

Fiscal Year 2025

PHA Annual Plan

Housing Authority of the City of Hagerstown, MD.

Sean Griffith, Executive Director

md006

Office of Public and Indian Housing

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PHA Plan Submission Type: ☒ Annual Submission ☐ Revised Annual Submission

Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program
Lead PHA:				

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1 **Revision of Existing PHA Plan Elements.**

(a) Have the following PHA Plan elements been revised by the PHA since its last **Annual PHA Plan** submission?

Y N

- ☒ ☐ Y **Statement of Housing Needs and Strategy for Addressing Housing Needs.**
☐ ☒ Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.
☒ ☐ **Financial Resources.**
☐ ☒ Rent Determination.
☐ ☒ Homeownership Programs.
☐ ☒ N Safety and Crime Prevention.
☐ ☒ N Pet Policy.
☐ ☒ N Substantial Deviation.
☐ ☒ N Significant Amendment/Modification

(b) If the PHA answered yes for any element, describe the revisions for each element below:

Statement of Housing Needs and Strategy for Addressing Housing Needs. - 2025

According to the Comprehensive Plan published by the city of Hagerstown 60% of the units within the city are occupied by renters. The Housing Authority administers a total of 2,121 subsidies (836 Public Housing units, 60 Public Housing/LIHTC Units, 131 PBV/LIHTC Units, 150 Public Housing units at Gateway Crossing and 884 Housing Choice Vouchers & 59 Veterans Affairs Supportive Housing Vouchers & 1 Foster Youth Initiative).

The 2024 American Community Survey (ACS) estimate shows there are 18,472 households in the City of Hagerstown. Based on the 2024 American Community Survey (ACS) estimate, 57% or 10,529 units are occupied by renters. Using the number of subsidies provided by Hagerstown Housing Authority, 20% of these households are receiving a subsidy.

Waitlist Data:

<u>Program</u>	<u>Extremely Low</u>	<u>Very Low</u>	<u>Low</u>	<u>Other</u>	<u>Black</u>	<u>White</u>	<u>Other</u>	<u>Hispanic</u>
Public Housing	3,544	716	483	376	3,165	1,875	93	370
HCV	2,091	1,017	326	135	1,764	1,001	133	207
Gateway	1,913	230	230	124	1,452	1,063	92	205
McCleary	2,077	221	249	137	1,598	1,085	102	64
C.W. Brooks	62	16	10	3	24	62	5	6

The LIHTC/Public Housing waiting list breakdown by bedroom size is as follows:

0-BR 558
1-BR 2,430
2-BR 3,411
3-BR 2,932
4-BR 1,175
5-BR 115

The Affordable stock includes the following bedroom sizes:

0-BR 199
1-BR 412
2-BR 331
3-BR 321
4-BR 47
5-BR 7
1,317

The Public Housing program leased a total of 147 units in FY 2024 by way of unit turnover. The HCV program turnover for the same period was 87 vouchers which totals 234 subsidies (Public Housing + HCV) available to applicants from our waiting list. As evidenced by PIC data, rents are calculated accurately.

For both Public Housing and HCV Affordability, supply, quality, accessibility, size and location sometimes affect the availability of housing for low-income residents. In the case of the jurisdiction which is served by the Housing Authority of the City of Hagerstown, these characteristics do not appear to have an effect on the creation or continuation of housing needs. There seems to be an adequate supply of affordable housing as evidenced by the fact that 89% of Public Housing Admissions and 81% of HCV admissions were from less than 30% AMI. These statistics show that there is no short supply of affordable housing in the PHA jurisdiction.

Both the Housing Authority and HCV Landlords have in their inventory safe, decent, quality, affordable homes for rent. This is evidenced by the High REAC inspection scores maintained by the Housing Authority and HQS reports on HCV units under lease and those new to the program. The City of Hagerstown works with the Housing Authority using a Rental inspection program that ensures quality units for rent.

The Authority is able to house those applicants with disabilities in a reasonable time and has experienced no problems with finding units that fit the accessibility needs of the disabled. The newest Public Housing property is fully accessible and adaptable with 6 units fully wheel-chair accessible. The new PBV property has 16 ADA accessible units and 4 VHI units. Size of the unit needed and amenities are all worked out

with the Housing Authority or by the HCV Landlord, leaving no cases where we were not able to accommodate persons with disabilities when they came to the top of the list. We also use additional preference points for elderly and disabled applicants.

Both the Public Housing and HCV waitlists choose unit size based on HUD's definition. Obviously, the number of units available for each bedroom size and the applicants available for that size can have an effect on the length of time a family remains on the Public Housing waitlist. Due to aggressive Lease enforcement and an active FSS program, the Authority makes every effort to make sure there is a steady flow of available units of all sizes and locations. For HCV applicants the size of unit needed is not a factor in waitlist movement. As long as there are funds and available units, applicants are housed. In addition, the HCV landlords in the City of Hagerstown and the Housing Authority Public Housing

Program have a variety of unit sizes with locations all over the city. This decreases the chance poverty and minority concentration.

The HCV program works with the city's Rental Licensing Program coordinating inspections and standards to improve the quality of available rental units under the HCV program. Our housing authority consistently maintains high performance ratings on PHAS Inspections. The Housing Authority obligates and expends all Capital Funds awarded by HUD to upgrade and modernize our housing stock. Our Public Housing units are conveniently located in various areas throughout the city. In addition to the 150 Public Housing units in Gateway Crossing, 42 Housing Choice Voucher holders are currently residing in this new and modern, mixed income/homeownership community. The new PBV property contains 16 Market Rate units leased to Housing Choice Voucher holders. The Housing Authority increases the payment standard, as allowed by HUD, to make available newer, more accessible units for applicants with special needs. This assists with de-concentration and the availability of accessible units.

