



Using HUD Project-Based Vouchers in Assisted Living Communities

Project-Based Vouchers Can Cover Housing Costs in Assisted Living

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The U.S. Department of Housing and Urban Development's largest rental assistance program is the Housing Choice Voucher program. More than half of the housing assistance provided by HUD is through the Housing Choice Voucher program (2.6 million of HUD's 5.1 million subsidized units).

While Housing Choice Vouchers are usually "tenant-based" and the housing assistance moves with tenants when they move, public housing authorities have the authority to "project-base" a certain number of their vouchers to units in privately owned buildings.

Typically, local public housing authorities (sometimes called public housing agencies or something else altogether) administer Housing Choice Vouchers for a jurisdiction. There are more than 3,000 public housing authorities in the United States. Most PHAs administer Housing Choice Vouchers as well as own and operate public housing.

To project-base vouchers, PHAs enter into contracts with building owners and agree to provide rental subsidy through project-based vouchers to a certain number of units for a set amount of time. When someone moves from a project-based voucher apartment, the project-based voucher stays with the apartment. Project-based vouchers can be "stuck" to units in assisted living communities to cover shelter costs, offering affordability to residents and steady rental income to owners.

Think of project-based vouchers as sticking to a unit for a set number of years rather than to a household.

Using Vouchers in Assisted Living

Just as a market-rate housing owner or a Low Income Housing Tax Credit owner might partner with a PHA to have project-based vouchers in some of its units to bring affordability to those units (and revenue to the building), so too might an assisted living community.

Within HUD rules, project-based vouchers can be used in an assisted living community (see HUD's definition of assisted living, p. 3) to cover the shelter cost of the unit. Project-based vouchers can help assisted living developments by providing a steady, contracted stream of rent subsidy for a set amount of time.

While many PHAs project-base some of their vouchers, we estimate that few PHAs project-base vouchers in assisted living communities.

Working with Your Local PHA to Project-Base Vouchers in Assisted Living

Determining whether and how your local PHA administers project-based vouchers is the first step for assisted living communities interested in having project-based vouchers onsite.

When you reach out to your local PHA, ask to speak with the administrator / director of the voucher program. If it is a small PHA, you might be able to speak directly with the executive director of the PHA. You'll want to find out if the PHA already project-bases some of its vouchers, or if it is open to doing so (or in project-basing more vouchers than it currently does).

It is important to note that the “choice” part of Housing Choice Vouchers is one of the voucher program’s central features. Housing Choice Vouchers theoretically give assisted households tremendous choice in where to live – ideally, in any unit that meets rent and housing quality standards. By project-basing vouchers, this “choice” component becomes complicated as households with project-based vouchers *can* move with a regular Housing Choice Voucher after living in a project-based voucher unit for a year and then only when a Housing Choice Voucher unit becomes available. When a tenant does move, the project-based voucher remains with the contracted unit regardless. As you talk with your PHA colleagues, relay the benefits affordable assisted living brings to the broader jurisdiction served by the PHA.

Each PHA must have a Housing Choice Voucher administrative plan. The administrative plan describes the policies the PHA has adopted in those areas where the PHA has discretion, including whether and how it will project-base vouchers. These plans are updated when necessary (because PHA policies change or HUD/Congress impose new elements that must be included). HUD does not approve these plans; they are official PHA policy as soon as they are approved by the PHA Board of Commissioners.

If the PHA does project-base vouchers, the administrative plan will include how the PHA will solicit applications from owners/developers to participate in its project-based voucher program as well as the PHA’s selection process. Project-based voucher sites must meet HUD’s site and neighborhood standards for new construction and for existing and rehabilitated housing. Project-based voucher sites are also subject to environmental reviews. In addition, the administrative plan will spell out things like site-based waiting lists and vacancy payments in project-based voucher sites.

PHAs must comply with numerous federal, and often state and local, laws and regulations. Fewer than 100 PHAs are part of an ongoing demonstration called “Moving to Work.” PHAs in this demonstration do not have to comply with many federal requirements for their voucher and public housing programs; these agencies may choose to run project-based voucher programs on their own terms instead of following federal requirements. If your local PHA is part of the Moving to Work demonstration (see link to list below), it may operate its project-based voucher program very differently than most other PHAs.

