



Administrative Offices

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Significant Amendment to MHC's Fiscal Year 2018 Annual Plan

The Melvindale Housing Commission is amending its 2018 PHA Plan because it was a successful applicant in the Rental Assistance Demonstration (RAD). As a result, MHC will be converting 189 units to and Project Based Rental Assistance (PBRA). The De Minimus reduction of 10 conversion units will remain affordable through Project Basing 10 of the housing commission's Housing Choice Vouchers at the development. The conversion is following the guidelines of PIH-2012-32 (HA) H-201703, REV-3 and any successor Notices.

This proposed amendment provides additional information as required by HUD concerning MHC's RAD portfolio conversion plans and is specifically addressing the PBRA conversion and PBV application at Coogan Terrace.

Upon conversion to PBRA and subsequent project basing of Housing Choice Vouchers, the agency will adopt the resident rights, participation, waiting list and grievance procedures listed in Sections 1.6 C , 1.6 D, 1.7.B & 1.7.C of PIH Notice PIH-2012-32 (HA) H-2017-03, REV-3. These resident rights, participation, waiting list and grievance procedures are appended to this Attachment.

The RAD conversion complies with all applicable site selection and neighborhood reviews standards and all appropriate procedures have been followed. MHC is currently compliant with all fair housing and civil rights requirements.

RAD was designed by HUD to assist in addressing the capital needs of public housing by providing MHC with access to private sources of capital to repair and preserve its affordable housing assets. Upon conversion, the MHC's Capital Fund budget will be eliminated. The MHC intends to apply for Low Income Housing Tax Credits under §42 of the Internal Revenue Service code. MHC will be contributing Operating Reserves and Capital Funds toward the conversion. The Physical Needs Assessment will be completed as required for conversion and will identify current and future needs at the development.

MHC does not have any debt under an Energy Performance Contract (EPC) for this property.

1. As noted in the introduction, there will be a de minimus reduction of ten units, post conversion. However, the loss of units is not a physical reduction in the number of units within Coogan Terrace.
2. Changes in policies at the project after it has been converted.
MHC policies will convert from public housing to PBRA for 189 units. Regulations as contained in the MHC's Administrative Plan for Project Basing Housing Choice Vouchers will apply to 10 units. Contract and regulatory requirements for PBV units will apply then to the de minimus units.

Following is specific information related to the development selected for conversion.

Name of Development	PIC Development ID:	Conversion Type	Transfer of Assistance
Coogan Terrace	MI048000001	PBRA	NO
Total Units: 199	Pre RAD unit Type: Elderly / Disabled	Post RAD unit Type: Elderly	Capital Fund Allocation of Development Annual grant (2017) \$201,733 divided by total number of units = \$1,014
Bedroom Type	Number of units Pre Conversion	Number of Units Post Conversion	Change in Number of Units
1 bedroom	199	189 10 units with PBV	There will not be a loss of units, however only 189 will convert to PBRA while the MHC attaches 10 of its HCV to the remaining units.
If performing a Transfer of Assistance, explain how transferring waiting list	Not applicable		
Identification and obligation status of public housing funds	RAD CHAP received 09/27/2017		
Evidence of Consultation with Residents	Four meetings were held: February 8, 2017, July 3, 2017, July 7, 2017 and July 11, 2017		

Description of PHA's proposed future use of the development	Existing PH units are being converted to Project Based Rental Assistance units. A physical needs assessment will be done as soon as it appears the MHC's application for LIHTC's is approved to allow for major renovation work to take place at the development including roof replacement, mechanical system replacement, elevator (2) upgrade, replacement of electrical panels, and updating apartments and common areas.
Relocation Plan	It is hoped no resident will have to be relocated, although there is a strong possibility residents in 20 "handicapped" units may need to be relocated as they will require a thorough renovation since they do not currently comply with the ADA. It is not believed anyone will be relocated off-site.

**Resident Rights and Participation, Waiting List and Grievance Procedures
 Converting to PBRA**

- 1) Resident Rights, Participation, Waiting List and Grievance Procedures Converting to PBRA: Section 1.7.B & Section 1.7.C of PIH Notice PIH-2012-32 (HA) H-2017-03, REV-3. PBRA Resident Rights and Participation

No Rescreening of Tenants upon Conversion. Pursuant to the RAD Statute, at conversion, current households cannot be excluded from occupancy at the Covered Project based on any rescreening, income eligibility, or income targeting. With respect to occupancy in the Covered Project, current households in the Converting Project will be grandfathered for application of any eligibility criteria to conditions that occurred prior to conversion but will be subject to any ongoing eligibility requirements for actions that occur after conversion. Post-conversion, the tenure of all residents of the Covered Project is protected pursuant to PBRA requirements regarding continued occupancy unless explicitly modified in this Notice (e.g., rent phase-in provisions). For example, a unit with a household that was over-income at time of conversion would continue to be treated as an assisted unit. Thus, the first clause of section 8(c)(4) of the Act and 24 CFR § 880.603(b), concerning determination of eligibility and selection of tenants for initial occupancy, will not apply for current households. Once the grandfathered household moves out, the unit must be leased to an eligible family. Further, so as to facilitate the right to return to the assisted property, this provision shall apply to current public housing residents of the Converting Project that will reside in non-RAD PBV units or non-RAD PBRA units placed in a project that contain RAD PBV units or RAD PBRA units. Such families and such contract units will otherwise be subject to all requirements of the applicable program, specifically 24 CFR § 983 for non-RAD PBV units and the PBRA requirements governing the applicable contract for non-RAD PBRA units.

