

# Project Based Vouchers 2023

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DCA Housing plans to increase the number of Project Based Vouchers (PBV) in properties across the state.

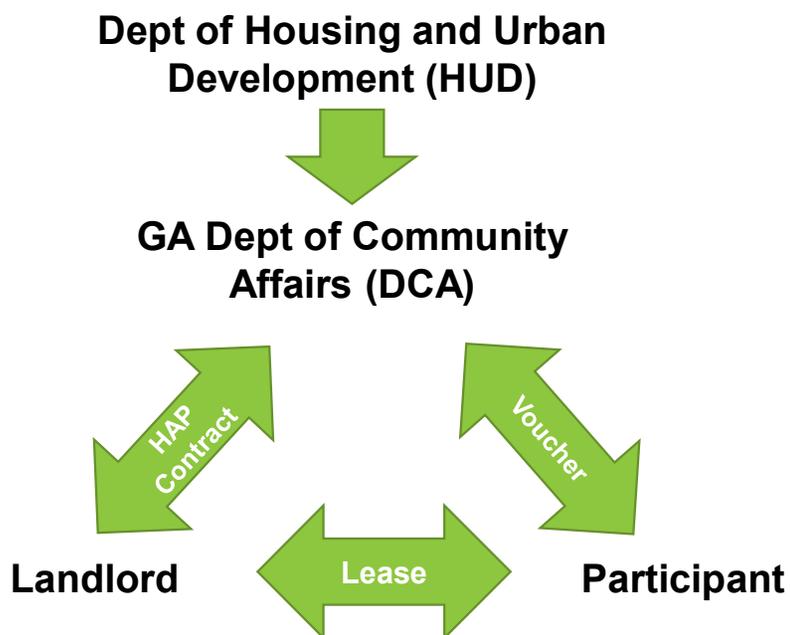
# Today's Agenda:

- Welcome!
- What are PBVs and their value add?
- Frequently asked questions
- DCA's 2023 process for new PBVs
  - Applications/eligibility
  - Scoring and selection
  - Initial award timeline
  - Due diligence process
  - Post Award and Lease
- Scenario examples
- Questions

# What are Project Based Vouchers?

With project based vouchers (PBVs), landlords set aside a certain number of their units to be occupied by voucher holders or existing tenants who would otherwise qualify as a voucher holder. Landlords holding PBVs commit to keep these units available to voucher holders for at least 1 year but no more than 15 years.

Selected participants pay no more than 30% of the income on rent directly to the landlord of a qualifying unit, and DCA pays the remaining rent balance directly to the landlord. These vouchers are typically provided directly to the tenant who is responsible for identifying a qualifying unit.



# How can Project Based Vouchers be useful in your property?

- Consistent payment
- Supplemental operating revenues
- Layered with other financing tools
- Improve affordability options for your community and specific qualifying residents

# Examples for Value Add of PBVs

Gwinnett County, GA Advisory Small Area FMRs By Unit Bedrooms					
ZIP Code	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
<a href="#">30024</a>	\$2,200	\$2,260	\$2,540	\$3,070	\$3,730
>120%	\$2640	\$2712	\$3048	\$3684	\$4,476

Talbot County, GA Advisory Small Area FMRs By Unit Bedrooms					
ZIP Code	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
<a href="#">31816</a>	\$830	\$840	\$1,100	\$1,470	\$1,600
>120%	\$996	\$1008	\$1320	\$1764	\$1920

NOTE: Up to 120% SAFMR is the maximum amount of rent a PBV unit can receive. Actual rent determination is based on additional factors, such as tenant affordability and area costs.

# What residents are eligible?

- Administrative Plan requirements
  - Low-income (<80% AMI), very low-income (<50% AMI), extremely low-income (<30% AMI)
  - Per HUD requirements, 75% of waitlist is extremely low income
- DCA manages wait list for vacant units (**for now....**)
- Leasing in Place
  - LIHTC example: agreement for affordable at 30% AMI, an individual at 30% AMI could live in that unit and we convert to a PBV to get higher market rent.

