



PROJECT-BASED CONTRACT ADMINISTRATORS

WHO ARE WE?

Performance-Based Contract Administrators (PBCAs) are Public Housing Agencies (PHAs) and PHA entities that have applied to administer project-based rental assistance under Section 8(b) of the Housing Act of 1937, another form of Section 8 that differs from what most people know as Section 8 tenant-based rental assistance. PBCA programs serve specific jurisdictions, usually states. Currently, there are 43 PBCAs serving 49 states and Washington D.C., Puerto Rico, and the U.S. Virgin Islands.



PBCAs SOLVE PROBLEMS FOR HUD

Performance-Based Contract Administrators (PBCAs) play a critical role in helping the US Department of Housing and Urban Development (HUD) administer the Section 8 Project-Based Rental Assistance (PBRA) program, which serves nearly 1.2 million families with an annual appropriation of approximately \$13.5 billion.

Since 2000, PBCAs have been responsible for performing the requirements of the PBRA program within their assigned jurisdictions. This holistic model of bundling tasks is essential to minimizing risk across the program and ensuring the program is administered effectively. PBCAs bring the best practices and flexibilities of the private sector into the administration of the PBRA program. PBCAs that are subsidiaries of PHAs in particular bring their experiences as both owners and managers of affordable housing and the best practices of private sector asset management into the administration of the PBRA program.

PBCAs perform critical functions for HUD such as preventing subsidy payment errors, ensuring that the complex regulatory footprint in the program and Tenant Rental Assistance Certification System (TRACS) is followed, which results in timely and proper payment of subsidies to property owners.

PBCAs also oversee and monitor the physical condition of PBRA properties and assist in the administration of Housing Assistance Payment (HAP) contracts with private owners of multifamily housing through the Management and Occupancy Review (MOR) review process. PBCA MORs focus on and evaluate property security, unit conditions, and property owner preventative maintenance records. PBCA MORs are a critical “on the ground” resource for HUD’s Real Estate

Assessment Center (REAC) inspection teams managing extensive inspection workloads. For 10 years (2005-2015), PBCAs took the lead in housing quality follow up and resolved over 27,000 “Exigent Health and Safety” violations found by REAC inspection teams.

The PBCA MOR reviews have proven to be an additional assessment cross check tool for HUD, and the REAC inspection process is better when coupled with health, safety, and maintenance reviews built into the MORs requirements. PBCA MOR reviews have tangible benefits for property owners and residents; since 2000, PBCA properties have annually averaged REAC scores well above 80 (scores that far exceed 60—the passing requirement).

PBCAs have played a primary role, with HUD, ensuring that emergency COVID relief payments get to residents and property owners. One example is the CARES ACT COVID Supplemental Payment (CSP) program. PBCA experience and expertise made them uniquely capable of disbursing the funds quickly and accurately by adapting to HUD’s needs. Our PBCA members processed thousands of CSP payments and disbursed millions of dollars to owners and residents, stabilizing housing for millions of families across the country.

In late Summer 2020, about five months into pandemic-imposed challenges, HUD badly needed some field presence. In part, the PBCA MORs inspection presence was possible because HUD made two modifications to the MORs process: allowing remote confirmation to determine whether REAC deficiencies were corrected and allowing property owners to submit resident files electronically for PBCA review.



PBCAs CONNECT WITH PROPERTY OWNERS

PBCAs are a critical technical assistance resource to property owners and help boost participation in the PBRA program. One of the main challenges to PBRA property owners is ensuring compliance with HUD's complex regulations, a daunting task for those unfamiliar with the inspection, reporting, and oversight requirements of the PBRA program. PBCAs conduct critical on-site management and occupancy reviews, including timely and accurate contract renewals and critical rent adjustments. PBCAs also review, process, and pay monthly vouchers submitted by owners. They also review HAP contracts with owners. This is complicated, time-consuming work and PBCAs ensure that it is done efficiently and effectively to minimize impact on property owners.

Additionally, PBCAs are integral to property owners when needing to deal with property damage, unpaid rent, or extended vacancies. PBCAs help PBRA property owners navigate HUD PBRA rules and regulations, to ensure both owners and residents are compliant. They also assist residents with health and safety issues at the property, a benefit to owners in addition to residents.

KEY TASKS PERFORMED BY THE PBCAs

- 1 CONDUCTING ON-SITE MANAGEMENT AND OCCUPANCY REVIEWS FOR EACH PROPERTY IN THEIR PORTFOLIO
- 2 ADJUSTING CONTRACT RENTS
- 3 REVIEWING, PROCESSING, AND PAYING MONTHLY VOUCHERS SUBMITTED BY PROPERTY OWNERS
- 4 RENEWING HAP CONTRACTS WITH PROPERTY OWNERS
- 5 RESPONDING TO OWNER CLAIMS FOR PROPERTY DAMAGE, UNPAID RENT, OR EXTENDED VACANCIES
- 6 NAVIGATING PBRA RULES AND REGULATIONS FOR OWNERS AND RESIDENTS TO ENSURE COMPLIANCE
- 7 RESPONDING TO RESIDENT HEALTH AND SAFETY ISSUES AT THE PROPERTY

PBCAs CONNECT WITH RESIDENTS + COMMUNITIES

PBCAs provide a unique and critical link between residents and their property management not seen in other programs. They work closely with residents, their representative associations, and property owners to promote safe, habitable homes and communities. This work has been particularly critical during the pandemic, when REAC inspection schedules have been compromised.