- 2) Right to Return. Any resident that may need to be temporarily relocated to facilitate rehabilitation or construction will have a right to return to the development once an assisted unit at the development once rehabilitation or construction is completed. Where the transfer of assistance to a new site is warranted and approved, residents of the converting development will have the right to reside in an assisted unit at the new site

once rehabilitation or construction is complete. Residents of a development undergoing conversion of assistance may voluntarily accept a PHA or Owner's offer to permanently relocate to another assisted unit, and thereby waive their right to return to the development after rehabilitation or construction is completed.

- 3) **Phase-in of Tenant Rent Increases.** If a resident's monthly rent increases by more than the greater of 10 percent or \$25 purely as a result of conversion, the rent increase will be phased in over 3 years or 5 years. Eligibility for the phase-in is to be determined at the Initial Certification which occurs at the time the household is converted to PBRA. A phase-in must not be applied after the household's Initial Certification. To implement the phase-in, HUD is specifying alternative requirements for section 3(a)(1) of the Act, as well as 24 CFR § 880.201 (definition of "total tenant payment" (TTP)) to the extent necessary to allow for the phase-in of tenant rent increases. A PHA must create a policy setting the length of the phase-in period at three years, five years, or a combination depending on circumstances. For example, a PHA may create a policy that uses a three year phase-in for smaller increases in rent and a five year phase-in for larger increases in rent. This policy must be in place at conversion and may not be modified after conversion.

The method described below explains the set percentage-based phase-in a Project Owner must follow according to the phase-in period established. For purposes of this section "Calculated Multifamily TTP" refers to the TTP calculated in accordance with regulations at 24 CFR § 5.628 (not capped at Gross Rent) and the "most recently paid TTP" refers to the TTP recorded on the family's most recent HUD Form 50059. If a family in a project converting from Public Housing to PBRA was paying a flat rent immediately prior to conversion, the PHA should use the flat rent amount to calculate the phase-in amount for Year 1, as illustrated below.

Three Year Phase-in:

- Year 1: Any recertification (interim or annual) performed prior to the second annual recertification after conversion – 33% of difference between most recently paid TTP or flat rent and the Calculated Multifamily TTP
- Year 2: Year 2 Annual Recertification (AR) and any Interim Recertification (IR) in prior to Year 3 AR – 50% of difference between most recently paid TTP and Calculated Multifamily TTP
- Year 3: Year 3 AR and all subsequent recertifications – Year 3 AR and any IR in Year 3: Full Calculated Multifamily TTP

Five Year Phase-in

- Year 1: Any recertification (interim or annual) performed prior to the second annual recertification after conversion – 20% of difference between most recently paid TTP or flat rent and the Calculated Multifamily TTP
- Year 2: Year 2 AR and any IR prior to Year 3 AR – 25% of difference between most recently paid TTP and Calculated Multifamily TTP
- Year 3: Year 3 AR and any IR prior to Year 4 AR – 33% of difference between most recently paid TTP and Calculated Multifamily TTP
- Year 4: Year 4 AR and any IR prior to Year 5 AR – 50% of difference between most recently paid TTP and Calculated Multifamily TTP
- Year 5 AR and all subsequent recertifications – Full Calculated Multifamily TTP

Please Note: In either the three year phase-in or the five-year phase-in, once Calculated Multifamily housing TTP is equal to or less than the previous TTP, the phase-in ends and tenants will pay full multifamily housing Calculated Multifamily TTP from that point forward

MHC has selected the three year phase-in for any tenant rent increases.

4. Family Self-Sufficiency (FSS) and Resident Opportunities and Self Sufficiency Service Coordinator (ROSS-SC) programs. Public Housing residents that are currently FSS participants will continue to be eligible for FSS once their housing is converted under RAD. All Project Owners will be required to administer the FSS program or partner with another agency to administer the FSS program in accordance with the requirements of 24 CFR part 984, the participants' contracts of participation, and future guidance published by HUD. The PHA may continue to use any FSS funds already awarded to serve FSS participants in Covered Projects. At the completion of the FSS grant, grantees should follow the normal closeout procedures outlined in the grant agreement. Through waiver in this Notice, FSS funds awarded in FY14 and prior FSS funds may be used to continue to serve FSS participants living in units converted under RAD to PBRA. Pursuant to the FY 2015 Appropriations Act, any FSS funds awarded in FY 2015 (and thereafter if the provision is extended), may be used to also serve any other PBRA resident (regardless of whether the resident is in a Covered Project).

Project Owners will be allowed to use any funds already granted for FSS coordinator salaries until such funds are expended. All Project Owners will be required to provide both service coordinators and payments to escrow until the end of the Contract of Participation for each resident. If the Project Owner is a PHA that continues to run an FSS program that serves public housing and/or HCV FSS participants, the PHA will continue to be eligible (subject to NOFA requirements) to apply for FSS funding and may use that funding to serve public housing, HCV and/or PBRA FSS participants. However, if the PHA no longer has a public housing or HCV program, the Project Owner is not

eligible to apply for FSS funding. The owner is not required to enroll new participants, but may choose to do so in accordance with Housing Notice 2016-08.