The size and wait time of the HCV waitlist is based on lack of funding, not lack of availability of affordable quality units.

PHA Plan Strategies for Addressing Housing Needs

The Authority meets monthly with various agencies such as:

Washington County DSS; Hagerstown Home Store; CAMEO House – Addictions unit; Community Action Council; One Stop Job Center; Washington County Head Start; MD. Cooperative Center; Division of Rehabilitation Services; Habitat for Humanity; Washington County Hospital; Washington County Mediation Center; Big Brothers/Big Sisters.

The Authority maintained an average turn-around time of 29 days for 2024, in order to facilitate housing of those in need as quickly as possible. Our waitlists are actively maintained and worked to ensure that we have a good pool of available applicants. Our Public Housing waitlist has never been closed. Our HCV wait list was reopened on June 15, 2018 after being closed since May 31, 2015.

We have an aggressive HCV landlord recruiting process, to make sure that the available units for our HCV applicants is as large as possible to give our applicants more housing choice.

We have an aggressive Lease enforcement program and an active FSS program, the Authority makes every effort to make sure there is a steady flow of available units of all sizes and locations. This would ensure that families not in compliance with policies and regulations or families who want to move up and out are not taking up units that are required by more in need applicants

(c) The PHA must submit its Deconcentration Policy for Field Office Review.

DECONCENTRATION POLICY

It is the Housing Authority's policy to affirmatively market to all eligible income groups, to provide for de-concentration of poverty, and to encourage income mixing by bringing higher income families into lower income communities and lower income families into higher income communities. Lower income Tenants will not be steered toward lower income communities and higher income people will not be steered toward higher income communities.

In accordance with ongoing initiatives focusing on Tenant satisfaction and private property management standards, the Housing Authority will continually strive to create incentives to encourage higher income families to apply for its public housing communities. This is accomplished by focusing on safety, attractiveness, and low-cost quality housing. In addition, the Housing Authority will continually strive to create incentives relative to each of its communities, with care not to target particular properties for high or low-income families, but rather to achieve an income mix in each community.

At the forefront of the Housing Authority's initiatives is the provision of social service programs that provide opportunities for Tenants to improve their quality of life through participation in self-sufficiency programs.

The Housing Authority will continue to create and monitor incentives annually in the development of the annual and five-year plan. Incentives will be created relative to the local rental market and to other assisted housing in the Housing Authority's jurisdiction. The following incentives, unique to the Housing Authority, are offered to families applying for or living in the Housing Authority's communities:

Flat Rents. To encourage higher income families to apply and remain in the Housing Authority's communities, Tenant rents do not continue to increase based on thirty percent (30%) of monthly adjusted income (as in many federally assisted housing programs), but cap-out at a reasonable market rent (flat rent). Families have a choice of the flat rent or a rent based on income.

Local Preference for working families and families participating in local job training programs. In support of welfare reform, the Housing Authority gives local preference to public housing applicants who work or participate in job training, job search, work experience, or educational programs.

Family Self-Sufficiency (FSS) Program. The Housing Authority offers the FSS program to Tenants of Housing Authority's communities, thus creating opportunities for obtaining permanent full-time employment and future home ownership.

Curb Appeal/Physical Improvements Program. The Housing Authority continually strives to raise the standards of its physical properties and improve the aesthetic appearance of its communities, reflecting a standard that compares or exceeds private property management.

Aggressive "image-building" campaign to change stigmas attached to public housing. The Housing Authority is increasing efforts to remove Tenants who do not comply with lease and to retain those that remain, by focusing on Tenant satisfaction and proactive policies that prevent program abuse, and that reward and empower Tenants.

In addition to the Housing Authority-wide incentives listed above, all communities have extensive social programs, ranging from a homework club in the family communities, to health and wellness programs in the senior communities.

As future guidance is provided by HUD and in accordance with federal regulations, the Housing Authority plans to continue to expand its Admissions Policy to include more incentives for de-concentration and income mixing.

Family income statistics by community and the Housing Authority-wide will be monitored on a monthly basis to meet the de-concentration/income mixing requirements of Quality Housing and Work Responsibility Act of 1998 (QHWRA) (Section 513). The Housing Authority shall follow the statutory requirement that at least forty percent (40%) of newly admitted families in any fiscal year be families whose annual income is at or below thirty percent (30%) of the area median income. Move-outs will be closely monitored, and families interviewed, where possible, to determine preventative and improvement measures. If, after all measures herein described fail to accomplish the de-concentration income mixing requirements, the Housing Authority will skip families on the waiting list to reach other families with a lower or higher income. We will accomplish this in a uniform and non-discriminating manner.

STATEMENT OF FINANCIAL RESOURCES 2025		
<i>Sources</i>	<i>Planned \$</i>	<i>Planned Uses</i>
Federal Grants		
Public Housing Operating Fund - CY2025	3,205,552.49	PH Operations
Public Housing Capital Fund-2025	3,024,727.00	PH Capital Improvements
Annual contributions for Section 8 Tenant Based Assistance	9,252,471.00	Section 8 Vouchers
Annual contributions for Section 8 Project Based Assistance	120,386.00	Section 8 Project
Resident Opportunity and Self Sufficiency Grants	305,628.00	PH Supportive Services
HCV FSS Coordinator Grant	0.00	S8 Supportive Services
S8 Admin Fees	859,947.38	S8 Administration
Prior Year Federal Grants		
(unobligated funds only)		
MD06P006501-23	144,648.38	PH Capital Improvements
MD06P006501-24	3,024,727.00	PH Capital Improvements
MD3B006CNP123	211,543.10	Choice Neighborhood
Public Housing Dwelling Rental Income		
Rents	3,566,000.00	PH Operations
Excess Utilities	35,300.00	PH Operations
Other Income (list below)		
Interest Income	143,000.00	PH Operations
Non-Federal Sources (list below)		
Non-Dwelling Rental	9,600.00	PH Operations
Roof Top Income	103,600.00	PH Operations
Management Fees GWC	252,752.40	PH Operations
Management Fees CWB	52,293.60	PH Operations
Management Fees McH	108,000.00	PH Operations
Total Resources	24,420,176.35	

B New Activities.