# Which units qualify?

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- Units that meet Housing Quality Standards
- At least 25 units and no more than 25% of units.
  - If more than 25% of units requested, DCA support services MOU is required. This will mean additional steps and times.
  - Please reach out on case by case basis.
- High quality applications from owners/developers in good standing with DCA will be considered for a waiver of the 25 unit minimum on a case by case basis if the sum of all properties applying for PBV from the owner/developer includes more than 25 units.

# How much rent?

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- Up to 120% of SAFMR
  - As part of rent determination, DCA will conduct a rent comparison of nearby properties. Property will need to provide comparable rents for the area to justify requested rent.
- Payments can begin after the HAP contract is executed and after the tenant is in the unit.
  - Rents may be prorated based on when tenant moves in.
  - If lease in place, payments will be calculated based on the first day HAP contract signed.
- Vacancy payment process planned (likely to begin early next year)



# Project Based Vouchers Allocated from HUD

## Applications

Eligible properties submit an application.  
(Sept – Oct)

## Due Diligence

DCA environmental, subsidy layering, inspection reviews (Oct – Nov)

## Review

DCA determines which applications qualify and provides preliminary awards.  
(Sept – Oct)

## Contracts & Tenants

**Move-In**  
(Nov - onward)

# Applications

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# Who qualifies to receive PBVs, & how?

## 01 – existing properties with DCA financing

- In Service
- Competitively awarded in the last three years
- **How? Step by step**
  - Complete proposal forms
  - DCA approves forms and due diligence
  - DCA awards contracts

## 02 – other existing properties

- In Service
- No previous competition in last three years
- **How? Step by step**
  - Complete **RFP** application
  - DCA scores applications and due diligence
  - DCA awards contracts

## 03 – new LIHTC awards

- Have not begun construction
- Did not consider PBV in their LIHTC application
- **How? Step by step**
  - Complete proposal forms
  - DCA approves forms and additional due diligence
  - DCA awards contracts
  - Construction can begin

# Who doesn't yet have a process?

04 – properties  
who have started  
construction

- Not eligible until  
construction is  
completed

05 – future tax  
credit application  
properties

- To be determined

# Scoring and Selection

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# Scoring Overview

01&03 – competitive award in last three years

- Project in DCA jurisdiction
- Census tract with deconcentrated poverty
- Site and neighborhood standards

02 – existing properties through RFP

- Threshold
  - Project in DCA Jurisdiction
  - De-concentration of poverty
  - Site and Neighborhood standards
  - Site Control
  - Financial feasibility
  - Eligible Applicant: non-profit or for profit developer/owner
  - Management experience
- Evaluative
  - Owner experience/capability
  - Financial feasibility \*value add of PBVs
  - Site Location Standards
    - Further de-concentration of poverty goals
    - Previous LIHTC community designations
  - Immediate Occupancy
  - Location pluses

# Initial Award Timeline

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## 01&03 – competitive award in last three years

- Can begin due diligence as soon as applications are received.
- Initial applications due October 10<sup>th</sup>

## 02 – existing properties through RFP

- Applications due October 10<sup>th</sup>, reviewed and scored through October 16<sup>th</sup>, due diligence begins week of October 17<sup>th</sup> or October 24<sup>th</sup>

# Due Diligence

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- (1) Environmental Review (~1 week)
- (2) Subsidy Layering Review (~3 – 8 weeks)
- (3) HQS Inspections (~2 – 8 weeks\*)
- (4a) Rent determination (~1- 2 weeks)
- (4b) Lease in Place Tenant Evaluation (~1- 2 weeks)

\*NOTE: This program is federally funded, and timeframes may be impacted by a government shutdown.

# Environmental Review

DCA collects these documents and retains them on file.

- Airport Runway Clear Zones and Accident Potential
- Coastal Barrier Resource Protection
- Flood Insurance Requirements

If you've already provided DCA with required information for a previous competitive deal, we will use this information.

If we need more information on mitigation steps, we will reach out.