Upon conversion, funds escrowed under the public housing program for FSS participants shall be transferred into the PBRA escrow account and be considered PBRA funds, thus reverting to PBRA if forfeited by the FSS participant.

To ensure that HAP payments are processed correctly, and until TRACS is modified, the Project Owner must notify MF_FSS@hud.gov that there are current FSS participants residing in the Covered Project. If a Project Owner of a Covered Project refuses to continue a FSS program, the PHA and the Project Owner will enter into an arrangement allowing the PHA to continue to operate the FSS program until all converted PBRA FSS participants have completed their Contracts according to 24 CFR § 984.303.

Current ROSS-SC grantees will be able to finish out their current ROSS-SC grants once their housing is converted under RAD. However, once the property is converted, it will no longer be eligible to be counted towards the unit count for future ROSS-SC grants nor will its residents be eligible to be served by future ROSS-SC grants, as ROSS-SC, by statute, can serve only public housing residents. At the completion of the ROSS-SC grant, grantees should follow the normal closeout procedures outlined in the grant agreement. Please note that ROSS-SC grantees may be a non-profits or local Resident Association and this consequence of a RAD conversion may impact those entities.

5. Resident Participation and Funding. Residents of Covered Projects with assistance converted to PBRA will have the right to establish and operate a resident organization in accordance with 24 CFR part 245 (Tenant Participation in Multifamily Housing Projects). In addition, in accordance with Attachment 1B, residents will be eligible for resident participation funding.
6. Resident Procedural Rights. The information provided below must be included as part of the House Rules for the associated project and the House Rules must be furnished to HUD as part of the Financing Plan submission.
 - i. Termination Notification. HUD is incorporating additional termination notification requirements to comply with section 6 of the Act for public housing projects converting assistance under RAD, that supplement notification requirements in regulations at 24 CFR § 880.607 and the Multifamily HUD Model Lease.
 - a. Termination of Tenancy and Assistance. The termination procedure for RAD conversions to PBRA will additionally require that Project Owners provide adequate written notice of termination of the lease which shall be:
 - i. A reasonable period of time, but not to exceed 30 days:

- ii. If the health or safety of other tenants, Project Owner employees, or persons residing in the immediate vicinity of the premises is threatened; or
 - iii. In the event of any drug-related or violent criminal activity or any felony conviction;
 - iv. Not less than 14 days in the case of nonpayment of rent; and
 - v. Not less than 30 days in any other case, except that if a State or local law provides for a shorter period of time, such shorter period shall apply.
 - b. Termination of Assistance. In all other cases, the requirements at 24 CFR § 880.603, the Multifamily HUD Model Lease, and any other HUD multifamily administrative guidance shall apply.
- ii. Grievance Process. Pursuant to requirements in the RAD Statute, HUD is establishing additional resident procedural rights to comply with section 6 of the Act. In addition to program rules that require that tenants are given notice of covered actions under 24 CFR part 245 (including increases in rent, conversions of a project from project-paid utilities to tenant-paid utilities, or a reduction in tenant paid utility allowances), HUD requires that:
- a. Residents be provided with notice of the specific grounds of the Project Owner's proposed adverse action, as well as their right to an informal hearing with the Project Owner;
 - b. Residents have an opportunity for an informal hearing with an impartial member of the Project Owner's staff within a reasonable period of time;
 - c. Residents have the opportunity to be represented by another person of their choice, to ask questions of witnesses, have others make statements at the hearing, and to examine any regulations and any evidence relied upon by the Project Owner as the basis for the adverse action.

With reasonable notice to the Project Owner, prior to hearing and at the residents' own cost, residents may copy any documents or records related to the proposed adverse action; and d. Project Owners provide the resident with a written decision within a reasonable period of time stating the grounds for the adverse action and the evidence the Project Owner relied on as the basis for the adverse action.

The Project Owner will be bound by decisions from these hearings, except if (x) the hearing concerns a matter that exceeds the authority of the impartial party conducting the hearing, or (y) the decision is contrary to HUD regulations or requirements, or otherwise contrary to federal, State, or local law. If the Project Owner determines that it is not bound by a hearing decision, the Project Owner must promptly notify the resident of this determination, and of the reasons for the determination.