Basics: Housing Choice Vouchers

What are they called? HCVs are sometimes called tenant-based vouchers, vouchers, Section 8 vouchers, or certificates. Formally, HUD’s “certificate” and “voucher” programs all became “Housing Choice Vouchers” per the 1998 Quality Housing and Work Responsibility Act.

Do tenants pay rent? Households with Housing Choice Vouchers pay no more than 30% of their adjusted income toward rent (in some cases, no more than 40% of adjusted income) and the HCV covers the rest of the rent, up to an approved amount jointly formed by HUD and the local PHA.

What rents do owners receive? HUD sets annual Fair Market Rents and Small Area Fair Market Rents. PHAs are then allowed to calibrate the actual value of their vouchers to 90 – 110% of FMR, with some exceptions. Units must not only fit within allowed rent levels but also meet Housing Quality Standard inspections performed by the PHA prior to lease-up and move-in (as well as inspections after lease-up).

Who is eligible for vouchers? In general, at least 75% of households admitted to a PHA’s Housing Choice Voucher program during the PHA’s fiscal year must have incomes at or below 30% of the area median income. All Housing Choice Voucher assisted households must have incomes at or below 50% of the area median income.

Basics: Project-Based Vouchers

Share of Housing Choice Vouchers that can be Project-Based. PHAs may use up to 20% of their authorized number of vouchers for project-based vouchers, subject to the availability of annually appropriated funds. A PHA can also use an additional 10% of its vouchers to provide units for certain types of individuals (formerly homeless individuals and families, veterans, persons with disabilities, and older adults) or where tenant-based vouchers are difficult to use.

Share of a Building that can have Project-Based Vouchers. Project-based vouchers can be attached to the greater of: 25% of the units in a given property or 25 units. There are exceptions to this limit for certain circumstances, including for buildings exclusively for older adults or other households eligible for supportive services that are made available to the voucher-assisted residents of the project.

Contract. PHA project-based voucher contract terms can be from one to 20 years, with the possibility to renew at the conclusion of the initial term. The PHA and the owner execute an agreement to enter into a housing assistance payments (HAP) contract. The HAP contract establishes the initial rents for the units and the contract term, and describes the responsibilities of the PHA and the owner, including income certifications, inspections, and rent adjustments.

Waiting lists. PHAs are authorized to use special preferences to select applicants for project-based voucher units. Establishing such preferences is necessary when residents will also have to qualify for an assisted living community's services.

HUD's "Assisted Living" Definition in [HUD Notice PIH 2012-40 \(HA\)](#):

In accordance with the definition under Section 232(b) of the National Housing Act (12 USC 1715w(b)), an assisted living facility is a public facility, proprietary facility, or facility of a private nonprofit corporation that:

- (1) is licensed and regulated by the State (or if there is no State law providing for such licensing and regulation by the State, by the municipality or other political subdivision in which the facility is located);*
- (2) makes available to residents supportive services to assist the residents in carrying out activities of daily living, such as bathing, dressing, eating, getting in and out of bed or chairs, walking, going outdoors, using the toilet, laundry, home management, preparing meals, shopping for personal items, obtaining and taking medication, managing money, using the telephone, or performing light or heavy housework, and which may make available to residents home health care services, such as nursing and therapy; and*
- (3) provides separate dwelling units for residents, each of which may contain a full kitchen and bathroom, and which includes common rooms and other facilities appropriate for the provision of supportive services to the residents of the facility.*

Assisted living facilities may be referred to as residential care facilities, adult care facilities, congregate care facilities or group homes as long as they meet the requirements noted above. Assisted living facilities are designed for residents who have the physical ability to live independently but need assistance with some activities of daily living such as personal care, transportation, meals, laundry, medication monitoring, security and housekeeping. A person residing in an assisted living unit must not require continual medical or nursing care.

Additional Resources

HUD Project-Based Voucher FAQ: https://www.hud.gov/sites/documents/DOC_9157.PDF

HUD Housing Choice Voucher Fact Sheet: https://www.hud.gov/topics/housing_choice_voucher_program_section_8

List of Moving to Work PHAs: https://www.hud.gov/sites/dfiles/PIH/documents/mtwsite_hudcontactlist.pdf

For additional information, contact Linda Couch, lcouch@leadingage.org.