Most PBCAs establish “hotlines” and “comment” lines to encourage residents to communicate on an “as needed” or “as desired” basis. These hotlines are established solely on a voluntarily basis and are a value added service beyond the specific task requirements in their Annual Contribution Contract (ACC).

The resident hotlines allow PBCAs to work in real time with property managers to deal with severe health and safety issues, as well as helping them to prioritize issues that may require attention soon. Resident hotlines resolve resident issues quickly, taking the burden of following-up with property management off residents when maintenance requests are outstanding.

The PBCA hotlines have been a critical tool for residents during COVID-19, allowing them to access assistance with maintenance issues via phone and potentially resolve problems without the need for in-person interaction. These examples from the past year demonstrate the effectiveness of PBCA hotlines:

1 MOLD & UNIT TRANSFER REQUEST

Resident reported that the resident’s property management had not addressed issues with mold, basement unit leak, and her request for unit transfer due to asthma concerns. The resident had been going back and forth with management for months regarding her concerns. The majority of the issues stemmed from a leak in the ceiling and then the water heater.

The PBCA worked with property management and the resident to ensure leak was addressed, the unit was inspected and was treated for mold. Cosmetic repairs were also completed. In addition, the resident completed and was approved for Reasonable Accommodation in request for a unit transfer from the basement unit to a higher floor. The resident closed the inquiry, stating she is “happy with all that has taken place.”



2 NO HEAT

Resident reported management transferred her to a unit with no heat, the window was broken, and a bird flew into the unit. Initially the caller wanted to remain anonymous to avoid retaliation from the Property Manager.

The PBCA communicated with both the elderly resident and her daughter. They communicated to them that retaliation would violate Fair Housing laws and the resident understood anonymity was not an option due to repair needs. Management confirmed malfunctioning blower was repaired the next day. Also, there was a piece of paper in the exterior sleeve of the air conditioner causing a birdlike sound.

Finally, the PBCA did investigate the complaints regarding the Property Manager and the report resulted in termination. Resident thanked the PBCA for following up with management and expressed how grateful she was for PBCA assistance.



3 TRANSFER OF SUBSIDY

Resident contacted the PBCA Call Center and reported that Property Management was requiring a unit transfer in order to maintain eligibility for Section 8 assistance. The resident did not understand why this would be necessary according to her income and expenses, and was further troubled by the upheaval to her life that would occur from a unit transfer/move. The PBCA researched the property's HAP contract and provided guidance to the Property Manager that the contract included "floating" project-based subsidy (as long as the property adheres to the unit counts within the HAP contract and rent schedule). Based upon this discussion with management, the property corrected the issue without requiring a unit transfer or HAP voucher adjustment, thereby allowing the resident to remain in her unit.

4 EVICTION STAND DOWN

Resident issued a 10-day notice for nonpayment of rent during the COVID-19 pandemic. The PBCA contacted the Property Manager and reviewed the recently issued CARES Act moratorium prohibiting evictions for nonpayment of rent. The discussion also included guidance on the current prohibition of fees, penalties, or other charges due to the non-payment of rent. Property Management was advised to meet with the resident to set up a possible repayment arrangement. The Property Manager rescinded the notice and continues to work with the resident. Resident expressed gratitude for the PBCA assistance, and the inquiry was closed.

PBCAs work closely with residents, their representative associations, and property owners to promote safe, habitable homes and communities.

5 INVALID REPAYMENT AGREEMENT (RESIDENT SIGNED)

Not understanding a mistake calculating income, the resident signed a repayment agreement that the PBCA senior compliance team found was invalid. In careful review of records, the PBCA found that management added employment and unemployment income into calculations that the resident never received. The work to verify and validate that the resident was correct, and never received the income, was extensive. In addition, the PBCA compliance team was concerned by unnecessary delays in receiving the requested information from management which included all the information they were using for the resident's repayment agreement. The PBCA told management that if the valid and correct repayment agreement for the resident could not be finalized, their failure to respond in timely manner would potentially require a pause in subsidy payments to them.

All told, the PBCA compliance team worked for three months to resolve the issue. Again, however, resident concerns were valued and acted upon.



6 RENT CALCULATION

Using the PBCA hotline, one resident reached out in four separate instances to explain that management was overstating her income and, therefore, calculating her rent to be higher than it should be. In the course of follow up on the case, the PBCA asked for management to send documentation on the calculations for the resident. The first information the PBCA received appeared to show the rent calculation as correct. In the fourth call with the resident, to go over the information from management, the PBCA determined to revisit the issue with management and required further detail and information from them. In the second sessions with management the PBCA found that management records were incomplete, with information gaps. Once management was required to provide all records, the PBCA was able to demonstrate that the resident was correct, and management recalculated the rent to the proper, lower rent amount. While management was resistant to making the corrections, the PBCA senior compliance team required management to adjust the rent according to HUD rules, contract requirements and all data that PBCA verified as complete and correct.

