy Layering Review process. Execution of the AHAP contracts will likely occur in Fall 2021. Upon construction completion and acceptable Housing Quality Standard inspections, the properties will then be placed under Housing Assistance Payments (HAP) contracts. Another Request for Proposals (RFP) to add up to 200 additional Project-Based Voucher units will be issued in the third quarter of 2021. The PBV RFP for 2022 will be issued by March to ensure sufficient time to approve awards prior to the Missouri LIHTC application September submission deadlines (the Missouri Housing Development Commission requires a commitment of subsidy for scoring points in their application).</p> <p>HAKC has utilized project-based vouchers in the first five phases of Chouteau Courts replacement housing as part of the HUD-approved CNI Replacement Housing Plan. The final two Chouteau Courts replacement housing phases will utilize RAD-converted project-based vouchers for the remainder of replacement units. RAD Commitments to enter into Housing Assistance Payments (CHAP) contracts have been received for the two remaining replacement housing phases, with one phase – Brookwood at Antioch, having since closed on its financing and completed its RAD conversion. The RAD-specific details for the final CNI Replacement Housing phase – Sam Rodgers Place, are outlined in Attachment 2 to this Plan.</p> <p><b>Units with Approved Vacancies for Modernization</b>  Updated activities include: The Housing Authority will seek approval of vacancies for modernization as units are vacated and require significant capital improvements in order to reoccupy such units.</p> <p><b>Other Capital Grant Programs</b>  Updated activities include: The Housing Authority intends to submit applications for Safety and Security grants. HAKC committed \$500,000 in Capital Funds over five years in its Choice Neighborhoods Implementation Grant application. These are budgeted for relocation and demolition activities.</p> <p>HAKC was awarded \$199,935 in additional capital funds from the 2018 appropriations bill to be used for safety and security measures as contained in the application. These funds will be expended in 2020 and 2021.</p>
<p><b>B.3</b></p>	<p><b>Civil Rights Certification.</b></p> <p>Form HUD-50077, <i>PHA Certifications of Compliance with the PHA Plans and Related Regulations</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
<p><b>B.4</b></p>	<p><b>Most Recent Fiscal Year Audit.</b></p> <p><b>(a) Were there any findings in the most recent FY Audit?</b></p> <p>Y   N  <input checked="" type="checkbox"/>   <input type="checkbox"/></p> <p><b>(b) If yes, please describe:</b></p> <p>1. Finding 2019-001 – The auditor noted that due to staff turnover the Authority had not fully implemented the established systems and controls to ensure complete and accurate tenant files in the HCV program. Testing of 41 tenant files the auditors noted 6 file deficiencies.  Actions planned and taken – The Authority will provide ongoing training to staff responsible for quality control reviews and ensure calculations are correct. In addition, a quality assurance protocol has been implemented.</p>



<p><b>B.5</b></p>	<p><b>Progress Report.</b></p> <p>Provide a description of the PHA's progress in meeting its Mission and Goals described in the PHA 5-Year and Annual Plan.  <b>See Attachment 1.</b></p>
<p><b>B.6</b></p>	<p><b>Resident Advisory Board (RAB) Comments.</b></p> <p>(a) Did the RAB(s) provide comments to the PHA Plan?</p> <p>Y    N  <input type="checkbox"/> <input checked="" type="checkbox"/></p> <p>(c) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations.</p> <p><b>The RAB had no comments regarding the 2021 Annual Plan.</b></p>
<p><b>B.7</b></p>	<p><b>Certification by State or Local Officials.</b></p> <p><i>Form HUD 50077-SL, Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan,</i> must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
<p><b>B.8</b></p>	<p><b>Troubled PHA.</b></p> <p>(a) Does the PHA have any current Memorandum of Agreement, Performance Improvement Plan, or Recovery Plan in place?</p> <p>Y    N    N/A  <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/></p> <p>(b) If yes, please describe:</p>

<p><b>C.</b></p>	<p><b>Statement of Capital Improvements.</b> Required for all PHAs completing this form that administer public housing and receive funding from the Capital Fund Program (CFP).</p>
<p><b>C.1</b></p>	<p><b>Capital Improvements.</b> Include a reference here to the most recent HUD-approved 5-Year Action Plan (HUD-50075.2) and the date that it was approved by HUD.</p> <p>The HAKC's most recent update to its 5-Year Action Plan (50075.2) was approved by the HAKC Board on October 15, 2019 and approved by HUD on December 12, 2019. HAKC updated the EPIC System with the current CFP data.</p>

**ATTACHMENT 1 - Progress Report.**

Provide a description of the PHA’s progress in meeting its Mission and Goals described in the approved PHA 5-Year Plan.

**Goal #1: Expand affordable housing supply**

GOALS AND OBJECTIVES	Updates
<ol style="list-style-type: none"> <li>1. Expand ACC units as permitted and other affordable housing units through leveraging private or other public funds through partnerships with private developers and LIHTC projects.                             <ol style="list-style-type: none"> <li>a. Submit funding applications for Low Income Housing Tax Credits, mix-finance and other sources necessary to support HAKC’s property and neighborhood redevelopment.</li> <li>b. Apply for additional vouchers if funds are available and the criteria for the funding can be met.</li> </ol> </li> <li>2. Project-Based Vouchers - HAKC intends to offer project-based vouchers subject to availability as appropriate and necessary to support new affordable housing and preserve existing affordable housing.</li> <li>3. HAKC will seek opportunities to effectively utilize special vouchers such as Mainstream, NED and FUP vouchers</li> <li>4. HAKC will seek affordable housing opportunities in nontraditional areas by deconcentrating units and vouchers within areas of poverty and encouraging movement to neighborhoods of opportunity.</li> <li>5. Coordinate with HUD to preserve affordable housing opportunities when owners opt out of HUD projected based voucher contracts or the projects come to the end of the contract period. Concentration will also be given to projects that provide supportive services to unique and underserved populations.</li> <li>6. HAKC will explore the possibility of becoming a Moving to Work (MtW) agency allowing it to utilize innovative methods to expand housing opportunities.</li> <li>7. EHV</li> </ol>	<ol style="list-style-type: none"> <li>1. a. HAKC has completed and fully occupied five (5) phases of the Chouteau Courts replacement housing plan under the Choice Neighborhoods Initiative – Rose Hill Townhomes, Pendleton Flats, Pendleton ArtsBlock, Quinlan Place, and Quinlan Row. All five (5) phases have utilized LIHTC and Project-Based Vouchers (PBV) for the replacement units.</li> <li>b. With the use of the RAD program for the remaining two (2) CNI replacement housing phases, plus the seventy-eight (78) tenant protection vouchers (TPV) HAKC received in 2017 for former Chouteau Courts households, HAKC will not have lost any subsidy with the demolition of the Chouteau Court public housing development; instead, retaining funding for all 134 units for use in the voucher program.</li> <li>2. A Request for Proposals (RFP) to add up to 200 additional Project-Based Voucher units is planned for a late-Summer 2021 issuance. HAKC’s current PBV portfolio includes 497 PBV units under contract with 194-units pending, including the Villa Del Sol RAD-converted units and final CNI replacement phase.</li> <li>3. HAKC is coordinating with MDMH, Swope, Truman, Amethyst Place and the GKCCEH to utilize Mainstream and NED vouchers as part of a “Move-On” strategy.</li> <li>4. HAKC is working with the City and the HA of Lee’s Summit to review of mobility alternatives. HAKC will be coordinating with MARC &amp; LISC on a Regional Housing Partnership to increase access to affordable housing.</li> <li>5. No new HUD projects have been presented</li> <li>6. HAKC will continue to monitor.</li> </ol>

**Goal #2: Partnership Building**

GOALS AND OBJECTIVES	Updates
<ol style="list-style-type: none"> <li>1. Strengthen relationships and improve networking amongst other Housing Authorities to share policies and procedures; contractor listing; and best practices.</li> <li>2. Build strategic partnerships –State, County, City and Community organizations. Continue to partner and collaborate with the Public Housing Resident Council to encourage greater resident participation. Continue to increase partnerships with other housing, service providers and faith-based institutions. Continue to cooperate and coordinate with the Kansas City, Missouri Police and Fire Departments. This will also include regular evaluation of the participants in the Program Coordinating Committee and the effectiveness of the Committee.</li> </ol>	<ol style="list-style-type: none"> <li>1. HAKC participates in a variety of working groups sponsored by CLPHA and NAHRO. Work groups focus on IT, HR, Communications and RAD.</li> <li>2. HAKC has strong partnerships with over 40 social service providers as well as relationships with United Way, Landlord groups, NAHRO, CLPHA, HDLI, KCPD, KCFD and MCSP.</li> <li>3. HAKC works with a variety of landlord groups to increase participation in the HCV program. HAKC works with the City, the GKCCEH, the CoC and other community groups to identify housing needs and solutions. HAKC legal department is working with UMKC law school to create and/or partner with their existing</li> </ol>

<p>3. HAKC plans to enhance the relationships between the staff, participants and the community to enable HAKC to be more effective in meeting the housing needs of extremely low-income families.</p>	<p>clinical programs to assist program participants in areas of wills, custody, and other legal needs.</p>
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**Goal #3: Financial - HAKC’s Statement of Financial Resources changes annually for the LIPH and HCV programs. As is with most PHA’s we continue to respond to constant budget challenges by stretching dollars to do more with less, identifying new ways to be more efficient, promoting sustainability and effectiveness in our overall operations.**