7. Earned Income Disregard (EID). Tenants who are employed and are currently receiving the EID exclusion at the time of conversion will continue to receive the EID exclusion after conversion, in accordance with regulations at 24 CFR § 960.255. After conversion, no other tenants will be eligible to receive the EID. If a tenant receiving the EID exclusion undergoes a break in employment, ceases to use the EID exclusion, or the EID exclusion expires in accordance with 24 CFR § 960.255, the tenant will no longer receive the EID exclusion and the Owner will no longer be subject to the provisions of 24 CFR § 960.255. Furthermore, tenants whose EID ceases or expires after conversion shall not be subject to the rent phase-in provision, as described above; instead, the rent will automatically be adjusted to the appropriate rent level based upon tenant income at that time.
8. Jobs Plus. – MHC does not have a Jobs Plus program, therefore this is not applicable
9. When Total Tenant Payment Exceeds Gross Rent. Under the PBRA program, assisted families typically pay 30% of adjusted gross income toward rent and utilities, referred to as TTP. Under normal PBRA rules, a Project Owner must process a termination of assistance pursuant to section 8-5 C. of Housing Handbook 4350.3, REV-1 when the family's TTP has risen to a level that is equal to or greater than the contract rent, plus any utility allowance, for the unit (i.e., the Gross Rent)). In addition, section 8-6 A.1 provides that, when terminating a tenant's assistance, the owner is to increase the tenant rent to the contract rent (assuming that the tenant does not receive the benefit of any other type of subsidy).

For residents living in the Converting Project on the date of conversion and all new admissions to the Covered Project thereafter, when TTP equals or exceeds the contract rent plus any utility allowance, the Project Owner must charge a tenant rent equal to the lesser of (a) TTP (which is not capped at gross rent), less the utility allowance in the contract, or (b) any applicable maximum rent allowable under LIHTC regulations. To this end, HUD is waiving sections 8-5 C. and 8-6 A. 1. of Housing Handbook 4350.3, REV-1. In such cases, the tenant will still be considered a Section 8 tenant and will still have the rights and be subject to the requirements of Section 8 tenants. Tenants will retain all of the rights under the Model Lease, including the right to occupy the unit, as well as those provided through this Notice, and tenants will still be subject to the requirements for Section 8 tenants, including the requirements concerning reexamination of family income and composition found in 24 CFR §§ 5.657 and 880.603(c). When TTP equals or exceeds Gross Rent, the excess rent collected by the owner is considered project funds and must be used for project purposes. Assistance may subsequently be reinstated if the Tenant becomes eligible for assistance. In the event that the tenant moves out, the Project Owner must select an applicant from the waiting list who meets the applicable income limits for the project.

The Project Owner is not required to process these individuals through Multifamily Housing's Tenant Rental Assistance Certification System (TRACS) but may be required to do so in the future when a future revision of the TRACS can accept such certifications. All normal actions for the contract rent shall continue for these units, including

application of the OCAF adjustment to the contract rent indicated in the HAP Contract—since the OCAF adjusted rent will still be in effect whenever the unit is occupied by a family eligible for rental assistance.

10. Under-occupied Units. If at the time of conversion, an eligible family assisted under the HAP Contract is occupying a unit that is larger than appropriate because of the family's composition, the family may remain in the unit until an appropriate-sized unit becomes available in the Covered Project. When an appropriate sized unit becomes available in the Covered Project, the family living in the under-occupied unit must move to the appropriate-sized within a reasonable period of time. In order to allow the family to remain in the under-occupied unit until an appropriate sized unit becomes available in the Covered Project, HUD is waiving the portion of 24 CFR § 880.605 that assumes the unit has become under-occupied as the result of a change in family size.

PBRA: Other Miscellaneous Provisions

1. Access to Records, Including Requests for Information Related to Evaluation of Demonstration. PHAs and the Project Owner must cooperate with any reasonable HUD request for data to support program evaluation, including but not limited to project financial statements, operating data, Choice-Mobility utilization, and rehabilitation work.
2. Establishment of Waiting List. The Project Owner can utilize a project-specific or community waiting list. The PHA shall consider the best means to transition applicants from the current public housing waiting list, including:
 - i. Transferring an existing site-based waiting list to a new site-based waiting list.
 - ii. Transferring an existing site-based waiting list to a PBRA program-wide or HCV program-wide waiting list.
 - iii. Transferring an existing community-wide public housing waiting list to a PBRA program-wide or HCV program-wide waiting list, an option particularly relevant for PHAs converting their entire portfolio under RAD.
 - iv. Informing applicants on a community-wide public housing waiting list how to transfer their application to one or more newly created site-based waiting lists.

To the extent the wait list relies on the date and time of application, the applicants shall have priority on the wait list(s) to which their application was transferred in accordance with the date and time of their application to the original waiting list.

If the PHA is transferring assistance to another neighborhood and, as a result of the transfer of the waiting list, the applicant would only be eligible for a unit in a location which is materially different from the location to which the applicant applied, the PHA must notify applicants on the wait-list of the transfer of assistance, and on how they can apply for residency at other sites.

If using a site-based waiting list, PHAs shall establish a waiting list in accordance with 24 CFR § 903.7(b)(2)(ii)-(iv) to ensure that applicants on the PHA's public housing

community-wide waiting list have been offered placement on the Covered Project's initial waiting list. In all cases, PHAs have the discretion to determine the most appropriate means of informing applicants on the public housing community-wide waiting list given the number of applicants, PHA resources, and admissions requirements of the projects being converted under RAD. A PHA may consider contacting every applicant on the public housing waiting list via direct mailing; advertising the availability of housing to the population that is less likely to apply, both minority and non-minority groups, through various forms of media (e.g., radio stations, posters, newspapers) within the marketing area; informing local non-profit entities and advocacy groups (e.g., disability rights groups); and conducting other outreach as appropriate. Any activities to contact applicants on the public housing waiting list must be conducted in accordance with the requirements for effective communication with persons with disabilities at 24 CFR § 8.6 and with the obligation to provide meaningful access for persons with limited English proficiency (LEP).

