

Post-Conversion

What Do We Do Now?

Cal Davis
Executive Director
NETX Properties

New Boston Property Management – fully converted in 2021 to Section 22

Bowie County Housing Authority – fully converted in 2024 to Section 18

Naples Housing Authority – application submitted, proposed Jan 2025

Maud Housing Authority – application submitted, proposed Jan 2025


cal.davis@netxproperties.org

Conversion

Fear of the unknown!

Housing
Agencies





Many agencies have converted
and are enjoying the benefits.

You don't fear change. You fear the unknown. If you knew the future would be great, you'd welcome the change to get there. Well, the future IS great. Proceed.

Joe Vitale

“ quote fancy

What will Change Legally?

- Board of Commissioners will remain intact.
 - They may be the Board of Directors of your corporation now.
 - Appointed under Texas law (LCG 392) by
 - Your city Mayor
 - County Commissioners Court
 - Regional COG
- All consistent with state law

Will the Legal Standing Change?

- Your Agency will still be a housing agency. That will never change per state law.
 - Created under Texas Local Gov't 392
- Your Agency will still be a Local Government.
 - That will never change per state law.
- Your Agency will still be tax-exempt and retains all powers afforded in Texas
 - LGC392.086 Retains legal as non-profit (no compensation for the governing board)

Will the Legal Standing Change?

- You are still required to follow the Open Meetings Act for your Board
 - Board member training within 90 days of appointment
- You are still required to follow the Public Information Act for info requests.
 - Board member training within 90 days of appointment
- The ED/CFO is still required to take the initial Texas Public Funds Investment Act training and any required training

Will the Legal Standing Change?

- Your agency still has the power of eminent domain, if you report, and has all powers given in LGC392 and state law
- You are still required to follow Fair Housing and ADA/504/UFAS (Accessibility)
- You can still issue bonds, etc.
- All items affordable in LGC392 (except eminent domain)

Will the Legal Standing Change?

- Some policies (Animal Ownership, Housekeeping, Smoke-Free Housing, etc.) can still be used for your property.
 - The Board can change those policies any way they wish just so it does not violate state law, FHEO, ADA, etc. (HUD requirements are not involved)
- Your Agency will still maintain and upgrade your properties as needed.
 - Your properties are your investment, and a good business takes care of their investments

Will the Legal Standing Change?

- Same Board, same ED, same staff, same residents
- Your agency would then be considered a “local landlord” that receives vouchers for rental assistance.

What Legally Happens?

- Agencies that convert under S18 and S22 simply end their Annual Contributions Contract for Public Housing with HUD.
- You no longer receive funding directly from HUD.
- Your funding then comes from a Voucher Agency as unrestricted funds.
- Your Agency's Declaration of Trust (DOT) is closed.
The DOT is what binds Agency's properties to HUD.
- You must think of things differently.

LEGAL QUESTIONS

...about Post-Conversions
changes

If you feel like you're
losing everything,
remember that trees lose
their leaves every year and
they still stand tall and wait
for better days to come.