GOALS AND OBJECTIVES	Updates
<ol style="list-style-type: none"> <li>1. Continue to identify cost savings measures, alternative management opportunities and repositioning opportunities such as through RAD, and conversion of traditional public housing to vouchers or another program.</li> <li>2. Over the next five years the Authority plans to expand its capacity to include fee management of LIHTC and public housing mixed-finance sites.</li> <li>3. Upgrade financial systems and software to take advantage of technology to improve timekeeping, payroll, payables and receivables.</li> <li>4. Work towards securing the maximum possible funding both from the Section 8 and public Housing programs’ administrative and operating funds.</li> <li>5. Continue to explore ways to become paperless including personnel and payroll, Rent collection, Accounts Payable, and other Resident, or client processes.</li> <li>6. Maximize efficient utilization of the new acquired office building to minimize operating costs and bring in revenue by subleasing any unused spaces.</li> </ol>	<ol style="list-style-type: none"> <li>1. HAKC currently has a RAD Portfolio Award reserving 465 units for conversion through RAD. Out of that total, 24 units were converted through RAD at year-end 2020, and 92 more units are expected to convert prior to year-end 2021. HAKC will be determining which public housing developments have the most significant capital needs and strongest financial feasibility with LIHTC for the next round of RAD applications to be submitted under the reservation. An RFP for lead-developer partner(s) will be issued in 2021 or 2022. HAKC applied for and received Risk reduction funding from HAI Group which will be used for cameras at the high-rise buildings.</li> <li>2. HAKC has identified two potential candidates for fee management in upcoming redevelopments in its RAD portfolio commitment. These are currently traditional PH senior/disabled designated sites that will be redeveloped with RAD and LIHTC. Several staff completed LIHTC training.</li> <li>3. HAKC selected eComply Solutions as a web-based compliance monitoring systems to assist with the timely and efficient review of certified payrolls and contracts to better ensure compliance with the various federal regulations tied to PHA funding; including Section 3, Federal Labor Standards and the Davis-Bacon Related Acts. HAKC will be implementing a new payroll and timekeeping software package for staff. HAKC has also implemented DocuSign as part of its goal in identifying and implementing paper reduction measures.</li> </ol>

**Goal #4: Staff Development and Succession Planning**

GOALS AND OBJECTIVES	Updates
<ol style="list-style-type: none"> <li>1. Create programs and opportunities for employees to contribute to the success of HAKC and the community. Promote excellence in employee contributions toward accomplishing HAKC’s mission.</li> <li>2. Develop strategies for management succession, recruitment, and skill and knowledge development for key managers, supervisors and line staff.</li> <li>3. Develop wellness and work-life programs as part of the Authority’s benefits.</li> <li>4. Enhance HAKC’s risk management programs for employees and residents that establish proactive ways to minimize the Authority exposure to liability and property loss.</li> <li>5. Enhance training programs focusing on personnel, safety, retention and workplace environment.</li> <li>6. Develop and implement succession plan for each key area and each key position.</li> </ol>	<ol style="list-style-type: none"> <li>1. Through our partnerships in the community, HAKC staff have opportunities to promote HAKC’s mission.</li> <li>2. Succession planning is on-going.</li> <li>3. HAKC continues to provide staff with wellness information and web-based education as well as an EAP program.</li> <li>4. HAKC continues to conduct risk analysis in conjunction with its insurance provider.</li> <li>5. Regular training opportunities are made available to staff. Training will be primarily virtual through the first half of 2021. HAKC engaged an HCV consultant to develop improvements to the HCV program operations.</li> <li>6. Succession planning in on-going. HAKC anticipates the retirement of its Deputy Executive Director before the end of 2021 and intends to hire a replacement prior to the effective date of her retirement.</li> </ol>

**Goal #5: Enhance the safety of the living and work environments for public housing residents and housing authority employees:**

GOALS AND OBJECTIVES	Updates
<ol style="list-style-type: none"> <li>1. Continue to provide investigative and protective support services as funds are available and appropriate.</li> <li>2. Review and update improved building access controls as needed.</li> <li>3. Review and update as needed the resident “incident report” program to encourage reporting accidents (personal and property), and incidents of suspicious or criminal activity.</li> <li>4. Identify or create a program to address conflict resolution and crisis intervention.</li> <li>5. Identify and apply for crime prevention, safety and emergency grants and other funding opportunities.</li> <li>6. Identify and relocate HAKC Administrative Offices at the end of the current lease which ends in 2021.</li> <li>7. Through risk assessment and training, reduce claims and injuries</li> </ol>	<ol style="list-style-type: none"> <li>1. Funding opportunities are reviewed and implemented as they become available.</li> <li>2. Building access will be reviewed as a part of HAKC’s risk assessments.</li> <li>3. Incident Reports are monitored by appropriate staff to ensure risks are minimized.</li> <li>4. Conflict Resolution will be addressed in 2021</li> <li>5. HAKC will be adding surveillance cameras, additional lighting &amp; other security measures to the high-rise buildings and one family development</li> <li>6. HAKC located and purchased an office building for its Administrative offices. The move the general offices will be completed in 2021 with the goal of consolidating all HAKC administrative offices including Resident Services and Public Safety into the same building in 2022.</li> <li>7. HAKC continues to conduct general risk assessments, capital needs assessments and implement appropriate measures to reduce risk.</li> </ol>

**Goal #6: Enhance general operations for Public Housing and Housing Choice Voucher (HCV) programs.**

GOALS AND OBJECTIVES	Updates
<ol style="list-style-type: none"> <li>1. Ensure equal opportunity and affirmatively further fair housing by ensuring access to assistance and sustainable living environments.</li> <li>2. Revised the ACOP, lease grievance policy and the Administrative Plan as needed.</li> <li>3. Achieve “High Performer” status under both the Section 8 Management Assessment Program (SEMAP) for the HCV program and the Public Housing Assessment System PHAS) for the LIPH program.</li> <li>4. Further implement web-based opportunities for applicants, residents, clients and landlords to conduct business with HAKC.</li> <li>5. Update record retention and record security measures.</li> <li>6. Improve client relations, efficiency and productivity through implementing an effective staff development program that focuses on excellent service delivery, high-quality management and accountability.</li> <li>7. <b>EHV</b></li> </ol>	<ol style="list-style-type: none"> <li>1. HAKC coordinates with the City and a variety of community partners to identify measures to enhance fair housing. HAKC is exploring mobility initiatives.</li> <li>2. The ACOP and Administrative Plan will be revised as needed. HAKC will continue to offer in-person grievance hearings, but will also provide the option of a virtual hearing for those who need it.</li> <li>3. Improvements to operations are on-going.</li> <li>4. HAKC implemented on-line applications for both programs. Over 94% of applications are now submitted through the web-based application process.</li> <li>5. HAKC’s retention procedures have been updated.</li> <li>6. Relations with clients are regularly evaluated and improvements implemented.</li> <li>7. <b>EHV</b></li> </ol>

**Goal #7: Contract and Procurement Management**

GOALS AND OBJECTIVES	Updates
<ol style="list-style-type: none"> <li>1. Expand supplier and contractor outreach.</li> <li>2. Continue to use and expand utilization of consortia and purchasing groups for contracts for materials and services.</li> <li>3. Increase participation of MBE, WBE &amp; DBE and small entities in bidding and contracting with HAKC.</li> <li>4. Expand Section 3 employment opportunities.</li> <li>5. Develop a program to maximize the value of surplus or obsolete assets in order to generate revenue.</li> <li>6. Procure of a number of “on-call” contracts with general scopes of work routine and on-going services at the developments.</li> </ol>	<ol style="list-style-type: none"> <li>1. HAKC Procurement staff continues add new contractors and suppliers and to review ways to expand resources for materials and services.</li> <li>2. HAKC Procurement staff reviews sources of Cooperative Agreements to help ensure efficient and cost-conscious Procurement of goods and services</li> <li>3. HAKC Procurement staff continues to review ways to expand the number and diversity of contractors and provides info to potential contractors and supplies on determining if they would be considered a MBE, WBE &amp; DBE or small entities and how to be formally designated as such.</li> <li>4. HAKC’s Section 3 Coordinator identifies and maintains a skills database of residents who are ready for employment. HAKC is also coordinating with the City to identify Section 3 businesses. The HAKC Section 3 Policy and Procedures will be updated by year-end 2021 to comply with the most recent regulations.</li> </ol> <p>Participation in the Section 3 program is a requirement of the general contractor and any subcontractors during the construction of all phases of Chouteau Courts replacement housing under the CNI Grant, and RAD conversions with a rehab/new construction scope of work.</p>

**Goal #8: Sustainability Objectives and Maintenance Management Improvement**

GOALS AND OBJECTIVES	Updates
<ol style="list-style-type: none"> <li>1. Identify and implement appropriate protocols both a physical needs assessment protocol and a green physical needs assessment protocol.</li> <li>2. Identify and implement cost savings measure to reduce vacant unit turnaround costs.</li> <li>3. Continue to enhance and implement a Quality Assurance Program.</li> <li>4. Identify cost efficiencies and energy savings.</li> <li>5. Apply for and achieve accreditation from third party such as the Affordable Housing Accreditation Board.</li> <li>6. Update and enhance the HAKC website and intranet to improve communication internally and externally.</li> <li>7. Design and implement a force account labor training and internship program.</li> </ol>	<ol style="list-style-type: none"> <li>1. Update PNA and green physical needs annually to reflect the trends of needs to be addressed</li> <li>2. Develop scopes of work for frequent vacant turnaround tasks for contract work</li> <li>3. Hire a manager to monitor Quality Assurance Program</li> <li>4. Energy saving measures are taken into consideration with each contract</li> <li>5. Updating Department Procedure Manual</li> <li>6. In the planning stage of developing and implementing an ongoing training program</li> <li>7. This initiative has been delayed due to the COVID-19 emergency, but we intend to initiate it in 2021.</li> </ol>

**Goal #9: Management Information System and Technical Improvements**

GOALS AND OBJECTIVES	Updates
<ol style="list-style-type: none"> <li>1. Improve customer service and streamline HAKC’s operations to include: Agency interactive phone and voicemail systems, automated information systems (i.e. phones and website); employee and resident (PH and HCV) information portals; Upgrades to core business equipment, software, network systems and computer hardware.</li> <li>2. Identify and implement additional methods to decreasing the “digital divide” through technology enhancements.</li> <li>3. Develop and implement a disaster response plan for electronic records and systems.</li> <li>4. Implement video board meetings on a regular basis.</li> </ol>	<ol style="list-style-type: none"> <li>1. HAKC implemented a new VOIP phone system which allows remote staff to operate telephone equipment more independently from HQ. We are in the process of rebuilding our website and improving the look and overall feel of it. HAKC is standardizing its computing system for our network hardware and printing equipment. We are increasing our computer network storage capacity, so in the future we can begin the process of going “paperless”.</li> <li>2. Members of the IT department are members of the “KC Coalition for Digital Inclusion”, which is an organization that assist with the city-wide effort to increase internet access. HAKC continues to make its computer training labs, donated by Google, available to assist residents with using technology. HAKC has partnered with Literacy KC to help facilitate access to services through digital literacy efforts.</li> <li>3. HAKC continues to develop and revise its disaster response plan. This plan includes but is not limited to aligning with standard cybersecurity strategy and practices, building a risk-awareness culture among staff and upgrading to next-generation firewalls for the entire organizations network security.</li> <li>4. HAKC implemented video Board meetings.</li> </ol>