A Project Owner must maintain any site-based waiting list in accordance with all applicable civil rights and fair housing laws and regulations unless the project is covered by a remedial order or agreement that specifies the type of waiting list and other waiting list policies.

To implement this provision, HUD is specifying alternative requirements for 24 CFR § 880.603 regarding selection and admission of assisted tenants. However, after the initial waiting list has been established, the Project Owner shall administer its waiting list for the Covered Project in accordance with 24 CFR § 880.603.

MHC will utilize the existing project-specific waiting list.

Waiting List Preferences:

For each project-specific waiting list MHC will establish preferences (other than date and time of application), in order of priority, as follows:

- Preference for elderly families (head, spouse, co-head or sole member is 62 years of age or older)-4 points
- Preference for honorably discharged veteran's – 4 points
- Preference for elderly households that live, work or attend school in Melvindale - Points
- Preference for disabled families (head, spouse, co-head or sole member is a person with disabilities)-3 points
- Preference for homeless families-2 points

Applicants will be selected from the waiting list based on the highest number of preference points and based on the date and time their application was received by MHC. Preferences are cumulative. For applications with no preference indicated the applicants will be placed on the waiting list by date and time received by MHC. Applications equal in date and time received will be ranked by MHC's current computer software program.

3. Mandatory Insurance Coverage. The project shall maintain at all times commercially available property and liability insurance to protect the project from financial loss and, to the extent insurance proceeds permit, promptly restore, reconstruct, and/or repair any damaged or destroyed property of a project, except with the written approval of HUD to the contrary.
4. Choice-Mobility. HUD seeks to provide all residents of covered projects with viable Choice-Mobility options. PHAs that are applying to convert the assistance of a project to PBRA are required to provide a Choice-Mobility option to residents of covered projects in accordance with the following:
 - a. Resident Eligibility. Residents have a right to move with tenant-based rental assistance (e.g., Housing Choice Voucher (HCV)) the later of:
 - (a) 24 months from date of execution of the HAP or
 - (b) 24 months after the move in date.
 - b. Voucher Inventory Turnover Cap. Recognizing the limitation on the availability of turnover vouchers from year to year, a voucher agency would not be required, in any year, to provide more than one-third of its turnover vouchers to the residents of covered projects. While a voucher agency is not required to establish a voucher inventory turnover cap, if implemented the voucher agency must create and maintain a waiting list in the order in which the requests from eligible households were received.
 - c. Project Turnover Cap. Also recognizing the limited availability of turnover vouchers and the importance of managing turnover in the best interests of the property, in any year, a PHA may limit the number of Choice-Mobility moves exercised by eligible households to 15 percent of the assisted units in the project. (For example, if the project has 100 assisted units, the PHA could limit the number of families exercising Choice-Mobility to 15 in any year, but not less than 15.) While a voucher agency is not required to establish a project turnover cap, if implemented the voucher agency must create and maintain a waiting list in the order in which the requests from eligible households were received.

HUD's goal is to have 100 percent of residents in the Demonstration offered a Choice-Mobility option within a reasonable time after conversion. However, as HUD recognizes that not all PHAs will have vouchers sufficient to support this effort, HUD will:

PBRA project of a PHA without a voucher program. Additionally, voucher agencies that make such a commitment will receive:

- Priority points for new HCV FSS coordinator positions in an upcoming FSS competition and
- The bonus points provided under the Section Eight Management Assessment Program (SEMAP) for deconcentration.

- Good-cause exemption from the Choice-Mobility requirement for no more than 10 percent of units in the Demonstration.
- HUD will only consider requests for good-cause exemptions from the following types of PHAs:
 - Public housing–only agencies, defined as agencies that own units under a public housing ACC, but do not administer, directly or through an affiliate, a Housing Choice Voucher program; or
 - Combined agencies that currently have more than one-third of their turnover vouchers set aside for veterans, as defined for the purpose of HUD-VASH, or homeless populations, as defined in 24 CFR § 91.5.47. To be eligible for this exemption, the PHA's admission policies must have been formally approved by the PHA's board prior to the time of application.

HUD will issue these exemptions in the following order of priority: 1) small public housing-only PHAs; 2) all other public housing-only PHAs; and 3) combined agencies that currently have more than one-third of their vouchers set aside for veterans and/or homeless. See Section 1.11 for more information on Choice-Mobility exemptions in the competition.