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

Y N

- ☒ ☐ Y Hope VI or Choice Neighborhoods.
☒ ☐ Y Mixed Finance Modernization or Development.
☒ ☐ Y Demolition and/or Disposition.
☐ ☒ N Conversion of Public Housing to Tenant Based Assistance.
☒ ☐ Y Conversion of Public Housing to Project-Based Rental Assistance or Project-Based Vouchers under RAD.
☒ ☐ Y Project Based Vouchers.
☐ ☒ Y Units with Approved Vacancies for Modernization

☐ ☒ N 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.

Fifty-Five of the sixty-five Tenant Based Vouchers will convert to assistance under Project Based Vouchers beginning in Phase V, Frederick Manor. Historic rehab of the Moller Building in Phase I, and Parkside in Phase II for a combined housing plan of 204

Hope VI

The Housing Authority of the City of Hagerstown, Maryland has not applied for HOPE VI funding.

Mixed Finance Modernization or Development

As has been outlined in previous Annual Plans, the Authority has a need to tear down and rebuild Noland Village (MD006000003). This property contains 250: two-, three-, four- and five-bedroom townhomes on twenty-six (26) acres. It was built in the early 70's as a turnkey housing solution and not to the standards the current management would have liked. As a result, and as shown by the recent PNA, this property has many infrastructure issues that cannot be resolved with the limited amount of Capital Fund money that this property receives. Due to its current configuration and the desire for de-concentration, rehabilitation is not a feasible option.

In September of 2016, HHA received notification from HUD that 61 units from Noland Village were approved for the RAD program. In addition, HHA received notification of a multi-phase award holding the remaining 189 units by HUD for the RAD Program. HHA then applied for competitive 9% tax credits with the state of Maryland to help fund the redevelopment of the first 61 units at an offsite location. In April of 2017 HHA received notification from the state that we were successful. HHA and our partners will continue to work diligently until all 250 units at Noland Village have been redeveloped. Construction began on Phase I (61 units) August 2019, and full occupancy occurred in May of 2021. Phase II has been approved for 9% LIHTC funding and will include an additional 70 units from Noland Village. Phase II settlement occurred in December 2020, and was fully occupied in 2022. A application (4% tax credits) was submitted in the Fall of 2024 for the remaining 116 units (250 original units – 64 Phase I (3 units Dispo) - 70 Phase II Units) The application was successful, and we are planning to close the final phase in October of 2025 for the remaining 116 units. Our plan is to create a less concentrated mixed income community using Project Based Vouchers, Tax Credit, Market Rate, and Homeownership if funding allows.

Demolition and/or Disposition

In September 2015, the Authority applied to participate in the RAD program for the redevelopment of Noland Village. The Authority settled on Phase I August 2019 and full occupancy occurred in the new development (McCleary Hill Phase I) May 2021. McCleary Hill Phase II has been awarded a 9% LIHTC award and settlement occurred in December 2020. McCleary Hill Phase II was completed and fully occupied in 2022.

The Authority is currently working with our Developer to fulfill our redevelopment efforts by utilizing RAD and LIHTC applications to successfully complete the 3rd Phase Noland Village Redevelopment endeavor. This process does not require a Demo/Dispo application.

Phase III of Noland Village Redevelopment will be a Section 18/RAD blend and include substantial rehab of the remaining 116 units.

Conversion of Public Housing

The Hagerstown Housing Authority submitted a RAD application in September 2015 for the property known as Noland Village (MD006-00000316). This property has 250 units built in 1972 and is functionally obsolete. On September 7, 2016, the Authority was notified of receiving a Commitment to Enter into a Housing Assistance Payments for 64 ACC units (Phase I). The Authority settled August 2019 and began construction of McCleary Hill Phase I offsite to replace 61 of the units. Complete occupancy occurred in May of 2021.

The Phase II RAD application was submitted in August 2017 and the Authority received a CHAP and has settled on this transaction. This will involve removing 70 units from Noland Village and replacing them with 70 new units at McCleary Hill Phase II. Full occupancy of McCleary Hill Phase II occurred in 2022. The Authority received a multi-phase award from HUD for all 3 phases of Noland Village Redevelopment, so another phase involving the remaining 116 units is planned to start in October of 2025.

Rental Assistance Demonstration (RAD) Attachment R

The Hagerstown Housing Authority was a successful applicant in the Rental Assistance Demonstration (RAD). As a result, the Authority will be converting to Project Based Vouchers (PBV) under the guidance of PIH Notice 2012-32, REV 1 and any successor Notices.

Upon conversion to the PBV, the Authority will adopt the resident rights, participation, waiting list and grievance procedures listed Section 1.5 of PIH Notice 2012-32 REV. 2 and Joint Housing PIH Notice 2014-09, PIH 2014-17. These residents' rights, participation, waiting list and grievance procedures are appended to this Attachment.

