

MEMORANDUM

TO: Property Owners and Service Agencies

RE: New policies and procedures for Project-Based Voucher (PBV) Housing Assistance Payment (HAP) contracts with Housing Authority of Snohomish County (HASCO) for family units

DATE: June 19, 2015

AT ISSUE

In response to ongoing family homelessness and the high costs of the subsidy model developed under the Sound Families Initiative, funders at all levels have shifted to investing in new shallower subsidy strategies to end family homelessness, which include prevention, diversion, rapid rehousing, housing first, and a progressive engagement service model. The Sound Families model that is utilized in the service-enriched units for families in HASCO's Project-Based Voucher program is not consistent with these new approaches, and services funding for this model has decreased. HASCO's additional costs to administer the service-enriched PBV program also continue to go unfunded by the federal government.

In response to this changing funding environment and federal requirements, HASCO has implemented new policies and procedures for PBV HAP contracts for family units. These new policies and procedures ensure continued support from HASCO for rent-subsidized units for families with children in Snohomish County. They will also make HASCO's PBV program more financially sustainable and ensure a strategic investment of HASCO's limited resources.

BACKGROUND

In 2001, HASCO partnered with the Bill and Melinda Gates Foundation, property owners, and nonprofit human service agencies in Snohomish County on the Sound Families Initiative, which used PBVs from public housing authorities, private market rental housing, and public and private supportive services funding in an effort to triple the number of transitional housing units available for homeless families with children in the tri-county area of Pierce, King, and Snohomish Counties. The service model developed under the Sound Families Initiative targeted moderate needs families in a 12- to 24-month transitional housing program that provided deep subsidy for both the housing costs of the families and the supportive services provided to the families.

HASCO awarded PBV HAP contracts to property owners for units developed under the Sound Families Initiative in Snohomish County, of which 16 remain in place. Currently, these PBV HAP contracts designate the PBV units for "families receiving supportive services". This designation triggers certain requirements for the families occupying these units, the property owners and HASCO. If a unit is designated for "families receiving supportive services", the family occupying that unit is required to participate in a supportive service program to maintain their tenancy and rental assistance, the property owner is required to provide supportive services to the family, and HASCO is required to monitor service provision to the family and terminate the family's rental assistance for non-compliance with the service program.

Federal regulations also require HASCO to offer a housing choice voucher (HCV) to any family that wishes to move from a PBV unit after 12 months if the family requests continued assistance from HASCO prior to giving their notice to vacate. Because of this federal requirement and the significant number of PBV units

in HASCO's portfolio, many turnover vouchers from HASCO's Section 8 program go to families exiting from the PBV program to the HCV program rather than to families at the top of HASCO's Section 8 waiting list.

If the units at a property are in single family buildings (1 – 4 units), HASCO may project-base up to 100% of the units at the property without assigning a special population designation to the units in the PBV HAP contract. Special population designations include elderly, disabled, and families receiving supportive services. If the units at a property are not in single family buildings, HASCO may project-base up to 25% of the units at a property without assigning a special population designation to the units in the contract. For any units above the 25% cap, HASCO is required to assign a special population designation to the units.

NEW POLICIES AND PROCEDURES

HASCO has established new policies and procedures for PBV HAP contracts for family units that will reduce the administrative burden of the program and that are in compliance with all applicable federal laws and regulations. These policies and procedures are as follows:

1. Operations

- 1.1 PBV units for families will no longer be considered time-limited transitional housing. PBV units will now be considered permanent housing with no expectation that the family move after a certain period of time. Property owners are encouraged to facilitate this shift in the tenancy model and make efforts to reduce turnover in PBV units.
- 1.2 Property owners will be required to designate specific units in the complex as PBV units. Therefore, units and bedroom sizes will no longer be allowed to "float". HASCO will follow up with all property owners to obtain the unit numbers of the PBV units at each complex.
- 1.3 If applicable, property owners will be required to designate specific PBV units in the complex that have the services program requirement. These units will not be allowed to "float." HASCO will follow up with all property owners to obtain the unit numbers that will have the services program requirement.
- 1.4 A family occupying a PBV unit that wishes to transition to the HCV program will now be required to move out of their PBV unit and will no longer be allowed to "lease in place" (also called "transition in place"). If the property is not 100% PBV, the property owner may allow the tenant vacating the PBV unit to rent a non-PBV unit at the property.
- 1.5 If a PBV family wishes to continue occupying their PBV unit for longer than 12 months, they may do so. However, the unit will remain a PBV unit and therefore the family will remain on the PBV program for as long as they occupy the PBV unit.
- 1.6 HASCO will no longer send copies of tenant communications to the service agency.
- 1.7 As before, if the property owner would like to increase the PBV contract rents, the property owner must request the increased rent from HASCO at least 60 days prior to the contract anniversary date. HASCO will continue to send the anniversary terms letter 90 days before the contract anniversary date, but will no longer send second requests. If the property owner does not respond to the anniversary terms letter by the deadline, which is set at 60 days before the contract anniversary date, HASCO will continue to use the same contract rent and utilities and

the property owner will not be able to request an increased contract rent for another year until the next contract anniversary date.

- 1.8 All PBV applicant referrals must come from the property owner or property management company, if applicable.
- 1.9 HASCO will be requesting information from property owners on the eligibility criteria and waitlist procedures for each complex, and service program if applicable, and property owners will be required to send HASCO any updates to the eligibility criteria and waitlist procedures for the complex, and service program if applicable. This is to ensure that HASCO has the information needed to refer eligible families from HASCO's Section 8 waitlist to the appropriate property owners, management companies, and service agencies so the families on HASCO's Section 8 waitlist also have an opportunity to apply to live at PBV-assisted complexes.

2. *Contract Modifications*

- 2.1 All PBV HAP contracts will be modified to designate specific units in the complex as PBV units, and the specific PBV units at the complex that will have the service program requirement (if applicable) and, once established, this designation will not be modified. Since these units are for families with children, no one bedroom units will be allowed.
- 2.2 HASCO will utilize the single family building exception and the 25% cap to remove the special designation of the units for "families receiving supportive services" in the PBV HAP contract to the extent possible.
- 2.3 For units that have to continue with the "families receiving supportive services" designation, property owners, tenants and HASCO will have to continue complying with all HUD regulations for these units, including terminating the rental assistance for families that are out of compliance with their services program.
- 2.4 PBV applications will need to be submitted for specific PBV units. A PBV application for a unit that is not designated as a PBV unit in our system will be returned to the agency that submitted the application.
- 2.5 The Agency Agreement that is currently an exhibit to the PBV HAP contract will be replaced by an exhibit that memorializes all applicable policies and procedures.

3. *Contract Renewals*

- 3.1 All procedures for contract renewals outlined in HASCO's memorandum to property owners and service agencies dated December 2, 2013 remain in effect except that:
 - 3.1.1 Renewal terms of longer than one year may be allowed.
 - 3.1.2 For PBV HAP contracts that do not designate any units for families receiving supportive services, property owners will be able to fill out a streamlined *PBV HAP Contract Renewal Form*.

- 3.1.3 Since HASCO's Board of Commissioners no longer have to authorize PBV HAP contract renewals, staff will make the contract renewal recommendation to HASCO's Executive Director, who will make all decisions regarding contract renewals.
- 3.2 In addition to the procedures outlined in HASCO's memorandum to property owners and service agencies dated December 2, 2013 and the modifications listed above in 3.1.1 – 3.1.3:
 - 3.2.1 Prior to contract renewal, the property owner must demonstrate that the PBV subsidy is necessary to meet capital funding restrictions and/or for property operations. Based on current market conditions, HASCO staff have determined that the current threshold for meeting this requirement is a capital funding restriction to serve households under 30% AMI and/or homeless households. Prior to contract renewal, property owners will be required to provide documentation of the applicable capital funding restrictions or necessity for the subsidy based on property operations.
 - 3.2.2 If there is a history of underutilization of the PBV units at the property and/or there is a history of high termination rates of PBV clients at that property (both during program participation and subsequent to HCV graduation), the number of units subject to the PBV HAP contract may be reduced or the contract may not be renewed.
- 3.3 All policies for contract renewals outlined in HASCO's Section 8 Administrative Plan remain in effect.