
Chapter 10 – Project-Based Vouchers

KEY CONCEPTS

IN PROJECT-BASED ASSISTANCE, Housing Choice Vouchers (HCVs) are committed to specific units, guaranteeing an owner that the subsidy funding will be used in their property.

PROJECT-BASED UNITS ARE SUBJECT TO many of the standard rules of the HCV tenant-based voucher program.

THROUGH THE PROJECT-BASED ASSISTANCE OPTION, a public housing agency (PHA) can designate up to 20 percent of its total tenant-based voucher funds to be used in specific rental properties.

NO MORE THAN 25 PERCENT of the units in a dwelling may receive project-based vouchers unless the assisted units are in single-family properties, or are rented to elderly or disabled families or to families receiving supportive services.

HOUSEHOLDS IN UNITS WITH PROJECT-BASED VOUCHERS have the right to move after one year and to receive the next available HCV tenant-based voucher, or its equivalent, from the PHA.

PROJECT-BASED ASSISTANCE CAN BE a valuable resource for creating new affordable housing for people experiencing chronic homelessness.

PHAS ARE AUTHORIZED TO USE special preferences to select applicants for project-based units.

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Project-Based Voucher Assistance

While tenant-based assistance remains the primary way public housing agencies (PHAs) use voucher funding to assist extremely low-income households, it is also important to understand how the HCV project-based voucher program (PBV) can be used. In tight rental markets, Housing Choice Voucher (HCV) participants often have difficulty identifying units to lease. Nonprofit organizations assisting people who are chronically homeless may find that PBVs can increase the supply of affordable rental housing that is subject neither to the fluctuations of the private rental housing market nor to the willingness of private owners to accept HCV tenant-based vouchers. PHAs are increasingly taking advantage of the project-based rental assistance option.

Project-based assistance means that the voucher is committed or 'tied' to one or more units in a specific building for a specific period. Committing the voucher to the property provides the owner with a guaranteed stream of rental income; this security is very attractive to some owners. The PHA then refers eligible applicants to reside in those PBV units.

Through the project-based assistance option, a PHA can designate up to 20 percent of its HCV funding to be used in specific rental properties. Both new and existing rental projects are eligible to receive project-based rental assistance, with the following conditions:

- No more than 25 percent of the units in a building may receive project-based vouchers unless the assisted units are in single family dwellings, are for elderly and disabled families, or are for families receiving supportive services.
- The PHA may contract with the property owner to provide project-based assistance for an initial term of up to fifteen years.
- Households residing in units with PBVs have the right to move after one year and receive the next available HCV tenant-based voucher, or its equivalent, from the PHA. The PHA will then refer a new applicant to the project-based assisted unit from the waiting list.

Project-based units are subject to most of the standard regulations of the HCV tenant-based voucher program. For example, households in project-based units typically must pay the minimum total tenant payment based on 30 percent of their monthly adjusted income. To ensure the quality of the housing, PHAs must inspect all units upon turnover, and must

additionally inspect a certain number of randomly selected project-based units at least annually.

Project-Based Voucher Waiting Lists and Preferences

Public housing agencies maintain a waiting list for all project-based units. A PHA may use a single HCV waiting list for both its tenant-based and project-based voucher programs, may use a separate waiting list for the project-based units, or may create individual, site-based waiting lists for the project-based units.

When a PBV waiting list is first created, applicants on the HCV tenant-based waiting list must have an opportunity to apply for the project-based units. This policy gives applicants already on the tenant-based waiting list the first chance to pursue a project-based unit before these units are made available to new applicants.

Public housing agencies are also authorized to use special preferences or criteria for selecting applicants for project-based units. For example, if the units offer certain types of supportive services to residents, the PHA may select households that indicate a need for the services offered. These waiting list preferences cannot be tied to specific disabilities, and must be clearly spelled out in the PHA's HCV Administrative Plan (see Chapter 11).

Moving with PBV Assistance

Households residing in PBV units receive the same amount of rental assistance as households in the tenant-based component of the HCV program. PBV regulations give households that have resided in project-based units for at least one year the right to move without losing HCV assistance, by requesting a tenant-based voucher or comparable resource. The PBV unit is then leased to another HCV-eligible household from the waiting list.

Creating New Housing with Project-Based Assistance

Project-based vouchers can be combined with other resources to create new housing for low-income people including those who are experiencing chronic homelessness. For example, PBVs can be combined with HUD HOME program funding, Community Development Block Grant funding, or Low Income Housing Tax Credits to acquire and rehabilitate a rental housing property, and lease the units to households with extremely low incomes such as people who are experiencing chronic homelessness.