

Skills: Development

Overview

Public housing has evolved to become a complex development of large-scale, mixed-use, and mixed-income developments, with stricter requirements than for commercial housing projects. This document gives an outline of the overall process and requirements for building, funding, and overseeing public housing development.

It includes:

- the construction of additional units of housing that will be brought under the PHA's Annual Contributions Contract (ACC) with HUD.
- rehabilitation and modernization of existing public housing units that are already under contract.

Development Process for Housing Authorities

Regardless of the method of finance and construction, the HUD process for review and approval of development is basically the same:

1. Identify, determine if the site is vacant, one with an existing development, turnkey development, or to select a developer with a site.
2. Put the project on the Annual PHA Plan. If Capital Funds will be used, put the project in the 5-Year Action plan.
3. Consult with community members and residents who will be affected by the proposed development to ensure they are informed.
4. If acquiring vacant land, but not prepared to submit full development plan, prepare/submit Acquisition Proposal.
5. Submit a Development Proposal to HUD for review and approval.
6. Upon review and approval, housing authority and HUD Field Office establishes the project in PIC, including assigning a project number and target DOFA date.
7. Record Declaration of Trust, or for mixed-finance, a Declaration of Restrictive Covenant on the property.

Site Selection and Amenities

The following criteria are essential when choosing a site for public housing development.

- **Housing choice opportunities**—PHAs should maximize housing opportunity choice in their communities, and projects should not be located intensively within one part of a community or region where possible, particularly in areas containing a high proportion of low-income persons.
- **Facilities and services**—Sites are accessible to social, recreational, educational, commercial, and health facilities and services.
- **Transportation Options (public and private)**—Sites should be located so that travel time and cost via public transportation or private automobile is not excessive.
- **Site geography**—Sites should be adequate in size, exposure, and contour to accommodate the number and type of units proposed.

8. On project completion, enter a Date of Full Availability or DOFA date into PIC to allow for the flow of operating subsidy including reporting and validation.
9. After one year, submit Actual Development Cost Certificate (ADCC), which is submitted like the Actual Modernization Cost Certificate (AMCC) and the Final Performance and Evaluation (P/E).

Statutes and Regulations

PHAs should know federal, state and local laws as well as federal regulations that guide the development of public housing.

National Environment Policy Act (NEPA) of 1969

- Federal agencies must consider environmental impact of proposed development
- Requires clearance for Operating Fund subsidy, Capital Fund grants, Section 8, energy performance contracting, RAD activities before initiation.
- RE assumes HUDs environmental responsibilities.

Faircloth Limit

- PHAs may not use public housing funds to pay for the development of units that increases the number of units owned/operated by the PHA since October 1, 1999.
- The limit adjusts for PHA transfers of ACC units, consolidations, and RAD removals.
- Units that exceed posted Faircloth limits will not be funded.
- PHAs are responsible for reviewing Faircloth limits and notifying HUD if there are errors in the limits.

Unit Demolition Removals

- Demolition/disposition authorized under Section 18 of the Housing Act of 1937
- Details and administrative steps outlined in 24 CFR 970

Contents of the Development Proposal

The following elements are the same for all types of development.

- Project description
- Site information
- Participant description
- Development schedule
- Accessibility
- Project costs
- Local cooperation agreement and real estate taxes
- Environmental requirements
- Market analysis
- Program income and fees
 - » **TDC Workbook**—A TDC Workbook is available for mixed-finance projects that contains templates for the project budget and operating pro forma.

Standard Development Options

Conventional

- Usually consists of new construction or substantial rehabilitation where bids are sealed.
- Uses Capital Fund, Replacement Housing Factor (RHF), or other funding sources, such as Demolition or Disposition Transitional Funding (DDTF).

Turnkey

- PHA advertises for and competitively selects a developer, who develops or renovates housing on property the developer owns, then sells the project to the housing agency.

Acquisition

- PHA buys existing property, and turns it into public housing; may or may not require rehabilitation.
- Use the same methods as new construction, but must certify the property was not built with the intent of selling it to the housing agency, and all HUD requirements (i.e., Davis-Bacon, environmental review) were followed when it was built.

Force Account or Materials

- Labor can be employed directly by the PHA permanently or temporarily based on physical work funded by the Capital Fund.
- PHA may use force account labor, on approval from the PHA Board of Commissioners and HUD, if the plan is included in the 5-Year Action plan.
- PHA can use cost-analysis to compare benefits of hiring and administering own labor or procuring work from an outside contractor.
- **NOTE:** Davis-Bacon and prevailing wage determinations apply to employees conducting force account work just as they would apply to a general contractor's employees.

Other Development Resources

[Office of Capital Improvements Learning Tools](#)

Common Tools to Finance Development

- [Capital Fund Program](#)
- [Low-Income Housing Tax Credits](#)
- [Rental Assistance Demonstration \(RAD\)](#)
- [Capital Fund Financing Program](#)
- Federal Housing Administration
 - » [Insured mortgage loans or mortgage insurance for properties needing extensive rehabilitation \(Section 221 \(d\)\(4\)\)](#)
 - » [Refinance of existing multifamily apartments \(Section 223 \(f\)\)](#)
 - » [Rental housing for elderly \(Section 231\)](#)
 - » [Supplemental loans for multifamily projects \(Section 241 \(a\)\)](#)
 - » [Supportive housing elderly—Special needs \(Section 202\)](#)
 - » [Supportive housing for persons with disabilities \(Section 811\)](#)
- [Federal Home Loan Bank](#)
- [Community Development Block Grant](#)
- Operating Fund Financing Program
- Conventional Debt