**Goal #10: Encourage and support self-sufficiency (Education and employment), homeownership, stable families and healthy living.**

GOALS AND OBJECTIVES	Updates
<ol style="list-style-type: none"> <li>1. Housing Services of Kansas City (HSKC), an affiliate/instrumentality of the Housing Authority will be used to seek sources of funding to enhance existing resident services programs in order to meet the needs of the families.</li> <li>2. The HAKC will continue to seek funding to provide support for families for the Public Housing and Housing Choice Voucher Family Self-Sufficiency (FSS) Program Case Management Program, and The Resident Opportunity Self-Sufficiency (ROSS) Service Coordinators.</li> <li>3. Enhance and expand programs to focus services for residents in four primary categories: employment, education and health and community involvement.</li> <li>4. HAKC will continue to identify and address the unique needs of the elderly and near elderly residents and persons with disabilities.</li> <li>5. HAKC will continue to provide the homeownership program and youth-oriented programs.</li> </ol>	<ol style="list-style-type: none"> <li>1. HAKC continues to work with community organizations to enroll families in holiday programs. Families will benefit from receiving clothing, food, and gifts. In 2020, HAKC through its Public Safety Department, initiated a program to raise funds to provide holiday support to selected families served by HAKC.</li> <li>2. We will continue with this goal.</li> <li>3. Continue to enhance the FSS Program Coordinating Committee by adding more community partners. Build Section 3 client list and provide job readiness to prepare residents for potential Section 3 opportunities. Provide employment help line for Choice Neighborhood Initiative residents with jobs through FEC. Work with community programs to get families connectivity for distance learning.</li> <li>4. HAKC works with community partners to provide services such as health screens and health education. Provide peer support groups aimed at educating and uplifting grandparents that are raising grandchildren at Pemberton Park for Grandparents.</li> <li>5. HAKC will continue to provide financial literacy classes and home buyer's classes for participants. Develop youth programming centered around financial literacy, mentorship and entrepreneurship.</li> </ol>

**Goal #11: Update HAKC Policies, Procedures, Protocols and Corresponding Manuals**

GOALS AND OBJECTIVES	Updates
<ol style="list-style-type: none"> <li>1. Update those relating to Personnel, specifically relating to new employee orientation; harassment identification, reporting, prevention, investigation and response; staff salary and retention.</li> <li>2. Develop and implement a business continuity and disaster response plan.</li> <li>3. Develop and implement a risk assessment and safety plan for each work site, including regular safety training.</li> </ol>	<ol style="list-style-type: none"> <li>1. The Personnel Manual has been revised. HAKC will be conducting a comprehensive salary/wage comparability study over the next several months. Training on harassment identification, reporting and prevention is provided to staff. A new on-boarding and training program are being developed.</li> <li>2. The COVID-19 pandemic brought to light a number of aspects that will be incorporated into the Continuity/Disaster Plan.</li> <li>3. HAKC continues to revise its Risk management plan.</li> </ol>

**ATTACHMENT 2 -  
RAD Provisions of the HAKC Annual and Five-Year Plans**

The Housing Authority of Kansas City, Missouri (HAKC) will be converting a portion of its Public Housing portfolio to Project Based Vouchers under the guidelines of H-2019-09 PIH Notice 2019-23 (HA) and any successor Notices (the RAD Notice). The RAD conversions will require changes to the HAKC’s Admissions and Continued Occupancy Policy (ACOP) and/or Section 8 Administrative Plan: these changes would include those items indicated under **Sections 1.6.A and 1.6.B. of the RAD Notice** which are appended to this Attachment.

Additionally, upon conversion to Project Based Vouchers, the HAKC will adopt the resident rights, participation, waiting list and grievance procedures listed in Section 1.6.C and 1.6.D of the RAD Notice, and Joint Housing Notice H-2016-17/PIH-2016-17. These resident rights, participation, waiting list and grievance procedures are also appended to this Attachment.

The HAKC certifies that all proposed RAD conversions will comply will all applicable site and neighborhood standards, and the site(s) will be suitable from the standpoint of facilitating and furthering full compliance will the applicable provisions of Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, Executive Order 11063, and HUD regulations issued pursuant thereto. Reviews will be completed with respect to accessibility for persons with disabilities and the design of any proposed site(s) will be consistent with applicable accessibility standards under the Fair Housing Act, Section 504 of the Rehabilitation Act of 1973, including implementing regulations at 24 C.F.R. 8.4(b)(5), and the American with Disabilities Act.

RAD was designed by HUD to assist in addressing the capital needs of public housing by providing the HAKC with access to private sources of capital to repair and preserve its affordable housing assets. Please be aware that upon conversion, the Housing Authority’s Capital Fund Budget will be reduced by the pro rata share of Public Housing Developments converted as part of the Demonstration, and that the HAKC may also borrow funds to address their capital needs.

**Significant Amendment Definition**

As part of the Rental Assistance Demonstration (RAD), the HAKC is redefining the definition of a substantial deviation from the PHA Plan to exclude the following RAD-specific items:

- a. The decision to convert to either Project Based Rental Assistance (PBRA) or Project Based Voucher (PBV) assistance;
- b. Changes to the Capital Fund Budget produced as a result of each approved RAD Conversion, regardless of whether the proposed conversion will include use of additional Capital Funds;
- c. Changes to the construction and rehabilitation plan for each approved RAD conversion; and Changes to the financing structure for each approved RAD conversion.

**Public Housing Development(s) selected for RAD with active Commitments to enter into Housing Assistance Payments (CHAPs):**

**Development #1**

<b><u>Name of Public Housing Project:</u></b>	<b><u>PIC Development ID:</u></b>	<b><u>Conversion type (i.e., PBV or PBRA):</u></b>	<b><u>Transfer of Assistance: (if yes, please put the location if known, and # of units transferring)</u></b>
Villa Del Sol	MO002000034	PBV	No
<b><u>Total Units:</u></b>	<b><u>Pre- RAD Unit Type (i.e., Family, Senior, etc.):</u></b>	<b><u>Post-RAD Unit Type if different (i.e., Family, Senior, etc.)</u></b>	<b><u>Capital Fund allocation of Development: (Annual Capital Fund Grant attributable to the Project, if known):</u></b>
Public Housing Units: 65 Non-Public Housing Units: 55 Total Units: 120	Family	Family	\$107,729



Bedroom Type	Number of Units Pre-Conversion	Number of RAD PBV Units Post-Conversion	Number of Non-RAD PBV Units (“Section 18”) Post-Conversion
One Bedroom	2	2	0
Two Bedroom	43	43	0
Three Bedroom	20	7	13
<b>Total</b>	<b>65</b>	<b>52</b>	<b>13</b>

There will be no change in number of units per bedroom type, no De Minimis Reduction, no Transfer of Assistance, and no unit reconfigurations.

**Development #2**

<b><u>Name of Public Housing Project:</u></b> Chouteau Courts CNI Replacement Housing Phase 7 – “Sam Rogers Place”	<b><u>PIC Development ID:</u></b> MO002000001CAT1B	<b><u>Conversion type (i.e., PBV or PBRA):</u></b> PBV	<b><u>Transfer of Assistance: (if yes, please put the location if known, and # of units transferring)</u></b> No
<b><u>Total Units:</u></b> Replacement PH Units: 27 LIHTC-Only Units: 15 <u>Market-Rate Units: 20</u> Total Units: 62	<b><u>Pre- RAD Unit Type (i.e., Family, Senior, etc.):</u></b> Family	<b><u>Post-RAD Unit Type if different (i.e., Family, Senior, etc.)</u></b> Family	<b><u>Capital Fund allocation of Development: (Annual Capital Fund Grant attributable to the Project, if known):</u></b> \$76,112
<b>Bedroom Type</b>	<b>Number of Units Pre-Conversion</b>	<b>Number of Units Post-Conversion</b>	<b>Change in Number of Units per Bedroom Type and Why (De Minimis Reduction, Transfer of Assistance, Unit Reconfigurations, etc.)</b>
One Bedroom	1	1	N/A
Two Bedroom	3	3	N/A
Three Bedroom	16	16	N/A
Four Bedroom	5	5	N/A
Five Bedroom	2	2	N/A

**Public Housing Development(s) selected for RAD under HAKC Existing Portfolio Reservation\***

(\*subject to RAD Application Requirements including Resident Meetings and comment, and Board Approval)

**Development #1**

<b><u>Name of Public Housing Project:</u></b> Cardinal Ridge	<b><u>PIC Development ID:</u></b> MO002000037	<b><u>Conversion type (i.e., PBV or PBRA):</u></b> PBV	<b><u>Transfer of Assistance: (if yes, please put the location if known, and # of units transferring)</u></b> No
<b><u>Total Units:</u></b>	<b><u>Pre- RAD Unit Type (i.e., Family, Senior, etc.):</u></b>	<b><u>Post-RAD Unit Type if different (i.e., Family, Senior, etc.)</u></b>	<b><u>Capital Fund allocation of Development:</u></b>

Public Housing Units: 69 Non-PH Units: 91 Total Units: 160	General Occupancy	Family, Senior	<b>(Annual Capital Fund Grant attributable to the Project, if known):</b> \$99,341
<b>Bedroom Type</b>	<b>Number of Units Pre-Conversion</b>	<b>Number of Units Post-Conversion</b>	<b>Change in Number of Units per Bedroom Type and Why (De Minimis Reduction, Transfer of Assistance, Unit Reconfigurations, etc.)</b>
One Bedroom	45	45	N/A
Two Bedroom	18	18	N/A
Three Bedroom	6	6	N/A
Four Bedroom	0	0	N/A
Five Bedroom	0	0	N/A
<p><b>Designated Housing Changes:</b> Cardinal Ridge currently has a General Occupancy designation. HAKC may adopt a PBV site-based wait list with a Senior preference for the 59 public housing units located in the development's Senior Manor building upon conversion to PBV. Any preferences will be adopted in compliance with requirements of 24 CFR 982.207 and included in the Section 8 Administrative Plan.</p> <p><b>RAD/Section 18 Construction Blend:</b> Should the development qualify, and it be proven beneficial for the long-term financial feasibility of the development, HAKC may partially dispose of the project through Section 18 under the RAD/Section 18 Blend and replace the specified number of units on-site with PBVs set at HAKC Payment Standards/Fair Market Rents. The balance of public housing units not disposed of through Section 18 will convert to PBV or PBRA at the pre-determined site-specific RAD Contract Rents.</p> <p><b>Chouteau Court Units under HUD Converted Awaiting Transfer (CAT) Agreement:</b> Funding for 5 units from the now demolished Chouteau Court public housing development remains preserved under a CAT agreement. Upon completion of CNI Phase 7, HAKC will have met the required number of replacement units and replacement bedrooms of the Chouteau Court replacement housing plan under its Choice Neighborhoods Initiatives grant. HAKC may consider placement of these 5 remaining units at Cardinal Ridge, subject to all HUD requirements and approval, as well as feasibility of such placement.</p>			