Additionally, the Authority certifies that it is currently compliant with all fair housing and civil rights requirements, including those imposed by Section 504, Voluntary Compliance Agreement dated April 16, 2015 (VCA). The Authority anticipates that its implementation of the VCA will coincide with the conversion.

RAD was designed by HUD to assist in addressing the capital needs of public housing by providing HHA with access to private sources of capital to repair and preserve its affordable housing assets.

Please be aware that upon conversion, the 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 HHA may also borrow funds to address their capital needs. HHA will also be contributing Operating Reserves in the amount of \$594,752 for Noland Village in its entirety, Capital Funds in the amount of \$385,636 towards the final Phase of redevelopment. **NO** Replacement Housing Factor (RHF) Funds will be used for the conversion.

The bedroom breakdown for Phase III (Martin Heights) is below:

Bedroom Type	Number of Units pre-conversion	Number of units post-conversion	Change in number of units per bedroom type
Studio	0	0	0
One Bed	0	0	0
Two Bed	35	35	0
Three Bed	67	67	0
Four Bed	10	10	0
Five Bed	4	4	0

Transfer of Assistance. One-hundred-sixteen (116) units will have the assistance transferred from the existing Noland Phase III site to the final Martin Heights site in connection with this proposal. As indicated in the table above, the existing units ("number of units pre-conversion") will have no reconfiguration of bedroom sizes ("number of units post-conversion"). There will be no de minimis reductions.

Special Provisions Affecting Conversions to Project Based Vouchers (PBVs)
Sections 1.6.C and 1.6.0 inserted from PIH Notice 2012-32, REV-3.

1.6 Special Provisions Affecting Conversions to PBVs

1.6.C. PBV Resident Rights and Participation.

1.6.C.1. No Re-screening 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. ¹ 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, 24 CFR § 982.201, <#> concerning eligibility and targeting of tenants for initial occupancy, will not apply for current households. Once the grandfathered household moves out, the unit must be leased to an eligible family. MTW agencies may not alter this requirement. Further, so as to facilitate the right to return to the assisted property, this provision shall apply to current public housing residents of the Converting Project that will reside in non-RAD PBV units or non-RAD PBRA units placed in a project that contain RAD PBV units or RAD PBRA units. Such families and such contract units will otherwise be subject to all requirements of the applicable program, specifically 24 CFR § 983 for non-RAD PBV units and the PBRA requirements governing the applicable contract for non-RAD PBRA units.

1.6.C.2. Right to Return.

See section 1.4.A.5(ii) and the RAD Fair Housing, Civil Rights, and Relocation Notice regarding a resident's right to return.

1.6.C.3. Renewal of Lease.

Since publication of the PIH Notice 2012-32 REV 1, the regulations under 24 CFR part 983 have been amended requiring Project Owners to renew all leases upon lease expiration, unless cause exists. MTW agencies may not alter this requirement. 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.

1.6.C.4. Phase-in of Tenant Rent Increases.

If a tenant's monthly rent increases by more than the greater of 10 percent or \$25 purely as a result of conversion, the rent increase will be phased in over 3 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. 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, as illustrated below.

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 TTP²

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.

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 TTP, 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.

1.6.C.5. 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 be eligible for FSS once their housing is converted under RAD. 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 and may use that funding to serve PH, HCV and/or PBRA participants in its FSS program. Due to the program merger between PH FSS and HCV FSS that took place pursuant to the FY 14 Appropriations Act (and was continued in the subsequent Appropriations Acts), no special provisions are required to continue serving FSS participants that live in public housing units converting to PBV under RAD.

However, PHAs should note that 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, 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 78100.³ Further, upon conversion to PBV, already escrowed funds 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.

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.

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.

1.6.C.6. Resident Participation and Funding.

In accordance with Attachment IB, 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.

1.6.C.7. 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, as appropriate. Evidence of such incorporation may be requested by HUD for purposes of monitoring the program.

i. **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. 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:

- a. A reasonable period of time, but not to exceed 30 days;
- i. If the health or safety of other tenants, Project Owner employees, or persons residing in the immediate vicinity of the premises is threatened; or
- ii. In the event of any drug-related or violent criminal activity or any felony conviction;
- b. Not less than 14 days in the case of nonpayment of rent; and
- c. 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.

ii. **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 issues related to tenancy and termination of assistance, PBV program rules require the Project Owner 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:

- a. In addition to reasons that require an opportunity for an informal hearing given in 24 CFR § 982.555(a)(1)(i)-(vi), "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.
- i. For any hearing required under 24 CFR § 982.555(a)(1)(i)-(vi), 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).
- ii. For any additional hearings required under RAD, the Project Owner will perform the hearing.
- b. There is no right to an informal hearing for class grievances or to disputes between residents not involving the Project Owner or contract administrator.
- c. 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 the scope of 24 CFR § 982.555(a)(1)(i)-(vi).
- d. 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.

1.6.C.8. 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.

⁴ § 982.555(a)(1)(iv) is not relevant to RAD as the tenant-based certificate program has been repealed.

1.6.C.9. Jobs Plus.

Jobs Plus grantees awarded FY14 and future funds that convert the Jobs Plus target project(s) under RAD will be able to finish out their Jobs Plus period of performance at that site 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.

1.6.C.10. 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. 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 provision 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.⁵ 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.

⁵ 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.

Following conversion, 24 CFR § 983.53(d) applies, and any new families referred to the RAD PBV project must be initially eligible for a HAP payment at admission to the program, which means their TTP may not 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 vacated 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 1.6.8.10 of this Notice.

1.6.C.11. 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. MTW agencies may not modify this requirement. Section 1.6.D inserted from PIH Notice 2012-32, REV-3.