5. Future Refinancing. Project Owners must receive HUD approval for any refinancing or restructuring of secured debt during the HAP Contract term to ensure the financing is consistent with long-term preservation of the Covered Project. With respect to any financing contemplated at the time of conversion (including any permanent financing which is a conversion or take-out of construction financing), such consent may be evidenced through the RCC.
6. Submission of Year-End Financial Statements. Projects converting assistance to PBRA must comply with 24 CFR part 5, subpart H, as amended, revised, or modified by HUD.
7. Classification of Converting Projects as Pre-1981 Act Projects under Section 16(c) of the United States Housing Act of 1937. For purposes of ensuring maximum flexibility in converting to PBRA, all projects converting to PBRA shall be treated as Pre-1981 Act Projects under Section 16(c) of the Act. Section 16(c)(1), which applies to pre-1981 Act projects, restricts occupancy by families that are other than very low-income to 25% of overall occupancy. Thus, Project Owners of projects converting to PBRA may admit applicants with incomes up to the low-income limit. HUD Headquarters tracks the 25% restriction on a nationwide basis. Project Owners of projects converting to PBRA do not need to request an exception to admit low-income families. In order to implement this provision, HUD is specifying alternative requirements for section 16(c)(2) of the Act and 24 CFR § 5.653(d)(2) to require Project Owners of projects converting to PBRA to adhere to the requirements of section 16(c)(1) of the Act and 24 CFR § 5.653(d)(1).
8. Owner-Adopted Preferences. Project Owners may adopt a preference for elderly single persons pursuant to 24 CFR § 5.655(c)(5) and Housing Handbook 4350.3, Chapter 4, provided the adoption of such preference can be implemented consistent with the

residents' right of return under this Notice. Project Owners who wish to adopt a preference for populations that are not identified in 24 CFR § 5.655(c)(5) (e.g., elderly families, near-elderly single persons, near-elderly families), may do so pursuant to Housing Notice 2013-21 (July 25, 2013). A Project Owner may not adopt a preference that would have the purpose or effect of substantially delaying or denying the participation of other eligible families in the program on the basis of race, color, national origin, religion, sex, disability, or familial status, or would create or perpetuate segregation.

Site Selection and Neighborhood Standards Review

Not applicable to these Developments

Relocation Plans

Final relocation plans have not been developed yet; they will be submitted with the Financing Plan.

Project Basing of Housing Choice Vouchers

The Melvindale Housing Commissions' HCV Administrative Plan will be revised to comply with PIH 2017-21 which provides Implementation Guidance: Housing Opportunity Through Modernization Act of 2016 (HOTMA) – Housing Choice Voucher (HCV) and Project-Based Voucher provisions.

In summary, the MHC shall utilize a separate legal entity to serve as the owner for purposes of executing a Housing Assistance Payment Contract. The entity may be one of the following:

- A non-profit affiliate or instrumentality of the PHA;
- A limited liability corporation
- A limited partnership
- A corporation or
- Any other legally acceptable entity recognized under State law

Such an entity would serve as the owner only for the purposes of execution of the HAP contract.

The Melvindale Housing Commission will also be required to use an independent entity to perform certain functions concerning the project.

The table below provides an overview of each function performed by the independent entity, and its regulatory basis under the HCV program.

Function	Applicable Program: Regulatory Basis
Determine Rent Reasonableness	HCV: 24 CFR §982.352(b)(1)(iv)(A)(1)
Notify the PHA and the family of the rent reasonableness determination	HCV: 24 CFR §982.352(b)(1)(iv)(A)(1)
Assist the Family in negotiating the rent with the owner	HCV: 24 CFR §982.352(b)(1)(iv)(A)(2)
Inspect Units	HCV: 24 CFR §982.352(b)(1)(iv)(A)(3)
Communicate the Result of the Inspection to the family and the PHA	HCV: 24 CFR §982.352(b)(1)(iv)(A)(3)

Attaching PBV's to PHA Owned Units Without Following Competitive Process

Melvindale Housing Commission will not be subject to the competitive process of attaching HCV's to Coogan Terrace because the following conditions will apply:

- Melvindale Housing Commission will be engaged in an initiative to improve, develop or replace the public housing properties or sites.
- Melvindale Housing Commission plans rehabilitation of up to \$14,000,000 through equity received with an allocation of Low Income Housing Tax Credits through Michigan State Housing Development Authority. (A minimum threshold of \$25,000 in hard costs per-unit is required).

Project basing of the MHC's HCV will not exceed 20% of its ACC authorized units.

Income mixing does not apply.

The MHC will seek in initial 20 year contract for Project Basing its HCV units.

Resident Advisory Board

Any comments and responses will be submitted after the public comment period July 2018.

Capital Fund Plan

A) Impact on Current Five-Year Plan- Until conversion is completed, the Coogan Terrace is still considered to be public housing and the MHC will update its five year rolling base Capital Fund as required. It is however expected that work for these units that was included in the five-year plan will be addressed in a more comprehensive manner with the assistance of additional tax credit equity and financing obtained as part of the RAD process.

Use of Replacement Housing Factor (RHF) Funds-Not applicable to Coogan Terrace

Substantial Deviation Definition will exclude the following items:

1. The decision to convert either Project Based Rental Assistance or Project Based Voucher Assistance;
 - a) Changes to the Capital Fund Budget produced as a result of each approved RAD conversion, regardless whether the proposed conversion will include use of additional Capital Funds;
 - b) Changes to the construction and rehabilitation plan for each approved RAD conversion; and
 - c) Changes to the financing structure for each approved RAD conversion.

“Significant Amendment” is defined as follows: A significant amendment or modification to the annual plan is a change in the major strategies to address Housing Needs or changes in Admissions & Occupancy.