**Development #2**

<b><u>Name of Public Housing Project:</u></b>  Wayne Miner (Included in Theron B. Watkins AMP & PIC #)	<b><u>PIC Development ID:</u></b>  MO002000006	<b><u>Conversion type (i.e., PBV or PBRA):</u></b>  PBV	<b><u>Transfer of Assistance: (if yes, please put the location if known, and # of units transferring)</u></b>  Transfer of Assistance may be considered as part of the RAD Conversion and will be consistent with the Consolidated Plan and subject to HUD review and approval.
<b><u>Total Units:</u></b>  Public Housing Units: 74 Non-PH Units: 0 Total Units: 74	<b><u>Pre- RAD Unit Type (i.e., Family, Senior, etc.):</u></b>  Family	<b><u>Post-RAD Unit Type if different (i.e., Family, Senior, etc.):</u></b>  Family	<b><u>Capital Fund allocation of Development: (Annual Capital Fund Grant attributable to the Project, if known):</u></b> \$216,364

Bedroom Type	Number of Units Pre-Conversion	Number of Units Post-Conversion	Change in Number of Units per Bedroom Type and Why (De Minimis Reduction, Transfer of Assistance, Unit Reconfigurations, etc.)
One Bedroom	0	0	N/A
Two Bedroom	0	0	N/A
Three Bedroom	60	60	TBD
Four Bedroom	14	14	TBD
Five Bedroom	0	0	N/A

**Use of HCV Assistance for Temporary Relocation or Voluntary Permanent Relocation:** HAKC may decide to issue HCV assistance to public housing residents affected by the RAD conversion. Doing so will require adoption of a selection preference for such families in the Section 8 Administrative Plan. Upon adoption of the revised Administrative Plan, HAKC may employ the preference and select the affected families from its HCV waiting list.

**RAD/Section 18 Construction Blend:** Should the development qualify, and it be proven beneficial for the long-term financial feasibility of the development, HAKC may partially dispose of the project through Section 18 under the RAD/Section 18 Blend and replace the specified number of units on-site with PBVs set at HAKC Payment Standards/Fair Market Rents. The balance of public housing units not disposed of through Section 18 will convert to PBV or PBRA at the pre-determined site-specific RAD Contract Rents.

**Development #3**

<b><u>Name of Public Housing Project:</u></b>	<b><u>PIC Development ID:</u></b>	<b><u>Conversion type (i.e., PBV or PBRA):</u></b>	<b><u>Transfer of Assistance: (if yes, please put the location if known, and # of units transferring)</u></b>
Pemberton Heights	MO002000025	PBV	No
<b><u>Total Units:</u></b>	<b><u>Pre- RAD Unit Type (i.e., Family, Senior, etc.):</u></b>	<b><u>Post-RAD Unit Type if different (i.e., Family, Senior, etc.)</u></b>	<b><u>Capital Fund allocation of Development: (Annual Capital Fund Grant attributable to the Project, if known):</u></b>
Public Housing Units: 120 Non-PH Units: 0 Total Units: 120	Elderly/Disabled	PBV site-based waitlist preference for Senior and/or Persons with Disabilities	\$297,580
Bedroom Type	Number of Units Pre-Conversion	Number of Units Post-Conversion	Change in Number of Units per Bedroom Type and Why (De Minimis Reduction, Transfer of Assistance, Unit Reconfigurations, etc.)
One Bedroom	115	115	N/A
Two Bedroom	5	5	N/A
Three Bedroom	0	0	N/A
Four Bedroom	0	0	N/A
Five Bedroom	0	0	N/A

**Designated Housing Changes:** Pemberton Heights currently has an Elderly/Disabled housing designation. HAKC may establish a PBV site-based wait list with preferences for Seniors and/or Persons with Disabilities for the development upon conversion to PBV. Any preferences will be adopted in compliance with requirements of 24 CFR 982.207 and included in the Section 8 Administrative Plan.

**RAD/Section 18 Construction Blend:** Should the development qualify, and it be proven beneficial for the long-term financial feasibility of the development, HAKC may partially dispose of the project through Section 18 under the RAD/Section 18 Blend and replace the specified number of units on-site with PBVs set at HAKC Payment

Standards/Fair Market Rents. The balance of public housing units not disposed of through Section 18 will convert to PBV or PBRA at the pre-determined site-specific RAD Contract Rents.

### **Special Provisions Affecting Conversions to PBVs**

(H-2019-09 PIH Notice 2019-23 (HA), REV-4 Section 1.6.A & 1.6.B)

The “special” requirements applicable to public housing projects converting assistance to long-term PBV assistance under the First Component of the Rental Assistance Demonstration (RAD), with reference to the affected statute and/or regulation, where applicable, are grouped into four categories: **Project Selection, Contract Terms, Resident Rights and Participation, and Other Miscellaneous Provisions**. All other regulatory and statutory requirements of the PBV program in 24 CFR part 983 and section 8(o)(13) of the Act apply, including environmental review, lead-based paint requirements, Davis-Bacon, and fair housing requirements.

So as to facilitate the uniform treatment of residents and units at a RAD-converting Project (Covered Project), any non-RAD PBV units located in the Covered Project shall be subject to the same waivers and alternative requirements where noted below.

Finally, the Housing Opportunity Through Modernization Act of 2016 (HOTMA) and HUD’s implementation notices<sup>30</sup> (“HOTMA Implementation Notice”) modified the PBV program in ways that partially or completely obviate the need for certain prior waivers or alternative requirements adopted in RAD. These are noted below.

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<sup>30</sup> See "January 18, 2017 HOTMA implementation notice, 82 Fed. Reg. 5458," and the "July 14, 2017 technical correction and clarification notice, 82 Fed. Reg. 32461." Also see Notice PIH 2017-21.

#### **A. PBV Project Selection.**

- 1. PBV Percentage Limitation.** Covered Projects do not count against the percentage limitation applicable to the PBV program. The HOTMA Implementation Notice excludes formerly assisted properties from the percentage limitation.

For any Covered Projects not otherwise covered under the HOTMA Implementation Notice, including transfers of assistance to a new location, HUD is waiving section 8(o)(13)(B) of the Act as well as 24 CFR § 983.6 with respect to Covered Projects. As a result, a PHA that is administering RAD PBV assistance does not take the RAD PBV into consideration when calculating the percent limitation for any non-RAD PBV actions that are subject to the percent limitation. In other words, RAD PBV is excluded from both the numerator and the denominator when calculating the percent of vouchers that may be project-based for non-RAD PBV.

- 2. Cap on the Number of PBV Units in Each Project.** There is no cap on the number of units that may receive RAD PBV assistance in each project. Under the HOTMA Implementation Notice, certain formerly assisted properties are excepted from the project cap. For any Covered Projects not covered under the HOTMA Implementation Notice, including transfers of assistance to a new location, HUD is waiving section 8(o)(13)(D) of the Act, as well as related provisions of 24 CFR §§ 983.56, 983.257(b), 983.262(a) and (d). Accordingly, units under the contract may not be “excepted” for a specified purpose.
- 3. Owner Proposal Selection Procedures.** In addition to situations already covered under the HOTMA Implementation Notice (e.g., attaching PBV assistance to PHA- owned units that were formerly assisted under the public housing program), HUD is waiving 24 CFR § 983.51 so that a RAD PBV HAP contract is never subject to competitive selection requirements. With respect to site

selection standards, HUD requires compliance with the site selection standards as set forth in this Notice.

4. **Site selection – Compliance with PBV Goals, section 8(o)(13)(C)(ii) of the Act and 24 CFR § 983.57(b)(1) and (c)(2).** HUD waives these provisions having to do with deconcentration of poverty and expanding housing and economic opportunity, for the existing site. To facilitate the uniform treatment of residents and units at a Covered Project, any non-RAD PBV units located in the same Covered Project shall be subject to the terms of this provision.

**B. PBV Contract Terms.**

1. **Length of Contract.** Covered Projects shall have an initial HAP Contract term of at least 15 years (up to 20 years upon request of the Project Owner and with approval by the administering Voucher Agency). To implement this provision, HUD is specifying alternative requirements for section 8(o)(13)(F) of the Act (which permits a minimum term of one year) as well as 24 CFR § 983.205(a) (which governs contract term). Project Owners are required to make available for occupancy by eligible tenants the number of assisted units under the terms of the contract and may not reduce the number of assisted units without written HUD approval. Any HUD approval of a PHA's request post-conversion to reduce the number of assisted units under the contract is subject to conditions that HUD may impose. MTW agencies may not alter this requirement.
2. **Mandatory Contract Renewal.** In accordance with the RAD Statute, at or prior to the expiration of the initial contract and each renewal contract, the administering Voucher Agency must offer, and the Project Owner must accept, renewal of the contract subject to the terms and conditions applicable at the time of renewal and the availability of appropriations each year for such renewal. The renewal contract(s) shall be for the prescribed number and mix of units but may, upon request of the Project Owner and subject to HUD and Contract Administrator approval, be on one or more transfer of assistance sites in lieu of the project site subject to the expiring contract. Consequently, section 8(o)(13)(G) of the Act, as well as 24 CFR § 983.205(b), governing the PHA discretion to renew the contract, will not apply to the extent that these provisions make renewal or extension decisions purely discretionary. However, Contract Administrators and Project Owners may choose to extend the initial HAP Contract term consistent with these provisions and are encouraged to do so a minimum of one year prior to the expiration of the contract so as to avoid unnecessary notice to residents per 24 CFR 983.206. The ability to extend the HAP Contract term consistent with these provisions does not negate, in any way, the mandatory renewal provision detailed in the first sentence of this paragraph. MTW agencies may not alter this requirement.
3. **Ownership or Control.** This section has been moved to Section [1.4.A.11 of the RAD Notice](#)
4. **RAD Use Agreement.** This section has been moved to Section [1.4.A.13 of the RAD Notice](#)
5. **Initial Contract Rent Setting.** No additional or incremental funding is associated with this Demonstration. HUD has calculated initial contract rents for every public housing project based on each project's subsidy under the public housing program. All RAD applications, including applications for Portfolio Awards, will have initial contract rents based on their "RAD rent base year" described in [Attachment 1C](#). PHAs have additional discretion in establishing initial contract rents using the following flexibilities:
  - a. ~~MTW Fungibility.~~ (Not Applicable to HAKC)
  - b. **Rent Bundling.** Subject to HUD approval, PHAs may adjust subsidy (and initial contract rents) across multiple projects as long as the PHA does not exceed the aggregate subsidy for all of the projects the PHA has submitted for conversion under RAD. For example, assume that a PHA is considering bundling two identical projects, both consisting of 100

units. In Project A, the contract rent is \$500; and in Project B, the contract rent is \$600. The PHA could bundle the two projects such that the initial contract rents for both projects will be \$550. This use, which HUD refers to as “bundled” rents, can occur under the following scenarios:

- i. When a PHA is converting two or more properties within its public housing portfolio. The execution and effective date of the HAP Contract for the donor HAP Contract must occur prior to or simultaneous with the effective date of the recipient HAP Contract;
- ii. When PHAs have formed a Partnership in accordance with Section 1.5.M and are bundling rents between two or more converting projects. The execution and effective date of the HAP Contract for the donor HAP Contract must occur prior to or simultaneous with the effective date of the recipient HAP Contract; and
- iii. When a PHA bundles rents between a converting project and non-RAD Project-Based Vouchers. In such a case, the PHA must use its own voucher funding to supplement the higher RAD rent that is being offset by the lower PBV rent for the non-RAD PBV project or projects; no additional voucher funding will be provided through RAD. HUD will review the rents proposed for the non-RAD PBV HAP Contract to ensure that the PHA does not exceed the aggregate subsidy otherwise available for all of the rent-bundled projects. Except as provided in section 1.6.B.d below, the execution and effective date of the HAP Contract for the donor project must occur prior to or simultaneous with the effective date of the recipient HAP Contract. The owner of the property with the non-RAD PBV HAP Contract must request an initial rent (or redetermined rent if the contract has already been executed) in accordance with 24 CFR §§ 983.301(b)(3) and 983.302 that reflects the amount approved by HUD. To ensure that aggregate HAP costs do not exceed the costs incurred absent this provision, the owner of the property with the non-RAD PBV HAP Contract must agree not to request, in accordance with 24 CFR § 983.301(b)(3), a redetermined rent that exceeds the OCAF-adjusted rent. This OCAF limitation is in addition to the existing PBV rent limitations in 24 CFR § 983.301(b) more generally. The donor HAP Contract must have a remaining contract term at least as long as the recipient HAP Contract.
- iv. Where an Agreement to enter into a HAP Contract (AHAP) is used on the non-RAD PBV HAP Contract and the RAD and non- RAD PBV projects are subject to a single financing, the execution and effective date of the AHAP for the donor HAP Contract must occur prior to or simultaneous with the conversion of the recipient HAP Contract. The recipient RAD PBV HAP Contract will include rent schedules for both unadjusted rents and the anticipated rent bundled rents. The unadjusted rents are the initial effective rents for the RAD PBV recipient project. At the completion of rehab/construction of the donor project, where the terms of the AHAP have been satisfied and the PHA and owner of the donor property are ready to execute a HAP contract, the cost-neutral application of the bundled rents will occur. 1) the HAP for the non-RAD PBV HAP Contract will be determined based on the initial rent, which is the PBV rent the project would have been eligible for under the PBV initial rent requirements at 24 CFR § 983.301 reduced by the amount that has been bundled to the RAD HAP

Contract. 2) Upon the effective date of the non- RAD PBV donor HAP Contract, the HUD-approved rent bundled rents at the RAD HAP Contract will become effective. For example, assume two 100-unit properties that will be redeveloped under a single financing transaction, one developed under standard PBV through an AHAP and another through RAD. The estimated rents for the standard PBV are \$1,000 while the standard RAD rents are \$500. The PHA plans to rent bundle to increase the RAD rents to \$750. Construction will occur on the same timeline and the RAD PBV HAP Contract will close at the same time as the AHAP is executed. The RAD PBV HAP Contract will include unadjusted, pre-construction rents (\$500) as well as adjusted, post-construction rents (\$750). The AHAP will include estimated PBV rents, adjusted downward by \$250. When construction is completed, the post-construction rents on the RAD HAP Contract will take effect when the donor non-RAD PBV HAP Contract becomes effective. The PHA will determine the initial contract rents for the non-RAD PBV donor project in accordance with PBV requirements and deduct \$250 from that amount.

Please note that per Section 1.13.B.5, regardless of the initial contract rents for the RAD HAP Contract, including as modified by this provision, in the year of conversion the Covered Project will only be assisted by the Operating and Capital Funds obligated to the PHA for that project.

- c. **Future Replacement Housing Factor (RHF) or Demolition Disposition Transition Funding (DDTF).**<sup>31</sup> PHAs that are scheduled to receive ongoing RHF or DDTF funding (funds that have not been awarded and, with HUD permission, funds that have been awarded but not yet disbursed) may choose to forgo any ongoing RHF or DDTF grants for the purpose of offsetting an increase to the RAD rent. See [Attachment 1C](#) for the calculation of how RHF or DDTF funding may offset increased RAD rent.
- d. **PBV Site-Specific Utility Allowances.** PHAs may elect to establish a site-specific Utility Allowance for any Covered Project. HUD is waiving 24 CFR 983.2(c)(6)(iii), which requires the PHA to apply the HCV Utility Allowance schedule for PBV properties, and HUD is establishing an alternative requirement. The Utility Allowance shall be calculated consistent with Notice H 2015-04 unless PIH promulgates guidance specific to the PBV program. The Project Owner may carry out all of the responsibilities associated with Notice H 2015-04, but the PHA must ensure that the Utility Allowance is calculated correctly. This waiver and alternative requirement shall also apply to non-RAD PBV units located at the Covered Project.
- e. **Tenant-Paid Utility Savings.** Where a Covered Project will use a site-specific utility allowance as described in sub-paragraph iv. and the conversion will result in the reduction of one or more utility components (e.g., gas, water & sewer, electric) used to establish the Utility Allowance relative to the utility allowance of the Converting Project (i.e., the public housing project), HUD will permit the RAD contract rent to be increased by a portion of the utility savings. See [Attachment 1C](#) for additional detail.

Notwithstanding HUD's calculation of the initial contract rent based on the project's subsidy under the public housing program and any modifications to the initial contract

rent permitted under this Notice, initial PBV contract rents are subject to the statutory and regulatory PBV requirements governing contract rents (see 24 CFR § 983.301), (except where alternative rent caps have been approved in a MTW Plan or included in an MTW Supplement to the PHA Plan). To this effect, initial contract rents cannot exceed the lower of: (a) the reasonable rent (as defined under 24 CFR § 983.303); (b) an amount determined by the PHA, not to exceed 110 percent of the applicable FMR (or applicable exception payment standard, or rent cap approved in an MTW Plan or included in an MTW Supplement to the PHA Plan), minus any utility allowance; or (c) the rent requested by the owner.

- 6. Method of Adjusting Contract Rents.** Contract rents will be adjusted only by HUD's OCAF (which is applied only to the portion of the rent not attributable to debt service) at each anniversary of the HAP Contract, subject to the availability of appropriations for each year of the contract term.<sup>32</sup> As such, section 8(o)(13)(I) of the Act and 24 CFR §§ 983.301 and 983.302, concerning rent determinations, shall not apply when adjusting rents. The rent to owner may at no time exceed the reasonable rent charged for comparable unassisted units in the private market, as determined by the Contract Administrator in accordance with 24 CFR § 983.303.<sup>33</sup> However, the rent to owner shall not be reduced below the initial rent to owner for dwelling units under the initial HAP Contract.<sup>34</sup> MTW agencies may not alter this requirement.
- 7. Role of Independent Entity.** Where the Covered Project is PHA-owned in accordance with section 8(o)(11) of the Act as amended by HOTMA (see Attachment A in Notice PIH 2017-21 for guidance on PHA-owned units), in addition to the standard roles described in 24 CFR 983.59(b) (i.e., determining reasonable rents and conducting HQS inspection) the independent entity must also determine the OCAF adjustment.
- 8. Transfer of Assistance.** This section has been moved to [Section 1.4.A.12 of the RAD Notice](#).
- 9. Agreement Waiver and RAD Rehab Assistance Payments.** For public housing conversions to PBV there will be no Agreement to Enter into a Housing Assistance Payments (AHAP) contract. Therefore, all regulatory references to the AHAP, including regulations under 24 CFR part 983 subpart D are waived. Instead, the PHA and Project Owner typically will enter into a HAP Contract before construction begins. During the period of Work identified in the RCC, standard HAP Contract funding procedures will be used for occupied units. Units covered under the HAP Contract that are not occupied at any point during the period of Work identified in the RCC may be eligible, subject to the conditions below, for Rehab Assistance Payments equal to the Public Housing Operating Fund and the Capital Fund amounts that formed the basis for the calculation of initial contract rents (see [Attachment 1C](#)). During the period of rehabilitation or construction as identified in the RCC, the maximum number of units for which a Project Owner can receive RAD Rehab Assistance Payments is limited to the number of units eligible for Operating Fund or Capital Fund subsidy prior to conversion. As a result, some units in the Covered Project may not be eligible for Rehab Assistance Payments.

The Project Owner will no longer be eligible to receive RAD Rehab Assistance Payments upon the earlier of completion of the Work or expiration of the time period identified in the RCC for completion of all Work, which date is specified in the HAP contract. After such date, all units under the HAP Contract will be eligible for payment only for occupied units or for vacancy payments, as applicable.
- 10. HQS Inspections.** Under current regulations at 24 CFR § 983.103(b) a unit covered under a HAP



Contract must be inspected and must meet HQS before assistance can be paid on behalf of a household, unless the PHA is using HOTMA non-life threatening and alternative inspection provisions.<sup>35</sup> In addition, section 8(o)(8)(A) of the Act provides that HAP Contract units must be inspected to ensure compliance with HQS prior to payment of any assistance on behalf of a family. When Work is occurring under RAD, HUD requires that all units meet HQS no later than the date of completion of the Work as indicated in the RCC. Consequently, HUD is waiving and establishing an alternative requirement to 24 CFR § 983.103(b) and section 8(o)(8)(A) of the Act in such cases.