1.6 Special Provisions Affecting Conversions to PBVs

1.6.D. PBV: Other Miscellaneous Provisions

1.6.D.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.

1.6.D.2. Additional Monitoring Requirement.

The Owner must submit to the administering PHA and the PHA's Board must approve the operating budget for the Covered Project annually in accordance with HUD requirements.⁶

⁶ 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.

1.6.D.3. Davis-Bacon Act & Section 3 of the Housing & Urban Development Act of 1968 (Section 3).

This section has been moved to 1.4.A.13 and 1.4.A.14. These are inserted below.

1.4 Project Conversion Requirements and Financing Considerations

One of the main purposes of RAD is to demonstrate how the conversion of current public housing assistance to long-term, project-based Section 8 rental assistance contracts can generate access to private debt and equity to address immediate and long-term capital needs through rehabilitation or new construction. HUD therefore expects that the majority of projects undergoing conversion of assistance through RAD will do at least some rehabilitation or reconstruction. The following include requirements related to conversion plans more broadly, including those involving rehabilitation and construction:

1.4.A. Conversion Planning Requirements.

1.4.A.13. Davis-Bacon prevailing wages.

The Davis-Bacon prevailing wage requirements (prevailing wages, the Contract Work Hours and Safety Standards Act, and other related regulations, rules, and requirements) apply to all Work, including any new construction, that is identified in the Financing Plan and RCC to the extent that such Work qualifies as development. "Development," as applied to work subject to Davis-Bacon requirements on Section 8 projects, encompasses work that constitutes remodeling that alters the nature or type of housing units in a PBV or PBRA project, reconstruction, or a substantial improvement in the quality or kind of original equipment and materials, and is initiated within 18 months of the HAP Contract. Development activity does not include replacement of equipment and materials rendered unsatisfactory because of normal wear and tear by items of substantially the same kind. Davis-Bacon requirements apply only to projects with nine or more assisted units.

1.4.A.14. Section 3 of the Housing & Urban Development Act of 1968 (Section 3).

Section 3 (24 CFR part 135) applies to all Work, including any new construction, that is identified in the Financing Plan and RCC to the extent that such repairs qualify as construction or rehabilitation. In addition, Section 3 may apply to the project after conversion based on the receipt of the use of federal financial assistance for rehabilitation activities.

1.6.D.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 will 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:

- i. Transferring an existing site-based waiting list to a new site-based waiting list.
- ii. Transferring an existing site-based waiting list to a PBV program-wide or HCV program-wide waiting list.
- iii. Transferring an existing community-wide public housing wait list to a PBV program-wide or HCV program-wide waiting list, an option particularly relevant for PHAs converting their entire portfolio under RAD.
- iv. 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.

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 wait-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 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).⁷

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

To implement this provision, HUD is specifying alternative requirements for 24 CFR §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).

⁷ 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.

1.6.D.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.

1.6.D.6. Agreement Waiver.

This section has been moved to 1.6.B.8. The section is inserted below.

1.6.B.8 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. Until the work is complete, standard HAP Contract funding procedures will be used for occupied units. Units that are not occupied at any point during the period of work identified in the approved Financing Plan and RAD Conversion Commitment 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 and the HAP Contract, 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. Following the earlier of the end of the construction period identified in the HUD approved Financing Plan or actual construction, the PHA will no longer be eligible to receive RAD Rehab Assistance Payments, and all units under contract will be eligible for payment only for occupied units or for vacancy payments, as applicable. MTW agencies may not alter this requirement.

1.6.D.7. 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.

1.6.D.8. 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 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.

1.6.D.9. 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 an 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. MTW agencies may not alter this requirement.

1.6.D.10. 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 maybe drawn from the reserve account and used subject to HUD guidelines.

EXHIBIT A

PROJECT BASED VOUCHERS

This section of the Administrative Plan describes HHA's policies related to implementation of the Project Based Voucher (PBV) program pursuant HUD regulation at 24 CFR Part 983.

A. Applicability of Tenant-Based Voucher Program Policies to Project Based Voucher Program

Except as otherwise noted in this section, or unless specifically prohibited by PBV Program regulations, HHA's policies for the tenant-based voucher program described in the HCV Administrative Plan will also apply to the PBV program administered by HHA.

B. Eligible Unit Types

PBV assistance may be attached to existing housing, newly constructed or rehabilitated housing. A housing unit is considered an existing unit for purposes of the PBV program, if, at the time of notice of HHA selection, the units substantially comply with HQS.

C. Limits on Number of PBV Units in a Project

Pursuant to HUD regulations, HHA will not provide PBV assistance for units in a project if the total number of dwelling units in the building will receive PBV assistance during the term of the PBV HAP contract is more than 50% of the number of dwelling units (assisted or unassisted) in the building except where:

- The units are in a single-family building (with four or fewer units);
- The units qualify as "excepted units" as defined below.

A. Exceptions to PBV 50% Unit Cap

Multifamily buildings that have units specifically designated for elderly or disabled families; or families receiving supportive services, are not subject to the 50% unit cap.

B. Subsidy Layering

HHA will only provide PBV assistance in accordance with HUD's subsidy layering requirements under 24 CFR 4.13 in accordance with PIH Notice 2013-11. HHA will submit the necessary documentation to HUD or an independent entity approved by HUD, for a subsidy layering review. HHA will not enter into an Agreement to enter into a Housing Assistance Payment Contract (AHAP) or a HAP Contract until HUD (or an independent entity approved by HUD) has conducted the subsidy layering review and determined that the PBV assistance is in accordance with HUD subsidy layering requirements.