For the purpose of the CFP, a proposed demolition, disposition, homeownership, Capital Fund financing, development, or mixed finance proposal are considered significant amendments to the CFP 5-Year Action Plan

The following are not considered significant amendments:

1. Changes in Public Housing Admissions & Occupancy Policies or the Section 8 Administrative Plan that are not inconsistent with the Annual Plan.
2. Changes in Public Housing Admissions & Occupancy Policies or the Section 8 Administrative Plan that are required by federal, state, or local authorities, including laws and regulations.
3. A minor change in the planned uses of financial resources (e.g., small shifts within or between different funding categories).
3. Changes in the plan resulting from consultation with Consolidated Plan authorities including Wayne County, Michigan.
4. Changes that are the result of the loss of anticipated funding to support a specific proposed activity or program.
5. Changes that are due to factors outside of MHC's control such as natural or man-made disasters that require the redirection of resources to address emerging issues.

6. Technical amendments to correct grammar and spelling mistakes; to adjust the language in the plan document to match the intended board policy as documented by board resolutions and minutes that inadvertently omitted or misstated in the existing plan document; or to update the plan to provide more accurate information that does not impact policies such as corrections to reports on past activities and statistics on housing and population characteristics.
7. Changes to the Capital Fund Budget produced as a result of each approved RAD Conversion, regardless of whether the conversion will include use of additional Capital Funds;
8. Changes to the construction and rehabilitation plan for each approved RAD conversion; and
9. Changes to the financing structure for each approved RAD conversion.
11. Additions of non-emergency work items (items not included in the Annual statement or 5-year Action plan) or change in use of replacement reserve funds under Capital Fund.

Attachment 1B – Resident Provisions in Conversions of Assistance from Public Housing to PBRA and PBV (Attachment from PIH Notice PIH-2012-32 (HA) H-2017-03, REV-3)
This Attachment contains two sections, describing:

1B.1 Summary of Resident Provisions

1B.2 Resident Participation and Funding

1B.1 Summary of Resident Provisions

The following is a summary of special provisions and alternative requirements related to tenants of public housing projects converting under RAD:

- Conversion will be considered a significant amendment to a PHA Plan (see Section 1.5(E) of this Notice);
- Notification of proposed conversion, meetings during the conversion process, written response to residents comments on conversion, and notification of conversion approval and impact (see Section 1.8 of this Notice);
- No rescreening at conversion (see Section 1.6(C)(1) of this Notice for conversions to PBV and Section 1.7(B)(1) for conversions to PBRA);
- Right to return after temporary relocation to facilitate rehabilitation or construction (see Section 1.4(A)(5) of this Notice and the RAD Fair Housing, Civil Rights, and Relocation Notice);
- Phase-in of tenant rent increases (see Section 1.6(C)(4) of this Notice for conversions to PBV and Section 1.7(B)(3) for conversions to PBRA);
- Continued participation in the ROSS-SC and FSS programs (see Section 1.6(C)(5) of this Notice, for conversions to PBV and Section 1.7(B)(4) for conversions to PBRA);
- Continued Earned Income Disregard (see Section 1.6(C)(8) of this Notice, for conversions to PBV and Section 1.7.(B)(7) for conversions to PBRA);
- Continued recognition of and funding for legitimate residents organizations (see Section 1.6(C)(6) of this Notice for conversions to PBV, Section 1.7(B)(5) of this Notice for conversions to PBRA, and below in Attachment 1B.2 for additional requirements for both programs);

- Procedural rights consistent with section 6 of the Act (see Section 1.6(C)(7) of this Notice for conversions to PBV and Section 1.7(B)(6) of this Notice for conversions to PBRA); and
- Choice-mobility option allowing a resident to move with a tenant-based voucher after tenancy in the Covered Project (see 24 CFR § 983.260 for conversions to PBV and Section 1.7(C)(5) of this Notice for conversions to PBRA).
- For additional information, refer to Notice H 2016-17; PIH 2016-17 for additional information on relocation requirements under RAD.

1B.2 Resident Participation and Funding¹

The following provisions contain the resident participation and funding requirements for public housing conversions to PBRA and PBV, respectively.

- A. **PBRA: Resident Participation and Funding** Residents of Covered Projects converting assistance to PBRA will have the right to establish and operate a resident organization in accordance with 24 CFR Part 245 (Tenant Participation in Multifamily Housing Projects). In addition, a Project Owner must provide \$25 per occupied unit annually for resident participation, of which at least \$15 per occupied unit shall be provided to the legitimate tenant organization at the covered property. Resident participation funding applies to all occupied units in the Covered Project as well as units which would have been occupied if not for temporary relocation. These funds must be used for resident education, organizing around tenancy issues, and training activities.

In the absence of a legitimate resident organization at a Covered Project: 1. HUD encourages the Project Owner and residents to work together to determine the most appropriate ways to foster a constructive working relationship, including supporting the formation of a legitimate residents organization. Residents are encouraged to contact the Project Owner directly with questions or concerns regarding issues related to their tenancy. Project Owners are also encouraged to actively engage residents in the absence of a resident organization; and 2. Project Owners must make resident participation funds available to residents for organizing activities in accordance with this Notice. Residents must make requests for these funds in writing to the Project Owner. These requests will be subject to approval by the Project Owner.