- 11. Floating Units.** Upon the request of the owner to the Voucher Agency that will administer the Covered Project, HUD will permit PBV assistance to float among units within the project having the same bedroom size. A unit to which assistance is floated must be comparable in condition to the unit it is replacing (i.e., the unit must be of the same quality and amenities as the unit it is replacing). Assistance may float from a required UFAS accessible unit only to another UFAS accessible unit that has the same bedroom size and accessibility features. If assistance floats to a UFAS accessible unit as a reasonable accommodation for a household that had not previously been in a UFAS unit, the assistance may float back to a non-UFAS unit when there is no longer need for the reasonable accommodation provided the required number of UFAS units is maintained. Units that float are not specifically designated under the HAP Contract. Therefore, the requirements in 24 CFR § 983.203(c)

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<sup>32</sup> OCAFs are calculated and published each year by HUD in the Federal Register in order to calculate the contract rent for the project in the following fiscal year.

<sup>33</sup> If the Covered Project is deemed to be PHA-owned pursuant to HUD guidance, an independent entity will need to perform the rent-setting and inspection functions set out in 24 CFR § 983.59.

<sup>34</sup> The rent to owner may fall below the initial contract rent: 1) to correct errors in calculations in accordance with HUD requirements; 2) if additional housing assistance has been combined with PBV assistance after the execution of the initial HAP Contract and a rent decrease is required pursuant to § 983.55 (Prohibition of excess public assistance); or 3) if a decrease in rent to owner is required based on changes in the allocation of responsibility for utilities between the owner and the tenant.

<sup>35</sup> See Notice PIH-2017-20 for guidance on HOTMA non-life threatening and alternative inspection provisions. that the HAP Contract provide “the location of each contract unit” and “the area of each contract unit” are waived. Instead, the HAP Contract must specify the number and type of units in the property that are designated as RAD units, including any excepted units. From the time of the initial execution of the PBV RAD HAP Contract, the property must maintain the same number and type of UFAS accessible units. Floating units are subject to all of the requirements in this Notice and the PBV regulations, including physical inspections, rent adjustments, and income-mixing requirements. The alternative requirements with respect to floating units do not apply to non-RAD PBV units.

## **PBV Resident Rights, Participation, Waiting List and Grievance Procedures**

(H-2019-09 PIH Notice 2019-23 (HA), REV-4 Section 1.6.C)

### **C. PBV Resident Rights and Participation.**

- 1. No Rescreening of Tenants upon Conversion.** Pursuant to the RAD Statute, at conversion, current households cannot be excluded from occupancy at the Covered Project based on any rescreening, income eligibility, or income targeting. With respect to occupancy in the Covered Project, current households in the Converting Project will be grandfathered for application of any eligibility criteria to conditions that occurred prior to conversion but will be subject to any ongoing eligibility requirements for actions that occur after conversion.<sup>36</sup> Post-conversion, the tenure of all residents of the Covered Project is protected pursuant to PBV requirements regarding continued occupancy unless explicitly modified in this Notice (e.g., rent phase-in provisions). For example, a unit with a household that was over-income at time of conversion would continue to be treated as an assisted unit. Thus, Section 8(o)(4) of the 1937 Act and 24 CFR § 982.201, concerning eligibility and targeting of
- 2. Right to Return.** See Section 1.4.A.5.b. and the RAD Fair Housing, Civil Rights, and Relocation Notice regarding a resident's right to return. To facilitate the uniform treatment of residents and units at a Covered Project, any non-RAD PBV units located in the same Covered Project shall be subject to the terms of this provision.
- 3. Phase-in of Tenant Rent Increases.** If, purely as a result of conversion, the amount a tenant would pay for rent and utilities under the PBV program (the tenant's TTP) would increase the tenant's TTP by more than the greater of 10 percent or \$25, the rent increase will be phased in over 3 or 5 years. To implement this provision, HUD is specifying alternative requirements for section 3(a)(1) of the Act, as well as 24 CFR § 983.3 (definition of "total tenant payment" (TTP)) to the extent necessary to allow for the phase-in of tenant rent increases. A PHA must create a policy setting the length of the phase-in period at three years, five years or a combination depending on circumstances and must communicate such policy in writing to affected residents. For example, a PHA may create a policy that uses a three-year phase-in for smaller increases in rent and a five-year phase-in for larger increases in rent. This policy must be in place at conversion and may not be modified after conversion.

The method described below explains the set percentage-based phase-in a Project Owner must follow according to the phase-in period established. For purposes of this section "Calculated PBV TTP" refers to the TTP calculated in accordance with regulations at 24 CFR §5.628 and the "most recently paid TTP" refers to the TTP recorded on line 9j of the family's most recent HUD Form 50058. If a family in a project converting from Public Housing to PBV was paying a flat rent immediately prior to conversion, the PHA should use the flat rent amount to calculate the phase-in amount for Year 1 (the first recertification following conversion), as illustrated below.

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<sup>36</sup> These protections (as well as all protections in this Notice for current households) also apply when a household is relocated to facilitate new construction or repairs following conversion and subsequently returns to the Covered Project.

Three Year Phase-in:

- Year 1: Any recertification (interim or annual) performed prior to the second annual recertification after conversion – 33% of difference between most recently paid TTP or flat rent and the Calculated PBV TTP
- Year 2: Year 2 Annual Recertification (AR) and any Interim Recertification (IR) prior to Year 3 AR – 50% of difference between most recently paid TTP and the Calculated PBV TTP
- Year 3: Year 3 AR and all subsequent recertifications – Full Calculated PBV TTP<sup>37</sup>

Five Year Phase in:

- Year 1: Any recertification (interim or annual) performed prior to the second annual recertification after conversion – 20% of difference between most recently paid TTP or flat rent and the Calculated PBV TTP
- Year 2: Year 2 AR and any IR prior to Year 3 AR – 25% of difference between most recently paid TTP and the Calculated PBV TTP
- Year 3: Year 3 AR and any IR prior to Year 4 AR – 33% of difference between most recently paid TTP and the Calculated PBV TTP
- Year 4: Year 4 AR and any IR prior to Year 5 AR – 50% of difference between most recently paid TTP and the Calculated PBV TTP
- Year 5 AR and all subsequent recertifications – Full Calculated PBV TTP

*Please Note:* In either the three-year phase-in or the five-year phase-in, once the Calculated PBV TTP is equal to or less than the previous TTP, the phase-in ends, and tenants will pay full TTP from that point forward. MTW agencies must also implement a three or five-year phase-in for impacted residents but may alter the terms above as long as it establishes a written policy setting forth the alternative terms. To facilitate the uniform treatment of residents and units at a Covered Project, any non-RAD PBV units located in the same Covered Project shall be subject to the terms of this provision.

**4. Family Self Sufficiency (FSS) and Resident Opportunities and Self Sufficiency Service Coordinator (ROSS-SC) programs.** Public Housing residents that are currently FSS participants will continue to participate in the PHA's FSS program.

The PHA may continue to use any FSS funds already awarded to serve those FSS participants who live in units converted by RAD. At the completion of the FSS grant, PHAs should follow the normal closeout procedures outlined in the grant agreement. If the PHA continues to run an FSS program that serves PH and/or HCV participants, the PHA will continue to be eligible (subject to NOFA requirements) to apply for FSS funding. Due to the program merger between PH FSS and HCV FSS that took place pursuant to the FY14 Appropriations Act (and was continued in the subsequent Appropriation Acts), no special provisions are required to continue serving FSS participants that live in public housing units converting to PBV under RAD.

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<sup>37</sup> For example, where a resident's most recently paid TTP is \$100, but the Calculated PBV TTP is \$200 and remains \$200 for the period of the resident's occupancy, (i.e. no changes in income) the resident would continue to pay the same rent and utilities for which it was responsible prior to conversion. At the first recertification following conversion, the resident's contribution would increase by 33% of \$100 to \$133. At the second AR, the resident's contribution would increase by 50% of the \$66 differential to the standard TPP, increasing to \$166. At the third AR, the resident's contribution would increase to \$200 and the resident would continue to pay the Calculated PBV TTP for the duration of their tenancy.

However, PHAs should note that until provisions of the Economic Growth, Regulatory Relief, and Consumer Protection Act are implemented, there are certain FSS requirements (e.g., escrow calculation and escrow forfeitures) that apply differently depending on whether the FSS participant is a participant under the HCV program or a public housing resident, and PHAs must follow such requirements accordingly. All PHAs will be required to administer the FSS program in accordance with FSS regulations at 24 CFR part 984 (current, or as amended), the participants' contracts of participation, and the alternative requirements established in the "Waivers and Alternative Requirements for the FSS Program" Federal Register notice, published on December 29, 2014, at 79 FR 78100.<sup>38</sup> Further, upon conversion to PBV, if the PHA no longer has a public housing program, funds already escrowed for FSS participants shall be transferred into the HCV escrow account and be considered TBRA funds, thus reverting to the HAP account if forfeited by the FSS participant.<sup>39</sup>

For information on FSS PIC reporting requirements for RAD conversions, see Notice PIH 2016-08 at <http://portal.hud.gov/hudportal/documents/huddoc?id=pih2016-08.pdf>.

Current ROSS-SC grantees will be able to finish out their current ROSS-SC grants once their housing is converted under RAD. However, once the property is converted, it will no longer be eligible to be counted towards the unit count for future ROSS-SC grants, nor will its residents be eligible to be served by future ROSS-SC grants, which, by statute, can only serve public housing residents. At the completion of the ROSS-SC grant, PHAs should follow the normal closeout procedures outlined in the grant agreement. Please note that ROSS-SC grantees may be a non-profit or local Resident Association and this consequence of a RAD conversion may impact those entities. To facilitate the uniform treatment of residents and units at a Covered Project, any non-RAD PBV units located in the same Covered Project shall be subject to the terms of this provision.