C. Site and Neighborhood Standards

HHA will select units or sites for PBV assistance only where HHA has determined that housing on the site:

- is consistent with the goal of deconcentrating poverty and expanding housing and economic opportunities consistent with regulations and HHA's Administrative Plan; will facilitate and further comply with the applicable provisions of Title VI of the Civil Rights Act and other relevant provisions as cited at 24 CFR 983.57;
- meets the site selection requirements described in 24 CFR 8.4(b)(5); and
- meets the HQS site standards at 24 CFR 982.401(1). HHA will limit approval of sites for PBV assistance to census tracts that have poverty concentrations over 20% less, except where HHA determines that the PBV assistance will complement other local redevelopment activities designed to deconcentrate poverty and expand housing and economic opportunities in census tracts with poverty concentrations greater than 20%

D. Existing Housing

HHA will not provide PBV assistance for existing housing until it has determined that the site complies with the HUD required site and neighborhood standards.

The site must:

- Be adequate in size, exposure, and contour to accommodate the number and type of units proposed;
- Have adequate utilities and streets available to service the site;
- Promote a greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons; and
- Be accessible to social, recreational, educational, commercial, health facilities and services, and other municipal facilities and services equivalent to those found in neighborhoods consisting largely of unassisted similar units; and be located so that travel time and cost via public transportation or private automobile from the neighborhood to places of employment is not excessive.

E. New Construction / Rehabilitated Housing

In order to be selected for PBV assistance, a site for newly constructed housing or rehabilitated housing must meet the following HUD required site and neighborhood standards:

- The site must be adequate in size, exposure, and contour to accommodate the number and type of units proposed;
- The site must have adequate utilities and streets available to service the site;
- The site must not be located in an area of minority concentration unless HHA determines that sufficient, comparable opportunities exist for housing for minority families in the income range to be served by the proposed project outside areas of minority concentration or that the project is necessary to meet overriding housing needs that cannot be met in that housing market area;
- The site must promote a greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low income persons;
- The neighborhood must not be one that is seriously detrimental to family life or in which substandard dwellings or other undesirable conditions predominate;
- The housing must be accessible to social, recreational, educational, commercial, and health facilities and services and other municipal facilities and services equivalent to those found in neighborhoods consisting largely of unassisted similar units; and
- Except for housing designed for elderly persons, the housing must be located so that travel time and cost via public transportation or private automobile from the neighborhood to places of employment is not excessive.

F. Environmental Review

HHA activities under the PBV program will be conducted in conformance with HUD environmental regulations at 24 CFR § 50, 24 CFR § 58, and 24 CFR 983.58.

The responsible entity is responsible for performing the federal environmental review under the National Environmental Policy Act of 1969.

G. HQS Inspections

1. Pre Lease-Up Inspections

HHA will inspect each contract unit and public space areas before execution of the HAP contract. HHA will not enter into a HAP contract until all the units and public space areas fully comply with HQS.

2. Biennial Inspections

HHA will inspect units at least biennially consisting of at least 20% of the contract units in each building to determine if the contract units and the premises are maintained in accordance with HQS. Units that fail HQS will be inspected annually until the unit passes inspection. Turnover inspections are not counted toward meeting this annual inspection requirement. If more than 20% of the annual sample of inspected contract units in a building fails the initial inspection, HHA will reinspect 100% of the contract units in the building. HHA will make a concerted effort to inspect more than 20% of the units at least annually.

H. Housing Assistance Payment (HAP) Contract

HHA will enter into a HAP contract for each PBV project for a maximum initial term of 15 to 20 years. HHA may extend the term of the contract for an additional term subject to the availability of appropriations.

Subsequent extensions are subject to the same limitations. All extensions must be on the form and subject to the conditions prescribed by HUD at the time of the extension.

The HAP contract must provide that the contractual commitment is subject to the availability of sufficient appropriated funding as determined by HUD or by HHA in accordance with HUD instructions. For these purposes, sufficient funding means the availability of appropriations, and of funding under the ACC from such appropriations, to make full payment of housing assistance payments payable to the owner for any contract year in accordance with the terms of the HAP contract. If it is determined that there may not be

sufficient funding to continue housing assistance payments for all contract units and for the full term of the HAP contract, HHA may terminate the HAP contract by notice to the owner. The termination must be implemented in accordance with HUD instructions.

The annual anniversary of the HAP contract is the first day of the calendar month after the end of the preceding contract year. There is a single annual anniversary and expiration date for all units under a particular HAP contract, even in cases where contract units are placed under the HAP contract in stages (on different dates) or units are added by amendment. The anniversary and expiration dates for all units coincide with the dates for the contract units that were originally placed under HAP contract.

I. Changes to HAP Contract to Substitute, Add or Subtract PBV Units

At HHA's discretion and subject to all PBV requirements, the HAP contract may be amended to substitute a different unit with the same number of bedrooms in the same building for a previously covered contract unit. Before any such substitution can take place, HHA must inspect the proposed unit/public space areas. At HHA's discretion and subject to the restrictions on the number of dwelling units that can receive PBV assistance per building, a HAP contract may be amended during the three-year period following the execution date of the HAP contract to add additional PBV units in the same building. This type of amendment is subject to all PBV program requirements except that a new PBV proposal is not required. If any PBV units have been vacant for 120 days, HHA may give notice to the owner that the HAP contract will be amended to reduce the number of contract units that have been vacant for this period. The amendment to the HAP contract will be effective the first day of the month following the date of HHA's notice.

J. Vacancy Payments

Project-based voucher contracts have vacancy loss provisions.