# Subsidy Layering Review

Federal government requires that we determine that the property is not receiving too much government assistance. Standards, in general:

- DCR between 1.10 and 1.45
- Cash Flow not more than 10% of operating expenses

Additional documents required for PBV SLR:

- Project description or application (**new for LIHTC**)
- Accounting statement - sources and uses of funds
- Funding source description, including principal, interest rate, term and other provisions
- Commitment letters from funding sources, such as loan and grant agreements but not proposal letters or letters of intent
- Developer's commitment letter
- Appraisal report from the last six months (**new for LIHTC**)
- Investor commitment letter that includes equity contribution schedule
- Bridge loan details, if applicable
- HUD Form 2880 - disclosure, perjury, and identity of interest statement (**new for LIHTC**)

# Housing Quality Standards Inspection

## THE UNIT EXTERIOR

- All porches over 30" must have a railing with balusters spaced no more than 4 inches between balusters.
- The foundation, stairs, handrails, gutters, porches, and walkways are sound and free of hazards and deterioration.
- The unit's interior and yard is free of trash and debris.
- The main electric entrance cable is in good condition. NOT FRAYED OR DETERIORATED
- There is a handrail for all steps (4 or more), including basement. Including unprotected sides of stairways.
- The chimney and brickwork is free of loose bricks and mortar.
- The paint is not chipping, peeling or cracking (including windows).
- Mobile Homes - Tie downs are properly attached and accessible for inspector.

## THE UNIT INTERIOR - BASIC REQUIREMENTS

- Units are required to have smoke and carbon monoxide detectors on each level of the unit.
- All plumbing and drains are free of leaks or clogs and in working order.
- All sinks have proper traps.
- The furnace and hot water heater are operable and in good condition.
- The furnace adequately heats all rooms, including the bathroom.
- All heat vent covers are in place. Pressure relief valve discharge lines on water heater and boiler extend down to within 6" of the floor.
- Floors, ceilings, and walls are clean, in good condition, and free of chipping, peeling, and cracking paint. (including trim/woodwork).
- There are lights (operable from each floor level) and handrails for interior stairs (4+ steps), and railings for all open stairways and unprotected heights.

## ELECTRICAL

- All spliced wires are in a "J" box and all "J" boxes, outlets and switches have face plates. (includes basement and attic)
- Each room must have 2 working outlets or 1 outlet and a permanent light.
- All rooms are well-lit and free from electrical hazards.
- All receptacles within 6 feet of sinks (kitchen or bathroom) must be GFI. Receptacles near bathtubs are not acceptable.

## BEDROOMS

- Each bedroom has an operable window and a privacy curtain / door. Window if designed to open must do so and remain open on it's own and capable of locking.
- Each room must have 2 working outlets or 1 outlet and a permanent light.

## KITCHENS

- All appliances are clean and in proper working order, including the oven / broiler.
- The floor covering (required) is free of tripping hazards.
- There is adequate space for food storage and preparation.
- There is an operable window or exhaust fan. All floors with floor covering are free from tripping hazards

## BATHROOM

- The bathroom must have a shower or tub. No light fixture within the shower area unless approved for a wet location.
- The sink, toilet, and tub / shower are operable, in good condition, and securely attached.
- There is an operable window or an exhaust fan properly vented to the exterior.
- The floor covering (required) is free of tripping hazards.
- There is a privacy curtain or door.
- The bathroom sink and tub have a trap.

## BASEMENT

- The foundation is sound and free of hazards (potential structural collapse or ground water entry).
- There can be no surface water in the basement.
- All windows and doors must have locks and no broken or cracked glass.
- The basement must be accessible for inspection.

## GENERAL

- One window in each room must operate as originally designed. All other windows may be secured shut.
- All windows must lock and be free from broken or cracked glass.
- All windows should be glazed and form a tight seal when closed.
- Double-hung windows with pulleys present must have sash ropes connected.
- All doors (exterior) lock and form a tight seal when closed.
- All floors with floor covering are free from tripping hazards.
- Furnace / water heater vents are properly vented to run slightly upward.
- There cannot be double keyed deadbolt locks on entry doors. No hasp locks on interior doors.
- The unit is free of non-vented heating sources.

# Housing Quality Standards Inspection

- HQS Self Inspection [Checklist](#)
  - Similar to other LIHTC standards, now must inspect unit quality for residents in those units.
- If **individual units** inspected by LIHTC in the last 6 months, we can use that inspection and do not need to schedule another one.
- Lease in place units
  - NOTE: DCA HCV must give residents at least 15 days notice before an inspection in an occupied unit.
- Vacant units or LIHTC units without scheduled inspections
  - Will be scheduled in late October through November, as inspectors are available
- If inspection fails, 30 days to make improvements and conduct reinspection.