- 5. Resident Participation and Funding.** In accordance with Attachment 1B, residents of Covered Projects with assistance converted to PBV will have the right to establish and operate a resident organization for the purpose of addressing issues related to their living environment and be eligible for resident participation funding. To facilitate the uniform treatment of residents and units at a Covered Project, any non- RAD PBV units located in the same Covered Project shall be subject to the terms of this provision.
- 6. Resident Procedural Rights.** The following items must be incorporated into both the Section 8 Administrative Plan and the Project Owner's lease, which includes the required tenancy addendum (HUD Form 52530-c), as appropriate. Evidence of such incorporation may be requested by HUD for purposes of monitoring the program.
  - a. Termination Notification.** HUD is incorporating additional termination notification requirements to comply with section 6 of the Act for public housing projects that convert assistance under RAD and to non-RAD PBV units located at the Covered Project. In addition to the regulations at 24 CFR § 983.257 related to Project Owner termination of tenancy and eviction (which MTW agencies may not alter), the termination procedure for RAD conversions to PBV will require that PHAs provide adequate written notice of termination of the lease which shall be :

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<sup>38</sup> The funding streams for the PH FSS Program and the HCV FSS Program were first merged pursuant to the FY 2014 appropriations act. As a result, PHAs can serve both PH residents and HCV participants, including PBV participants, with FSS funding awarded under the FY 2014 FSS Notice of Funding Availability (FSS NOFA) and any other NOFA under which the combination of funds remains in the applicable appropriations act. For PHAs that had managed both programs separately and now have a merged program, a conversion to PBV should not impact their FSS participants.

<sup>39</sup> Where the PHA maintains a public housing program, any forfeited funds that had been escrowed prior to conversion would revert to the PHA's Operating Reserves.

- i. A reasonable period of time, but not to exceed 30 days:
    - 1. If the health or safety of other tenants, Project Owner employees, or persons residing in the immediate vicinity of the premises is threatened; or
    - 2. In the event of any drug-related or violent criminal activity or any felony conviction;
  - ii. Not less than 14 days in the case of nonpayment of rent; and
  - iii. Not less than 30 days in any other case, except that if a State or local law provides for a shorter period of time, such shorter period shall apply.
- b. **Grievance Process.** Pursuant to requirements in the RAD Statute, HUD is establishing additional resident procedural rights to comply with section 6 of the Act.

For the termination of assistance and several other PHA determinations, PBV program rules require the PHA to provide an opportunity for an informal hearing, as outlined in 24 CFR § 982.555. RAD will specify alternative requirements for 24 CFR § 982.555(b) in part, which outlines when informal hearings are not required, to require that:

- i. In addition to reasons that require an opportunity for an informal hearing given in 24 CFR § 982.555(a)(1)(i)-(v),<sup>40</sup> an opportunity for an informal hearing must be given to residents for any dispute that a resident may have with respect to a Project Owner action in accordance with the individual's lease or the contract administrator in accordance with RAD PBV requirements that adversely affect the resident's rights, obligations, welfare, or status.
  - 1. For any hearing required under 24 CFR § 982.555(a)(1)(i)-(v), the contract administrator will perform the hearing, as is the current standard in the program. The hearing officer must be selected in accordance with 24 CFR § 982.555(e)(4)(i).
  - 2. For any additional hearings required under RAD, the Project Owner will perform the hearing.
- ii. There is no right to an informal hearing for class grievances or to disputes between residents not involving the Project Owner or Contract Administrator.
- iii. The Project Owner gives residents notice of their ability to request an informal hearing as outlined in 24 CFR § 982.555(c)(1) for informal hearings that will address circumstances that fall outside of the scope of 24 CFR § 982.555(a)(1)(i)-(vi).
- iv. The Project Owner provides opportunity for an informal hearing before an eviction.

Current PBV program rules require that hearing procedures must be outlined in the PHA's Section 8 Administrative Plan.

To facilitate the uniform treatment of residents and units at a Covered Project, any non-RAD PBV units located in the same Covered project shall be subject to the terms of this provision.

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<sup>40</sup> § 982.555(a)(1)(iv) is not relevant to RAD as the tenant-based certificate program has been repealed.

7. **Earned Income Disregard (EID).** Tenants who are employed and are currently receiving the EID exclusion at the time of conversion will continue to receive the EID after conversion, in accordance with regulations at 24 CFR § 5.617. Upon the expiration of the EID for such families, the rent adjustment shall not be subject to rent phase-in, as described in Section 1.6.C.4; instead, the rent will automatically rise to the appropriate rent level based upon tenant income at that time.

Under the Housing Choice Voucher program, the EID exclusion is limited only to persons with disabilities (24 CFR § 5.617(b)). In order to allow all tenants (including non-disabled persons) who are employed and currently receiving the EID at the time of conversion to continue to benefit from this exclusion in the PBV project, the provision in 24 CFR § 5.617(b) limiting EID to disabled persons is waived. The waiver, and resulting alternative requirement, apply only to tenants receiving the EID at the time of conversion. No other tenant (e.g., tenants that move into the property following conversion or tenants who at one time received the EID but are not receiving the EID exclusion at the time of conversion due to loss of employment) is covered by this waiver. To facilitate the uniform treatment of residents and units at a Covered Project, any non-RAD PBV units located in the same Covered Project shall be subject to the terms of this provision.

8. **Jobs Plus.** Jobs Plus grantees awarded FY14 and future funds that convert the Jobs Plus target projects(s) under RAD will be able to finish out their Jobs Plus period of performance unless significant relocation and/or change in building occupancy is planned. If either is planned at the Jobs Plus target project(s), HUD may allow for a modification of the Jobs Plus work plan or may, at the Secretary's discretion, choose to end the Jobs Plus program at that project. If the program is continued, the Project Owner must agree to continue to implement the program according to HUD's program requirements. Jobs Plus target public housing projects must enroll public housing residents into the Jobs Plus rent incentive, JPEID, prior to conversion. Any resident of the Covered Project that had not enrolled prior to conversion is not eligible to enroll in JPEID but may utilize Jobs Plus services that predominantly benefit the former public housing residents who resided at the target project at the time of RAD conversion. To facilitate the uniform treatment of residents and units at a Covered Project, any non-RAD PBV units located in the Covered Project may voluntarily utilize Jobs Plus services that predominantly benefit the former public housing residents who resided at the target project at the time of RAD conversion.
9. **When Total Tenant Payment Exceeds Gross Rent.** Under normal PBV rules, the PHA may select an occupied unit to be included under the PBV HAP Contract only if the unit's occupants are eligible for housing assistance payments (24 CFR § 983.53(c)). Also, a PHA must remove a unit from the contract when no assistance has been paid for 180 days because the family's TTP has risen to a level that is equal to or greater than the contract rent, plus any utility allowance, for the unit (i.e., the Gross Rent) (24 CFR § 983.258). Since the rent limitation under this Section of the Notice may result in a family's TTP equaling or exceeding the gross rent for the unit, for residents living in the Converting Project prior to conversion and who will return to the Covered Project after conversion, HUD is waiving both of these provisions and requiring that the unit for such families be placed on and/or remain under the HAP Contract when TTP equals or exceeds the Gross Rent. Further, HUD is establishing the alternative requirement that until such time that the family's TTP falls below the gross rent, the rent to the owner for the unit will equal the lesser of (a) the family's TTP, less the Utility Allowance, or (b) any applicable maximum rent under LIHTC regulations. During any period when the family's TTP falls below the gross rent, normal PBV rules shall apply. As necessary to implement this alternative provision, HUD is waiving the provisions of Section 8(o)(13)(H) of the Act and the implementing regulations at 24 CFR § 983.301 as modified by Section 1.6.B.5 of this Notice.<sup>41</sup> In such cases, the resident is considered a participant under the program and all of the family obligations and protections under RAD and PBV apply to the resident. Likewise, all requirements with respect to the unit, such as compliance with the HQS requirements, apply as long as the unit is under HAP Contract.

The PHA is required to process these individuals through the Form 50058 submodule in PIC. To facilitate the uniform treatment of residents and units at a Covered Project, any non- RAD PBV units located in the same Covered Project shall be subject to the terms of this provision.

Unless a waiver is requested and approved as described below, any new admission to the Covered Project must meet the eligibility requirements at 982.201 and require a subsidy payment at admission to the program, which means their TTP may not equal or exceed the gross rent for the unit at that time. Further, a PHA must remove a unit from the contract when no assistance has been paid for 180 days. If units are removed from the HAP contract because a new admission's TTP comes to equal or exceed the gross rent for the unit and if the project is fully assisted, HUD is imposing an alternative requirement that the PHA must reinstate the unit after the family has left the property. If the project is partially assisted, the PHA may substitute a different unit for the unit on the HAP contract in accordance with 24 CFR §983.207 or, where "floating units have been permitted, Section 1.6.B.10 of the Notice.

A PHA may request a waiver from HUD for the Covered Project in order to admit otherwise eligible families whose TTP exceeds gross rent and to allow the units those families occupy to remain under the HAP contract even if the PHA has not made a housing assistance payment for a family in 180 days.

For a Covered Project that consists of 100 percent RAD PBV units, the PHA must demonstrate that a waiver is necessary in order to avoid an undue concentration of poverty at the Covered Project. A PHA may evidence this by providing data showing, for example:

- how eligible income-certified applicants on the waiting list must be passed over because their incomes result in zero HAP at admission causing a higher concentration of poverty at the covered project; or
- how the income of newly admitted families is causing a markedly higher concentration of poverty than the PHA's non-RAD PBV projects.

The resulting impact on the property must be compared with the concentration of poverty at non-RAD PBV projects in the PHA's jurisdiction. If there are no non-RAD PBV projects in the PHA's jurisdiction, the PHA may alternatively demonstrate that the median income of families that could be admitted to the Covered Project is significantly lower than the median income of new admissions from the waiting list to the PHA's HCV program since the time of the RAD conversion.

For any other Covered Project, the PHA must demonstrate that the property contains specific units (e.g., units suitable for large families or accessible units) for which there are insufficient alternative housing opportunities.

If the waiver is approved, the new admission[s] families covered under the waiver are participants under the program and all of the family obligations and protections under RAD and PBV apply to the family, and the unit is subject to all program requirements. Such waiver requests should be submitted to the PIH Field Office in accordance with Notice PIH 2018-16.

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<sup>41</sup> For example, a public housing family residing in a property converting under RAD has a TTP of \$600. The property has an initial Contract Rent of \$500, with a \$50 Utility Allowance. Following conversion, the residents is still responsible for paying \$600 in tenant rent and utilities.

- 10. Under-Occupied Unit.** If a family is in an under-occupied unit under 24 CFR § 983.260 at the time of conversion, the family may remain in this unit until an appropriate-sized unit becomes available in the Covered Project. When an appropriate sized unit becomes available in the Covered Project, the family living in the under- occupied unit must move to the appropriate-sized unit within a reasonable period of time, as determined by the administering Voucher Agency. In order to allow the family to remain in the under-occupied unit until an appropriate-sized unit becomes available in the Covered Project, 24 CFR § 983.260 is waived for current residents remaining or returning to the Covered Project. MTW agencies may not modify this requirement. To facilitate the uniform treatment of residents and units at a Covered Project, any non-RAD PBV units located in the same Covered Project shall be subject to the terms of this provision.