1. Payment for Move-Out Month:

If an assisted family moves out of the unit, the owner may keep the housing assistance payment payable for the calendar month when the family moves out. However, the owner may not keep the payment if HHA determines the vacancy is the owner's fault.

2. Vacancy Payment:

At its discretion, HHA will make vacancy payments of the monthly rent not to exceed two full months following the move-out month. Any vacancy payment may cover only the period the unit remains vacant.

In order to claim vacancy loss, the unit must be available for lease and the owner must:

- Notify HHA within 48 hours, excluding weekends and holidays, upon learning of the vacancy, or prospective vacancy; and
- Pursue activities to fill the vacancy, including:
 - Seeking eligible applicants by listing the unit with HHA;
 - Notifying HHA of the availability of the unit;
 - And Not rejecting potentially eligible applicants except for good cause.

In the event that a unit becomes vacant because of the death of the participant, HHA will permit the owner to keep the housing assistance payment for the month in which the participant died.

K. Waiting List and Occupancy of PBV Housing

HHA may utilize separate site-based waiting lists for admission to projects selected to receive project-based voucher (PBV) assistance.

Once a project is selected for PBV assistance, all applicants listed on HHA's waiting list for tenant-based assistance will be offered the opportunity to apply for placement on the HHA site-based PBV waiting list. Placement on a site-based PBV waiting list has no effect on the applicant's standing on the tenant-based waiting list. HHA will also accept referrals from the owner to populate site-based waiting lists in the event there are no applicants from HHA's tenant-based waiting list. All applicants who wish to be placed on site-based PBV waiting lists must meet income and eligibility criteria for the project.

Subject to HHA's approval, owners may request to establish preferences for supportive housing different than those listed in HHA's priority code list. All requests for preferences outside HHA must meet federal and local Fair Housing standards.

Applicants on HHA's tenant-based waiting list will be placed on the PBV site-based waiting list according to their original certification date and time of application, to the tenant-based waiting list.

A preference may be given to applicants with a demonstrated need for particular projects offering specialized services.

The owner must promptly fill vacancies utilizing the HHA PBV site-based waiting list.

The owner must lease vacant units in a development to eligible families on HHA's PBV site-based waiting list for that development. A preference may be given

to applicants with a demonstrated need for particular projects offering specialized services. For Existing and Rehab units, the current resident has absolute preference on the PBV site-based waiting list as long as they meet PBV eligibility criteria. Selection from the PBV site-based waiting list will be based on date and time of application submission, particular eligibility requirements (for example, senior only), and available unit size.

In determining family unit size, HHA may grant an exception to its established subsidy standards if determined that the exception is justified by the age, sex, health, handicap, or relationship of family members or other personal circumstances.

L. Leasing of Project-Based Unit

HHA will make housing assistance payments to the owner in accordance with the HAP contract for contract units leased and occupied by eligible project-based voucher families during the HAP contract term. Per HUD regulations, payments will not begin on behalf of a PBV participant until after the following events:

- Participant has attended a briefing
- Unit and public space areas Pass HQS Inspection
- Participant submitted all necessary documents to confirm income and program eligibility
- Owner has submitted a lease with the rent breakdown and effective date determined by HHA.

M. Contract Rent to Owner

The contract rent to owner must not exceed the lowest of the following amounts:

- An amount determined by HHA, not to exceed 110% of the applicable fair market rent (or any HUD-approved exception payment standard) for the unit bedroom size minus any utility allowance;
- The reasonable rent determined by HHA, and

N. Rent Reasonableness

HHA will redetermine rent reasonableness:

- Whenever there is a 5% or greater decrease in the published FMR in effect 60 days before the contract anniversary for the unit sizes specified in the HAP contract as compared with the FMR in effect one year before the contract anniversary.
- Whenever HHA approves a change in the allocation of responsibility for utilities between the owner and the participant.

The reasonable rent of a unit receiving PBV assistance will be determined by comparison to rent for other comparable unassisted units. At any time, HHA may require the owner to submit information on rents charged by the owner for other units in the premises or elsewhere.

O. Contract Rent Increases

Requests for a rent increase for PBV assisted units must be made in writing by the owner at least 60 days in advance of the HAP anniversary date. The contract rent to owner must not exceed 110% of FMR. In accordance with HUD guidance, HHA has elected to adopt the policy that the maximum rent permitted for the unit shall not be less than the initial contract rent for the unit under a PBV HAP.

B 3 Progress Report. Provide a description of the PHA's progress in meeting its Mission and Goals described in the PHA 5-Year Plan.

The Board of Commissioners and staff of the Hagerstown Housing Authority (HHA) are pleased to provide this progress report and provide eight goals and objectives listed in this plan. Our objectives and goals are multifaceted, and I would be pleased to address each specifically if HUD representatives would like.

To do so in this summary would cause this piece to be a book versus a summary.

In 2012 HHA determined that over the next ten years Noland Village would require capital improvements that would far exceed the current and future funding. Noland Village is a barracks style Public Housing community built in 1972 consisting of 250 units. In recent years, the community has become functionally obsolete and offers zero handicap accessibility. A 3-phase redevelopment plan has been created to deconcentrate the density off-site, and to substantially rehab and newly construct on-site. MCCLEARY HILL The first 2 phases of the Noland Redevelopment consisted of courts 1, 2, 4, & 6. These families were relocated to the newly built McCleary Hill community during 2021-2022. McCleary Hill consists of 147 mixed-income townhouse style homes, including Handicap Accessible and Visual/Hearing Impaired units. Noland Village will be known as Martin Heights once redevelopment is completed. The 3rd phase of the redevelopment will consist of substantial rehab of the remaining 116 units. We anticipate construction starting in October 2025