In this case, tenacity and follow up were important. Valuing the resident's concerns and compelling management to provide all the information they had (and requiring incomplete records to be updated), the PBCA produced a compliance result that benefitted both the resident and management. Focused on their mission goals of quality, affordable housing and without making potentially premature judgements about why management had failed to send all relevant information and documents in the first request, the PBCA has used the experience to continue fulfilling its contractual responsibilities with HUD.



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UNIT FLOOD

A resident reported her ADA unit flooded, and management offered a non-ADA unit. The PBCA reported the resident's concerns to management and referenced HUD regulations, reiterating their obligation to provide fair housing and accommodate resident needs. In addition, the PBCA denoted the lease and management's responsibility to provide decent, safe, and sanitary housing. Management confirmed he understood and agreed to discuss details with maintenance and call back with an update before the close of business. The PBCA contacted the resident to explain management was contacted and a plan of action was in progress and under review.

The PBCA later confirmed the resident received a temporary one-bedroom ADA unit, until a two-bedroom ADA unit was ready. The PBCA also confirmed management reviewed the policies and procedures and addressed any deficiencies. In addition, the PBCA also confirmed management will conduct staff training as appropriate. The PBCA closed the inquiry after confirming the resident was happy with results of transfer and management follow-up.

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EVICTON COMPLAINT

A resident reported management was threatening eviction due to an overdue balance. The PBCA reported the resident's concerns to management and referred to CARES Act moratorium on evictions.

The PBCA requested management forward a copy of the resident ledger for our review. After reviewing the ledger, the PBCA identified three charges resulting in a balance. The PBCA discussed ledger with resident who confirmed that she kept all payment receipts and completed a walk through for each charge. As a result, three issues were identified: one missing payment and two late fees. The PBCA discussed its finding with management, and management agreed. The PBCA requested management to correct and adjust the ledger, as well as rescind the eviction. Management agreed and followed up with the resident.

Management and the resident thanked the PBCA for assisting in resolving this balance and closed the inquiry.



STRENGTHENING THE PBCA: HUD PARTNERSHIP

The PBCA – HUD partnership has been a success for both residents and property owners. However, this partnership could be improved through further modifications and employing existing authorizations that would also result in more effective risk mitigation for HUD and better housing quality for residents.



PBCAs NEED FULLY REMOTE MORs

PBCA MORs present unique challenges to PBCAs due to COVID-19. During the past year, many PBCA subsidiary staff has transitioned to remote work to ensure their safety. Staff has experienced an increase in requests for remote MORs, particularly at properties that house vulnerable populations like the elderly and disabled.

While HUD has made efforts to modify MORs during the pandemic, PBCAs still have significant concerns with conducting MOR reviews while COVID-19 is spreading. Both PBCA employees who conduct inspections and property owners trying to reduce the spread of the virus amongst their residents and staff worry that on-site reviews dramatically increase the chance of infection. Many planned MORs have had to be postponed and rescheduled due to outbreaks. Properties are also required to have a dedicated space where the reviewer is socially-distanced and no occupied units are inspected. Entrance and exit meetings are done remotely. **PBCAs need the ability to conduct fully remote MOR reviews while the pandemic continues.**





PBCA ABATEMENT AUTHORITY

When health and safety issues are identified at properties, it is also important to understand – at present – PBCAs do not have significant and timely enforcement authority to compel contractually obligated property owners to correct deficiencies. While their responsibilities and commitment to safe, habitable housing are essential to residents and the Department, HUD is the only authority who can address concerns about property owner responsiveness to conditions that require immediate attention. **PBCAs need to be empowered to recommend owners and properties to HUD under existing authority for partial or full subsidy abatement based on conditions observed during an MOR.**

FAIR AND OPEN COMPETITION

Finally, procuring the services of PBCAs through fair and open competition among PHAs, as required by the Housing Act of 1937, is also the most effective way to ensure HUD and taxpayers receive the best return on their investment in affordable housing. HUD acknowledges that PBCAs are integral to the Department's own efforts to be "more effective and efficient in the oversight and monitoring" of the PBRA program. **PBCAs need the ability to compete for contracts with HUD in an open and fair manner to be preserved.**

Congress agrees that PBCAs are critical to HUD and the PBRA program. Appropriations language in the Transportation, Housing, and Urban Development (THUD) bill since FY 2015 states, "PBCAs have been integral to the Department's efforts to be more effective and efficient in the oversight and monitoring of HUD-assisted housing, reduce improper payments, protect residents, and ensure the properties are well maintained."

Over the next 15 years, the demand for affordable rental housing will intensify and, as a result, the demands for assistance through programs like PBRA will almost certainly grow. With the federal budget already under stress, the efficiencies that PBCAs bring to PBRA program oversight are more important than ever. HUD currently lacks the resources and staffing to assume the functions now performed by the PBCAs. The work done by PBCAs is vital to HUD's ability to meet its legal obligations of the PBRA program.

PHA PBCAs look forward to working with HUD and Congress to strengthen the program for our residents.