### **PBV: Other Miscellaneous Provisions**

(H-2019-09 PIH Notice 2019-23 (HA), REV-4 Section 1.6.D)

#### **D. PBV: Other Miscellaneous Provisions**

- 1. Access to Records, Including Requests for Information Related to Evaluation of Demonstration.** PHAs and the Project Owner must cooperate with any reasonable HUD request for data to support program evaluation, including but not limited to project financial statements, operating data, Choice-Mobility utilization, and rehabilitation work. Please see Appendix IV for reporting units in Form HUD-50058.
- 2. Ongoing PHA Board Review of Operating Budget.** The Owner must submit to the administering PHA's Board the operating budget for the Covered Project annually. The PHA's Board must confirm that the Project Owner is making deposits into the Reserve for Replacement account in accordance with the RCC as well as assess the financial health of the Covered Project.<sup>42</sup>
- 3. Davis-Bacon Act and Section 3 of the Housing and Urban Development Act of 1968 (Section 3).** These sections have been moved to [1.4.A.13](#) and [1.4.A.14](#).
- 4. Establishment of Waiting List.** 24 CFR § 983.251 sets out PBV program requirements related to establishing and maintaining a voucher-wide, PBV program- wide, or site-based waiting list from which residents for the Covered Project will be admitted. These provisions shall apply unless the project is covered by a remedial order or agreement that specifies the type of waiting list and other waiting list policies. The PHA shall consider the best means to transition applicants from the current public housing waiting list, including:
  - a. Transferring an existing site-based waiting list to a new site-based waiting list.
  - b. Transferring an existing site-based waiting list to a PBV program-wide or HCV program-wide waiting list.
  - c. Transferring an existing community-wide public housing waiting list to a PBV program-wide or HCV program-wide waiting list, an option particularly relevant for PHAs converting their entire portfolio under RAD.
  - d. Informing applicants on a community-wide public housing waiting list how to transfer their application to one or more newly created site-based waiting lists.

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<sup>42</sup> For PBV conversions that are not FHA-insured, a future HUD notice will describe project financial data that may be required to be submitted by a PBV owner for purposes of monitoring and evaluation, given that PBV projects do not submit annual financial statements to HUD/REAC.



For any applicants on the public housing waiting list that are likely to be ineligible for admission to a Covered Project converting to PBV because the household's TTP is likely to exceed the RAD gross rent, the PHA shall consider transferring such household, consistent with program requirements for administration of waiting lists, to the PHA's remaining public housing waiting list(s) or to another voucher waiting list, in addition to transferring such household to the waiting list for the Covered Project.

To the extent any wait list relies on the date and time of application, the applicants shall have priority on the wait list(s) to which their application was transferred in accordance with the date and time of their application to the original waiting list.

If the PHA is transferring assistance to another neighborhood and, as a result of the transfer of the waiting list, the applicant would only be eligible for a unit in a location which is materially different from the location to which the applicant applied, the PHA must notify applicants on the waiting list of the transfer of assistance, and on how they can apply for residency at other sites.

If using a site-based waiting list, PHAs shall establish a waiting list in accordance with 24 CFR § 903.7(b)(2)(ii)-(iv) to ensure that applicants on the PHA's public housing community-wide waiting list have been offered placement on the Covered Project's initial waiting list. In all cases, PHAs have the discretion to determine the most appropriate means of informing applicants on the public housing community-wide waiting list given the number of applicants, PHA resources, and admissions requirements of the projects being converted under RAD. A PHA may consider contacting every applicant on the public housing waiting list via direct mailing; advertising the availability of housing to the population that is less likely to apply, both minority and non-minority groups, through various forms of media (e.g., radio stations, posters, newspapers) within the marketing area; informing local non-profit entities and advocacy groups (e.g., disability rights groups); and conducting other outreach as appropriate. Any activities to contact applicants on the public housing waiting list must be conducted in accordance with the requirements for effective communication with persons with disabilities at 24 CFR § 8.6 and with the obligation to provide meaningful access for persons with limited English proficiency (LEP).<sup>43</sup>

When using a site-based waiting list, PHAs should consider waiting list and transfer policies that expand opportunities for tenants seeking an emergency transfer under, or consistent with, the PHA's Emergency Transfer Plan. This includes allowing for easier moves between assisted properties.

To implement this provision, HUD is specifying alternative requirements for 24 CFR § 983.251(c)(2). However, after the initial waiting list has been established, the PHA shall administer its waiting list for the Covered Project in accordance with 24 CFR § 983.251(c). To facilitate the uniform treatment of residents and units at a Covered Project, any non-RAD PBV units located in the same Covered Project shall be subject to the terms of this provision.

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

- 5. Mandatory Insurance Coverage.** The Covered Project shall maintain at all times commercially available property and liability insurance to protect the project from financial loss and, to the extent insurance proceeds permit, promptly restore, reconstruct, and/or repair any damaged or destroyed project property.
- 6. Future Refinancing.** Project Owners must receive HUD approval for any refinancing or restructuring

of secured debt during the HAP Contract term to ensure the financing is consistent with long-term preservation of the Covered Project. With respect to any financing contemplated at the time of conversion (including any permanent financing which is a conversion or take-out of construction financing), such consent may be evidenced through the RCC but HUD review of liens must be performed prior to execution.

- 7. Administrative Fees for Public Housing Conversions During the Year of Conversion.** For the remainder of the Calendar Year in which the HAP Contract becomes effective (i.e., the “year of conversion”), RAD PBV projects will be funded with public housing funds. For example, if the project’s assistance converts effective July 1, 2015, the public housing ACC between the PHA and HUD will be amended to reflect the number of units under HAP Contract, but will be for zero dollars, and the RAD PBV HAP Contract will be funded with public housing money for July through December 2015. Since TBRA is not the source of funds, PHAs should not report leasing and expenses into VMS during this period, and PHAs will not receive section 8 administrative fee funding for converted units during this time.

PHAs operating an HCV program typically receive administrative fees for units under a HAP Contract, consistent with recent appropriation act references to “section 8(q) of the [United States Housing Act of 1937] and related appropriations act provisions in effect immediately before the Quality Housing and Work Responsibility Act of 1998” and 24 CFR § 982.152(b). During the year of conversion mentioned in the preceding paragraph, these provisions are waived. PHAs will not receive Section 8 administrative fees for PBV RAD units during the year of conversion.

After the year of conversion, the Section 8 ACC will be amended to include Section 8 funding that corresponds to the units covered by the Section 8 ACC. At that time, the regular Section 8 administrative fee funding provisions will apply.

- 8. Choice-Mobility.** One of the key features of the PBV program is the mobility component, which provides that if the family has elected to terminate the assisted lease at any time after the first year of occupancy in accordance with program requirements, the PHA must offer the family the opportunity for continued tenant- based rental assistance, in the form of either assistance under the voucher program or other comparable tenant-based rental assistance.

If as a result of participation in RAD a significant percentage of the PHA’s HCV program becomes PBV assistance, it is possible for most or all of a PHA’s turnover vouchers to be used to assist those RAD PBV families who wish to exercise mobility. While HUD is committed to ensuring mobility remains a cornerstone of RAD policy, HUD recognizes that it remains important for the PHA to still be able to use tenant- based vouchers to address the specific housing needs and priorities of the community. Therefore, HUD is establishing the following alternative requirement for PHAs where, as a result of RAD, the total number of PBV units (including RAD PBV units) under HAP Contract administered by the PHA exceeds 20 percent of the PHA’s authorized units under its HCV ACC with HUD: The alternative mobility policy provides that an eligible voucher agency would not be required to provide more than three-quarters of its turnover vouchers in any single year to the residents of Covered Projects. While a voucher agency is not required to establish a voucher inventory turnover cap, if such a cap is implemented, the voucher agency must create and maintain a waiting list in the order in which the requests from eligible households were received. In order to adopt this provision, this alternative mobility policy must be included in an eligible PHA’s administrative plan.

To effectuate this provision, HUD is providing an alternative requirement to Section 8(o)(13)(E) of the Act and 24 CFR § 983.261(c). Please note that this alternative requirement does not apply to PBVs entered into outside of the context of RAD.

- 9. Reserve for Replacement.** The Project Owner shall establish and maintain a replacement reserve in an interest-bearing account to aid in funding extraordinary maintenance and repair and replacement of capital items in accordance with applicable regulations. The reserve must be built up to and maintained at a level determined by HUD to be sufficient to meet projected requirements. For FHA transactions, Replacement Reserves shall be maintained in accordance with the FHA Regulatory Agreement. For all other transactions, Replacement Reserves shall be maintained in a bank account or similar instrument, as approved by HUD, where funds will be held by the Project Owner or mortgagee and may be drawn from the reserve account and used subject to HUD guidelines.

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<sup>43</sup> For more information on serving persons with LEP, please see HUD's Final guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons (72 FR 2732), published on January 22, 2007.

- 10. Initial Certifications and Tenant Rent Calculations.** The Contract Administrator uses the family's public housing tenant rent (reflected on line 10f of the family's most recent HUD Form 50058) at the date of the conversion to calculate the PBV HAP and tenant rent until the effective date of the earlier of the family's first regular or interim recertification following the date of conversion. At the earlier of the family's first regular or interim recertification, the Contract Administrator will use the family's TTP based on the recertification and the HCV utility allowance (or the PBV site-specific utility allowance, if applicable) to determine the PBV HAP and tenant rent. This means that the family pays the same tenant rent as the family was paying under the public housing program until the earlier of first regular or interim reexamination following conversion, at which point the normally applicable PBV calculation for the tenant rent becomes effective. (Under the PBV program, the monthly HAP is the rent to owner minus the tenant rent, and the tenant rent is the family TTP minus the utility allowance.) To facilitate the uniform treatment of residents and units at a Covered Project, any non-RAD PBV units located in the same property as the Covered Project shall be subject to the terms of this provision. To effectuate this provision, HUD is waiving 24 CFR 5.601 and 983.3(c)(6)(iii).

#### **Notice H 2016-17; PIH 2016-17 (HA)**

Rental Assistance Demonstration (RAD) Notice Regarding Fair Housing and Civil Rights Requirements and Relocation Requirements applicable to RAD First Component – Public Housing Conversions can be found at: [https://www.hud.gov/sites/documents/16-17HSGN\\_16-17PIHN.PDF](https://www.hud.gov/sites/documents/16-17HSGN_16-17PIHN.PDF).