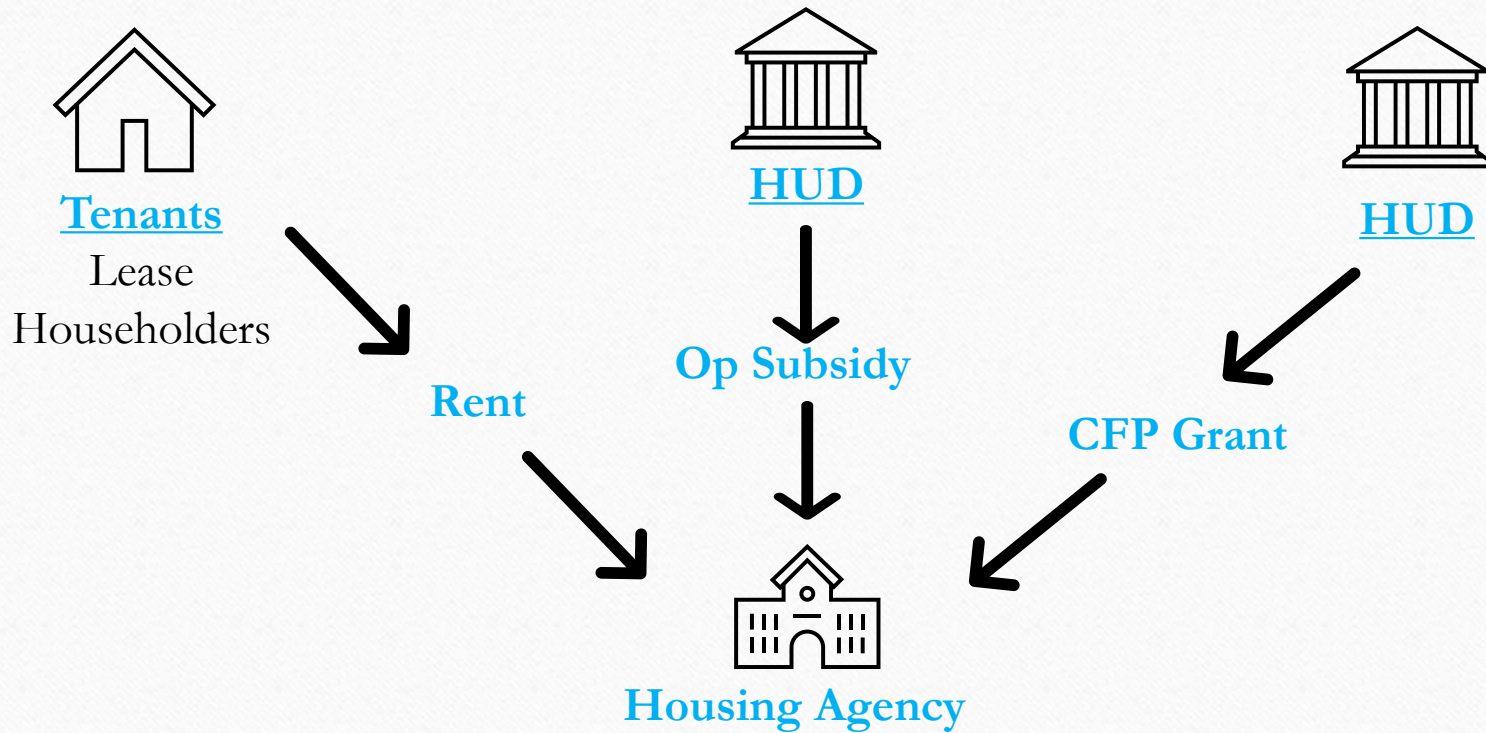


[HealthyPlace.com](https://www.healthyplace.com)

What will Change Financially?



Public Housing Funding



Income Amounts - Public Housing



Tenants

Rent based at 30% of adjusted income.
Rent could be \$1 or rent of \$650

Whether the tenant pays \$1 rent or \$650 rent, funds from HUD remains the same.



HUD

HUD funds are based on numerous factors and depends on Congress. Usually 85-95% of approved funding.



HUD CFP Grant

All funds, including tenant rent, are restricted to the Public Housing Program.

