

Housing and Urban Development (HUD) Explained

Project-Based Vouchers

The Basics

Project-Based Vouchers (PBV) are **a type of Housing Choice Voucher (HCV) that are attached to a specific unit**. Except under specific circumstances Public Housing Administrations (PHAs) do not receive additional funding for PBV units but use their HCV funding to allocate to project-based units.

PHAs are permitted to attach up to 20% of their allocated HCVs to certain units through *Housing Assistance Payment (HAP)* contracts with landlords. Unlike tenant-based vouchers, the assistance does not follow a family if they move out of a unit. After 12 months in a PBV unit, a tenant can request a tenant-based voucher. A PHA can enter into a HAP contract with a landlord for an initial term for 20 years with an option to renew. This program is authorized by the *U.S. Housing Act of 1937*.¹

Project-Based Vouchers, Housing Choice Vouchers (HCV) and public housing is overseen by HUD's Office of Public and Indian Housing (PIH). HUD, authorized by Congress through the *Housing and Urban Development Act of 1965*, administers these and most of the major publicly supported housing programs in the United States.

Caps on Units-Per-Property

*PBVs can generally be no more than 25 percent of the units in a property.*² However, the *Housing Opportunity Through Modernization Act of 2016 (HOTMA)* changed the caps on PBV units.

Project caps

- The number of PBV units in a project is generally limited to the greater of 25% of units or 25 units.³
- However, units that exclusively serve elderly families or units that house households that are eligible for supportive services are excluded from the cap.
- Units that are in low-poverty census tracts (poverty rate of 20% or less) have a cap of 40% of units.

¹ U.S. Housing Act of 1937 Section 8(o)(13), 42 U.S.C. 1437(f)(o)(13).

² 24 CFR 983.56

³ PIH Notice 2017-21

Overall PHA caps

- A PHA may allocate up to 20% of their overall *Consolidated Annual Contributions Contract* (ACC) authorized units as PBVs.
- A PHA may project-base an additional 10% of their authorized units if the units fall into several exception categories. These categories include units that are specifically made available to homeless individuals and families, units for veterans, units that provide supportive housing to persons with disabilities or to elderly persons, and units that are located in low poverty areas.

Eligibility

Tenant eligibility for the program is the same as those for the tenant-based HCV program. To receive assistance, an applicant must be income eligible.

General Eligibility and Targeting Requirements

A household is considered income eligible if they fall into one of several categories:

- These include being “very low-income”, being a low-income family that is “continuously assisted” and meeting criteria specified in the local public housing authority (PHA) administrative plan.
- At least 75% of those admitted to a PHA’s HCV program must be extremely low-income. However, a PHA may admit a lower percent if given HUD approval for that PHA’s fiscal year.⁴
- If an applicant is denied, the PHA must provide a brief statement explaining their decision and notify the applicant of how to request an informal review.

Preferences for Participation in the Program

PHAs may establish systems of local preferences to determine how they select for admission to the HCV program.⁵ Any such preferences must be detailed in the PHA administrative plan:

- Residency requirements are prohibited but PHAs may use a residency *preference*.
- PHAs may also adopt preferences for the following categories: working families, persons with disabilities, victims of domestic violence, and single persons who are elderly, displaced, and homeless.

⁴ 24 CFR 982.201(2)(ii)

⁵ 24 CFR 982.207,

Tenant Screening

PHAs are required to inform landlords that screening and selection responsibility rests with them. PHAs also may screen applicants for “family behavior or suitability for tenancy,” and may also offer a landlord information that it has about a family such as tenancy history of family members.⁶

Housing Quality Standards

These standards are the same as those of the tenant-based HCV program. Owners must maintain a unit in accordance with set standards⁷ which must be met before housing assistance can be paid on behalf of a family.

- PHAs are responsible for conducting an inspection before a tenant moves in and annually thereafter.
- PHAs can employ several remedies for breaches of the housing quality standards, including termination of the HAP contract or a termination, suspension, or reduction of housing assistance payments.⁸

Tenants Rights

Residents in PBV properties have a right to organize and elect a resident organization to represent their interests. Owners are required to provide at least \$25 per year per occupied unit for resident education and organizing activities. At least \$15 of this funding must go towards the resident council.

Site and Neighborhood Standards

24 CFR § 983.57 spells out the site and neighborhood standards for the PBV program. A PHA “may not select a proposal for existing, newly constructed, or rehabilitated PBV housing on a site or enter into an Agreement or HAP contract for units on the site, unless the PHA has determined that [Project-based](#) assistance for housing at the selected [site](#) is consistent with the goal of deconcentrating poverty and expanding housing and economic opportunities.

The standard for deconcentrating poverty and expanding housing and economic opportunities must be consistent with the PHA Plan under [24 CFR part 903](#) and the PHA Administrative Plan. In developing the standards to apply in determining whether a proposed PBV [development](#) will be selected, a PHA must consider the following:

⁶ 24 CFR 982.307.

⁷ HUD outlines standards for housing under the HCV program at 24 CFR 982.401

⁸ 24 CFR 982.404

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- Whether the census tract in which the proposed PBV [development](#) will be located is in a HUD-designated Enterprise Zone, Economic Community, or Renewal Community;
- Whether a PBV [development](#) will be located in a census tract where the concentration of assisted units will be or has decreased as a result of public housing demolition;
- Whether the census tract in which the proposed PBV [development](#) will be located is undergoing significant revitalization;
- Whether [state](#), local, or federal dollars have been invested in the area that has assisted in the achievement of the statutory requirement;
- Whether new market rate units are being developed in the same census tract where the proposed PBV [development](#) will be located and the likelihood that such market rate units will positively impact the poverty rate in the area;
- If the poverty rate in the area where the proposed PBV [development](#) will be located is greater than 20 percent, the PHA should consider whether in the past five years there has been an overall decline in the poverty rate;
- Whether there are meaningful opportunities for educational and economic advancement in the census tract where the proposed PBV [development](#) will be located.

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