# Rent Determination

- For PBVs, DCA will pay rent that is:
  - Up to 120% of SAFMR
  - Reasonable rent for the area (DCA analysis of reasonable rents in the area)
  - Rent requested by the owner (owner can submit additional documentation if DCA analysis differs)
- Rent will be outlined in HAP contract
- Payment begins after HAP contract is executed **AND** after tenant is in unit
- Vacancy payments process is forthcoming in early next year

# Lease in Place eligibility verification

- Can take up to 60 days depending on when we receive documents from property and participants
- If you would like to lease in place, we can provide all forms in advance.
  - Eligibility Form
  - Picture ID
  - Birth Certificate
  - Social Security card
  - Tenant Information form
  - Optional and Supplemental contact
  - Authorization to release info to HUD and to DCA
  - Declaration of Citizenship
  - Debts owed – HUD
  - Family Obligations
  - Proof of income and/or assets
  - Zero income form
  - Earned Income Verification acknowledgement form

# Post-Award and Lease

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- For vacant units, DCA will manage waitlist until HUD says otherwise.
  - Project Based Voucher Waitlist is separate from general waitlist
  - Tenant notified and has 15 days to respond with interest.
  - If interested, property screening and lease management.
  - At any point the tenant does not qualify, we start over.
- For lease in place units, DCA will begin to work on placing a new tenant as soon as you let us know that the unit will be vacant.
  - Note: anticipated vacancy payment process to be in place starting next year.

# Scenario 1: Existing property with 2020 LIHTC award requests 25 PBVs out of 100 units that are already occupied.

- 1** DCA approves request and begins due diligence.
- 2** DCA confirms environmental review compliance.
- 3** DCA and owner begin rent determination process.
- 4** Applicant submits SLR documentation and DCA works with HUD to conduct SLR.
- 5** Once SLR is complete, DCA conducts inspection.
- 6** DCA assesses lease in place eligibility.
- 7** HAP Contract signed and executed; payments begin after contract executed.

# Scenario 2: Existing property requests 25 PBVs out of 100 units that are already occupied.

- 1** DCA evaluates competitive proposal. If scoring is favorable, due diligence begins.
- 2** DCA confirms environmental review compliance.
- 3** DCA and owner begin rent determination process.
- 4** Applicant submits SLR documentation and DCA works with HUD to conduct SLR.
- 5** Once SLR is complete, DCA conducts inspection.
- 6** DCA assesses lease in place eligibility.
- 7** HAP Contract signed and executed; payments begin after contract executed.

# Scenario 3: Existing property requests 25 PBVs out of 100 units that are not yet occupied.

- 1** DCA evaluates competitive proposal. If scoring is favorable, due diligence begins.
- 2** DCA confirms environmental review compliance.
- 3** DCA and owner begin rent determination process.
- 4** Applicant submits SLR documentation and DCA works with HUD to conduct SLR.
- 5** Once SLR is complete, DCA conducts inspection.
- 6** Once inspection is complete, DCA notifies prospective tenant on waitlist.
- 7** Property screens waitlist participant and enters into a lease agreement.
- 8** DCA executes HAP contract; payments begin the month following the tenant residing on the first (first payment might be prorated).

# Scenario 4: New construction LIHTC property requests 10 PBV units in a 100 unit property.

- 1 DCA approves request and begins due diligence.
- 2 DCA confirms environmental review compliance, begins proposed rent determination process, and works with HUD to conduct additional SLR.
- 3 Construction can begin.
- 4 Once construction is complete, DCA conducts inspection.
- 5 Once inspection is complete, DCA notifies prospective tenant on waitlist.
- 6 Property screens waitlist participant and enters into a lease agreement.
- 7 DCA executes HAP contract; payments begin the month following the tenant residing on the first (first payment might be prorated).

# Questions?

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Don't forget – applications for this round are due through email to the [DCA\\_PBV@dca.ga.gov](mailto:DCA_PBV@dca.ga.gov) on October 10<sup>th</sup> by 5 PM!

We hope to partner with you on this initiative.