Income Amounts - Public Housing

EXAMPLE – 1 unit/month

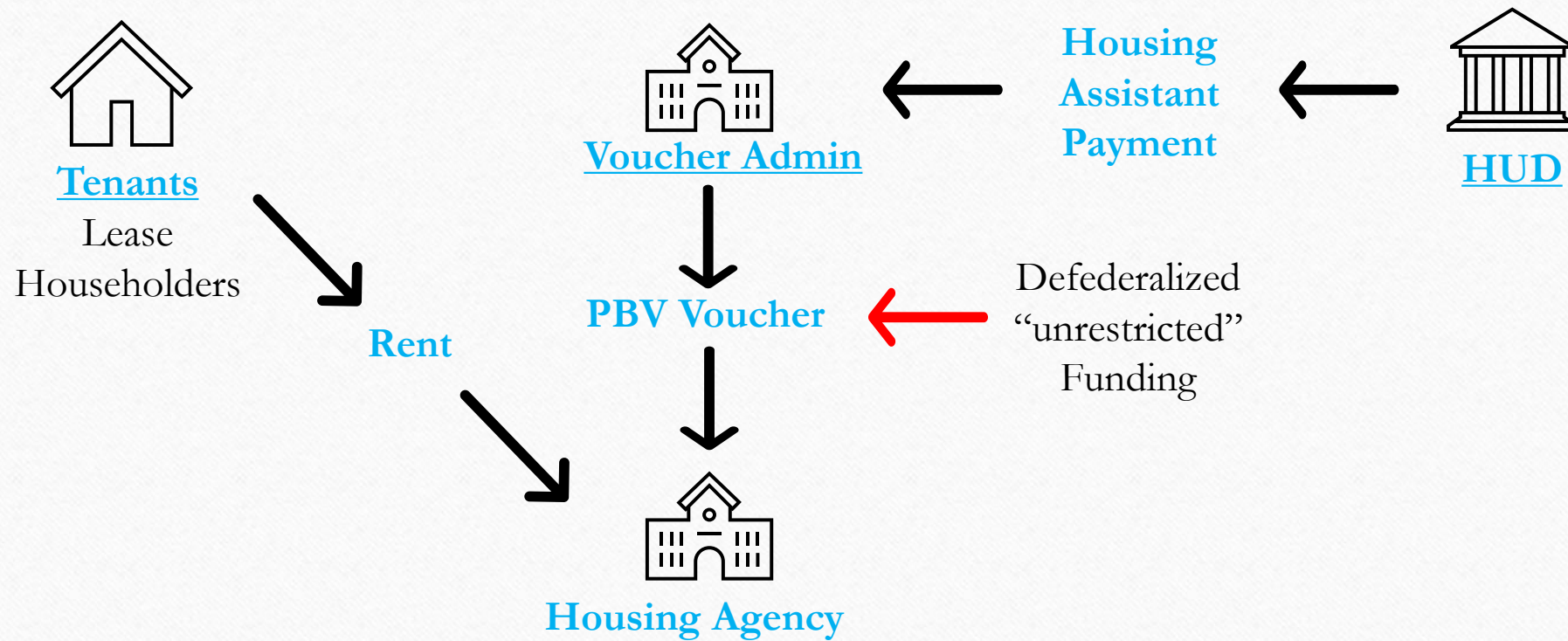
Rent: \$ 1
Op Sub: \$ 150
CFP: \$ 150

1 BR Rent
\$301

Rent: \$ 650
Op Sub: \$ 150
CFP: \$ 150

1 BR Rent
\$950

Voucher Funding



Income Amounts - Vouchers

EXAMPLE

Agreed-upon rent
\$750

Rent: \$ 1
Voucher: \$ 749

1 BR Rent
\$750

Income is always the same.
Not based on if the tenant
has income or not.

Rent: \$ 650
Voucher: \$ 100

1 BR Rent
\$750

Restricted vs Non-Restricted Funds

- **Restricted funds** are those that can only be used for that program.
 - PH funds cannot be used for HCV landlords
 - CFP funds cannot be used to improve any of your other programs
- **Non-Restricted Funds** are those that can be used for any approved purpose.
 - NR Funds can upgrade other properties
 - NR Funds can be donated to a local community charity (United Way, etc.)
 - NR Funds can help in purchasing a house or constructing a new neighborhood.

Will Operating Budgets Change?

Monthly	<u>Public Housing</u>	<u>Post-Conversion</u>
20 1BR =	(last year's income)	20 x \$ 750 = \$15,000
15 2BR =	(last year's income)	15 x \$ 900 = \$13,500
6 3BR =	(last year's income)	6 x \$1,100 = <u>\$ 6,600</u>
Budget Income	?????	\$ 35,100 monthly
		x 12
		\$421,200 annually
		(average \$856 per unit monthly)

Cheers from the Finance Staff

FUNDING

Questions





**Don't fear change.
Fear being in
the exact same
place next year as
you are today.**

Crystal Lee
— COACHING —

Changes for the Executive Director

Except for the Housing Choice Voucher program requirements, there will be a number of changes for the Executive Director.

Changes for Executive Director

There are **NO** more...

-
- WASS – HUD's Secure Systems
 - PIC/HIP
 - EIV
 - eLOCCS
 - Calls from a HUD Representative
 - Emails from HUD
 - HUD will have no contract (ACC) with you, so they have no reason to call you about your property.

Changes for Executive Director

There are NO more...

- Community Service requirements
- Required tenant meetings
- Resident Advisory Board
- PHA Annual or 5-Year Plans
- Environmental Reviews
- REAC/NSPIRE inspections on entire property

Changes for Executive Director

There are **NO** more...

- REAC Score
- Section 3 Reports
- Semi-Annual Reports
- CFP Budgets
- Grievance Hearings
- HUD audits
- Energy audits

Changes for ED and Staff

There **ARE** still...

- Annual Lease to sign
- LBP is present (state)
- Flood Disclosure Notice (state)
- Operating Budgets
- Fair Housing complaints

*Executive
Director
Questions*



A photograph of a dirt road winding through a forest. The road is light-colored and leads into the distance. On either side of the road, there are tall, dry grasses and some evergreen trees. The background shows a line of trees under a pale sky.

**Don't be afraid of change,
because it is leading you
to a new beginning.**

Joyce Meyer

 quotefancy

Changes in Admin Operations?



Changes for the Admin?

- If you have a voucher program, your S8 employees will do same thing for the former Public Housing properties as they do with tenants for every landlord.