- B. **PBV: Resident Participation and Funding** To support resident participation following conversion of assistance, residents of Covered Projects converting assistance to the PBV program will have the right to establish and operate a resident organization for the purpose of addressing issues related to their living environment, which includes the terms

¹ For the purposes of this Attachment, HUD uses the term "Project Owner" to refer to the Owner of a converting or Covered Project. In some instances, the owner of a project could be a public, non-profit or for-profit, e.g., mixed finance projects).

and conditions of their tenancy as well as activities related to housing and community development.

1. Legitimate Resident Organization. A Project Owner must recognize legitimate resident organizations and give reasonable consideration to concerns raised by legitimate resident organizations. A resident organization is legitimate if it has been established by the residents of a Covered Project, meets regularly, operates democratically, is representative of all residents in the project, and is completely independent of the Project Owner, management, and their representatives.

In the absence of a legitimate resident organization at a Covered Project, HUD encourages the Project Owner and residents to work together to determine the most appropriate ways to foster a constructive working relationship, including supporting the formation of a legitimate residents organization. Residents are encouraged to contact the Project Owner directly with questions or concerns regarding issues related to their tenancy. Project Owners are also encouraged to actively engage residents in the absence of a resident organization; and

2. Protected Activities. Project Owners must allow residents and resident organizers to conduct the following activities related to the establishment or operation of a resident organization:

- (1) For the purposes of this Attachment, HUD uses the term "Project Owner" to refer to the owner of a converting or Covered Project. In some instances the owner of a project could be a public, non-profit, or for-profit, e.g., mixed finance projects).

- a. Distributing leaflets in lobby areas;
- b. Placing leaflets at or under residents' doors;
- c. Distributing leaflets in common areas;
- d. Initiating contact with residents;
- e. Conducting door-to-door surveys of residents to ascertain interest in establishing a resident organization and to offer information about resident organizations;
- f. Posting information on bulletin boards;
- g. Assisting resident to participate in resident organization activities;
- h. Convening regularly scheduled resident organization meetings in a space on site and accessible to residents, in a manner that is fully independent of management representatives. In order to preserve the independence of resident organizations, management representatives may not attend such meetings unless invited by the resident organization to specific meetings to discuss a specific issue or issues; and
- i. Formulating responses to Project Owner's requests for:
 - i. Rent increases;
 - ii. Partial payment of claims;

- iii. The conversion from project-based paid utilities to resident-paid utilities;
- iv. A reduction in resident utility allowances;
- v. Converting residential units to non-residential use, cooperative housing, or condominiums;
- vi. Major capital additions; and
- vii. Prepayment of loans.

In addition to these activities, Project Owners must allow residents and resident organizers to conduct other reasonable activities related to the establishment or operation of a resident organization.

Project Owners shall not require residents and resident organizers to obtain prior permission before engaging in the activities permitted in this section.

3. Meeting Space. Project Owners must reasonably make available the use of any community room or other available space appropriate for meetings that is part of the multifamily housing project when requested by:
 - a. Residents or a resident organization and used for activities related to the operation of the resident organization; or
 - b. Residents seeking to establish a resident organization or collectively address issues related to their living environment.

Resident and resident organization meetings must be accessible to persons with disabilities, unless this is impractical for reasons beyond the organization's control. If the project has an accessible common area or areas, it will not be impractical to make organizational meetings accessible to persons with disabilities.

Project Owners may charge a reasonable, customary and usual fee, approved by the Secretary as may normally be imposed for the use of such facilities in accordance with procedures prescribed by the Secretary, for the use of meeting space. A PHA may waive this fee.

4. Resident Organizers. A resident organizer is a resident or non-resident who assists residents in establishing and operating a resident organization, and who is not an employee or representative of current or prospective Project Owners, managers, or their agents.

Project Owners must allow resident organizers to assist residents in establishing and operating resident organizations.

5. Canvassing. If a Covered Project has a consistently enforced, written policy against canvassing, then a non-resident resident organizer must be accompanied by a resident while on the property of the project.

If a project has a written policy favoring canvassing, any non-resident resident organizer must be afforded the same privileges and rights of access as other uninvited outside parties in the normal course of operations. If the project does not have a consistently enforced, written policy against canvassing, the project shall be treated as if it has a policy favoring canvassing.

A resident has the right not to be re-canvassed against his or her wishes regarding participation in a resident organization.

6. Funding. Project Owners must provide \$25 per occupied unit annually for resident participation, of which at least \$15 per occupied unit shall be provided to the legitimate resident organization at the covered property.² These funds must be used for resident education, organizing around tenancy issues, and training activities. In the absence of a legitimate resident organization at a Covered Project: a. HUD encourages the Project Owner s and residents to work together to determine the most appropriate ways to foster a constructive working relationship, including supporting the formation of a legitimate residents organization. Residents are encouraged to contact the Project Owner directly with questions or concerns regarding issues related to their tenancy. Project Owner are also encouraged to actively engage residents in the absence of a resident organization; and b. Project Owner s must make resident participation funds available to residents for organizing activities in accordance with this Notice. Residents must make requests for these funds in writing to the Project Owner. These requests will be subject to approval by the Project Owner.

² Resident participation funding applies to all occupied units in the Covered Project as well as units which would have been occupied if not for temporary relocation.