The Housing Authority of the City of Hagerstown intends to undertake new activities regarding Choice Neighborhoods and Mixed Finance Modernization or Development. The Authority partnered with the City of Hagerstown and an Urban Planning Firm for its efforts to pursue a **Choice Neighborhoods Planning Grant** for its Parkside Homes, Douglass Court and Frederick Manor communities known as AMP 1

The Choice Neighborhood Initiative is a program run by the US Department of Housing and Urban Development (HUD) focusing on creating vibrant, thriving, connected neighborhoods. The Hagerstown Housing Authority and the City of Hagerstown were successful in applying for a Choice Neighborhoods Initiative grant in 2023. We are embarking on the end of the two-year planning process to envision what the future of Hagerstown Choice Neighborhood can be. The core area has a total of 4,638 neighborhood housing units, is recorded as having 48.50% poverty level and vacancy rate of 9.48%.

To maintain the long-term viability of our communities, HHA continues to make capital improvements. Highlights of some of our major improvements will include balcony and handrail replacement, elevator upgrades and roof replacement and upgrades, elevator upgrades, fire system replacement, exterior sliding door replacement, kitchen and bath upgrades as needed

The Housing Authority is very proud to serve our community, and we look forward to the future. We plan to explore and implement homeownership opportunities to our residents, allowing subsidizes to go toward mortgage payments. We will continue with the redevelopment efforts to maintain our mission of providing "quality housing" and research ways to increase funds; both federalized through grants and de-federalized through the private market.

5-Year Agency Plan Goals 2025 - 2029

I. Invest in staff training and education, employee development, and management tools to improve agency operations, foster innovation and leadership

Objectives-

- Identify opportunities for streamlining and clarification.
- Prepare staff training and development plan for each position.
- Develop a succession plan for retiring senior staff
- Train staff on HOTMA regulations
- Implement HOTMA to improve agency operations

II. Use technology to improve client service, be more efficient, and promote Housing Authority programs to Streamline Operations

Objectives-

- Implement Yardi Voyager version 8 to stay current with management software technologies
- Implement a Mobile Device Management solution for more efficient hardware deployments and security
- Implement a SD-WAN to increase bandwidth and network reliability to allow for further technology expansion and dependability
- Reconfigure RentCafe workflows to allow for more efficient online compliance management
- Create electronic forms and workflows to automate agency processes
- Implement eVMS, NSPIRE, HIP
- Implement a new HRIS system to ensure agency employee operations remain streamlined

III. Promote the safety and peaceful enjoyment of residents by assuring that residents are in compliance with the lease obligations that 1) prohibit criminal activity, 2) relate to peaceful living in a community environment, and 3) prohibit unauthorized residents.

Objectives-

- Continue to expand security infrastructure to include fencing, cameras, secure access points, etc.
- Utilize CPTED and other strategies in the design of rehabilitation of properties and Choice Neighborhoods redevelopment.
- Explore emerging technologies for security operations to include possible expanded surveillance options and possible integration of AI.
- Explore ways to incorporate more community participation in Security awareness.
- Continue to expand training for Security staff.

IV. Capital Fund- Ensure that the Authority-owned and managed properties and buildings are well-maintained and visually appealing to attract potential residents, achieving maximum occupancy.

Objectives-

- Ensure continuous monitoring of the Physical Needs Assessment (PNA)
- Ensure timely expenditures of the Capital Fund Grant
- Look for ways to increase the contractor base
- Ensure Section 3 requirements are met

V. Improve the Availability and Quality of Housing

Objectives:

- Identify strategies to expand housing opportunities for key populations, including chronically homeless individuals, families with special needs, and transition-aged youth.
- Begin repositioning the Public Housing portfolio through Rental Assistance Demonstration (RAD) strategies to enhance long-term viability and generate revenue, fostering a more stable and sustainable platform.
- Increase the number of Public Housing units with accessibility features to meet growing demand.
- Expand the availability of assisted and affordable housing by utilizing project-based vouchers and acquiring multi-family properties.
- Implement the Choice Neighborhood transformation plan
- Complete the Noland/Martin Heights redevelopment
- Explore the redevelopment outside the scope of Choice and Martin Heights to keep up with the needs of affordable housing.

VI Promote Self-Sufficiency and Provide Supportive Services

Objectives-

- Improve resident's quality of life and employability, with a focus on:
 - o Educational Support
 - o Youth Services
 - o Financial Literacy and Budgeting
 - o Supportive Services
 - o Job Training and Support, and compliance with the Section 3 requirements
- · Increase the Number of Participants in the Family Self-Sufficiency Program
- · Provide Services to Increase Independence for Elderly or Families with Disabilities.
- · Continue to expand partnerships with community-based organizations to provide educational, prevention, and intervention activities.
- · Continue to Strengthen and Develop Measures
- · Explore additional homeownership programs.
- To engage residents in activities, the Housing Authority will:
 - · Promote all activities through newsletters, flyers and/or social media.
 - · Utilize the Tenant Portal and email to advise residents of upcoming events.
 - · Utilize text message systems to advise residents of emergencies and upcoming meetings and events.

VII. Innovate and improve the way we do business to support the needs of our families.

Objective-

- HHA will pursue opportunities to streamline processes and innovate wherever opportunities are available based on available resources.
- Office Reconfiguration Review
- Analysis of staff Job Descriptions to better serve the residents and community

B4 Capital Improvements. Include a reference here to the most recent HUD-approved 5-Year Action Plan in EPIC and the date that it was approved. See **Capital Fund 5 Year Action Plan in EPIC submitted 08/30/2024 and approved by HUD on 10/21/2024.**