Changes for Admin

There are **NO** more...

- Certifications for tenants
- Interim recertifications
- Gathering tenant income information
- Rental calculations
- HUD-Form 50058s to submit
- HUD-Form 9886
- Utility Allowances

If you have a voucher program, your S8 employees will do these.

After conversion, some things will change

- Follow state and local laws rather than federal law (procurement, real estate)
- Tenant Lease will change. HUD mandates will not be needed.
- Unless you have a S8 program, staff won't collect tenant income info, etc.
 - HUD will not allow you to manage your vouchers if you do not have a S8 program
- Will follow HQS/NSPIRE protocol for voucher approval.
 - Voucher Admin will inspect the single apt for renewal; no site-wide inspections

After conversion, some things will change

- Community Service, Section 3 Reports, Semi-Annual, CFP Budgets, RAB requirement, REAC inspections, Annual/5-Year Plans, etc. are removed.
- No more HUD submissions, no HUD-50058s, EIV, PIC, etc.
- No longer have or need access to WASS (PIC, EIV, eLOCCS, EPIC, etc.)
- You can be more involved financially with your community
 - Donate to Meals on Wheels, United Fund, or local events (marketing).

After conversion, some things will change

- Marketing techniques and strategies (if your waiting list is low)
 - Move-in incentives can be done
 - “50% off first month’s tenant rent” or tenant’s portion of 1st month’s rent waived.
- Things are to be done differently - not HUD’s way but the Agency’s way



Questions from Admin

**This really is not
the way we've been
told how to do this.**

Changes to Maintenance Staff

- No more Property-wide REAC Inspections every 1-3 years.
- Inspections will happen to the individual apartments prior to leasing.
- Inspections are once or twice per year for re-rentals.

Changes for Tenants?

- No one loses their apartment or must move.
- No Community Service requirement.
- Their documents go to the Voucher Admin and not the Agency.
- After one year of your lease, they can apply for a tenant-based voucher and their name goes to the top of the list.

Residents' Rental Assistance

Under this program, no residents will lose their housing benefits.

All compliant tenants will retain their benefits but through Section 8 assistance.

No current resident at conversion will lose their lease, even if they are over-income.

Individual tenant rents do not increase. Remember, it is based on their income in all programs.

What about the Waiting List?

The voucher administrator manages

You manage your own

Waiting List

- You can manage your own Waiting List or let the S8 Administrator do it.
- There are pros and cons to both methods
- The Voucher Administrator will need a copy of any current Waiting List annually for their reporting.
- Landlords should still do past criminal and landlord histories on your applicants—it's your property and the voucher admin doesn't do those...
 - ...except for registered sex offender, manufacturing of meth on public property, and debt to another subsidized agency.

Waiting List

- If the S8 Administrator manages it:
 - They are required to follow HUD's requirements for Waiting Lists
 - They may have many other properties and a large workload, so there may be a delay in your occupancy.
 - They have control of your occupancy.

Waiting List

- If you manage:
 - You have control.
 - Texas Real Estate law does not even require a waiting list.
 - Good business-sense practices says to keep one.
 - Don't have to go by number in order that applied/date order for the next applicant.
 - HUD cannot require a private landlord to have a waiting list.
 - Texas does not require a waiting list.
 - If you manage the waiting list, you manage the way you wish without discrimination.

Waiting List

- No waiting period for offers.
- You can charge application fees.
- Collect security deposit early to secure the unit, and when the unit is ready, sign the lease.
- Pre-screen for eligibility for assistance and send that info to voucher administrator.
- The voucher administrator issues the voucher.

Waiting List

Therefore, in managing your own waiting list...

The first applicant that qualifies for assistance, passes your local criminal screening, passes your landlord screening, has paid their security deposit in full, has their first month's rent ready, and ready to rent—no matter when they applied—can be offered the apartment if no discrimination was done.

Again, do NOT discriminate

Time/Date of their name on a WL is not a discriminatory violation.

Know the 9+ discriminatory actions.

Questions
about a
Waiting List?



Post-Conversion

- **Change your way of thinking.**
- Staff training must include
 - You're running a business, not a HUD property.
 - Think business and how you can grow your business.
- Your properties must compete with other properties for vouchers.
- Your apartments must be marketable.

Post-Conversion

- Collect rents
- Maintain the units and property (your investment)
- You should make a profit and then invest in your growth.
 - Make money! Non-profit does not mean that you don't make money.
 - In Texas, a non-profit means your governing board does not receive any compensation.
- Grow your agency.
- You are independent property owner and need to manage your properties like a business—not like HUD requires.

