



PHA GUIDE TO USING PROJECT-BASED VOUCHERS TO DEVELOP PERMANENT SUPPORTIVE HOUSING

Background

[Permanent supportive housing](#) (PSH) combines affordable housing with services to help people experiencing homelessness who have one or more disabling conditions that complicate their ability to find and maintain housing. PSH enables them to live with stability, autonomy and dignity. Creating successful PSH requires significant capital investments, supportive services (both case management and access to health care), and ongoing rental or operating subsidies.

Identifying resources for rental or operating subsidies is important for helping to pay for the building's operating costs, while making housing affordable to people who have extremely low incomes, and for assembling the financing package to develop or rehabilitate housing units.

Many investors, including housing finance agencies that allocate low-income housing tax credits that help pay for capital costs consider project-based rent subsidies, which provide ongoing funding that ensures that the housing development will remain financially viable while continuing to serve extremely low income households for many years, as part of their financial underwriting and investment decisions.

[Project-based vouchers](#) are a component of a PHA's Housing Choice Voucher program. A PHA can attach up to 20 percent of its voucher assistance to specific housing units if the owner agrees to either rehabilitate or construct the units, or the owner agrees to set-aside a portion of the units in an existing development.

One approach to creating PSH is for a PHA to dedicate some Housing Choice Vouchers (HCV) and use them as project-based vouchers (PBVs) in a supportive housing development project. Many PHAs have found the PBV strategy, when paired with services provided by a community partner, is a particularly effective model for creating expanded housing opportunities for people with disabilities who are experiencing homelessness, particularly those with long histories of homelessness or significant challenges to housing stability.

The Corporation for Supportive Housing has created a [PHA Toolkit](#) that contains [information about using PBVs](#) to create and sustain permanent supportive housing. The Toolkit contains detailed information about federal program rules for PBVs, implementation tips, profiles of PHAs that have used PBVs to create successful permanent supportive housing programs, and tools that can be adapted for use by other PHAs.

Implementation Tips:

- The use of PBVs can have an even stronger impact when PHAs participate in a [collaborative funding](#) process to leverage capital investments from other funders to create more efficient systems for financing and developing PSH units within the community.
- A PHA must establish written policies that specify the criteria and procedures that will be used to select housing units to which PBVs will be attached. The PHA must publicly advertise that it will accept owner proposals for the PBV program. To implement supportive housing programs, a PHA may establish policies and criteria that will result in the selection of projects that involve experienced developers and service organizations with demonstrated capacity to obtain commitments of financing and to ensure that projects can be completed successfully.
- PBVs can be used to expedite the development of stalled housing developments, enabling them to be brought to completion and occupancy more quickly.
- PBVs can also be used as part of the financing strategy for the rehabilitation of existing housing units, or to create a set-aside of PSH units as part of the rehabilitation and preservation of a community's affordable housing stock.
- PHAs that use PBVs to that implement quality supportive housing developments work to ensure that these developments connect people to opportunities for community integration and provide easy access to critical resources, including public transportation, health care services, other supportive services, employment opportunities, grocery stores, and schools.

PHAs can work with their local Continuum of Care to prioritize entry into any PSH units that are subsidized with PBVs to ensure that they are targeted to people who most need a supportive housing opportunity, including the most vulnerable people experiencing homelessness and/or the highest cost users of other public systems. As more communities create efficient coordinated entry systems, PHAs can turn to those systems to ensure the appropriate referral of persons to the PSH opportunities they subsidize.

Where Can PHAs Do This?

PHAs can project-base up to 20 percent of their HCV budget authority, so this approach can be used to create PSH in any PHA that has not already exceeded this limit, if applicable. PHAs with MTW status may project-base additional vouchers beyond the 20 percent limit. Also, PHAs that are participating in the Rental Assistance Demonstration program may request from HUD the authority to convert public housing, Moderate Rehabilitation (Mod Rehab), Rent Supplement, and Rental Assistance Payment properties into PBVs without counting toward [the 20 percent limit](#).

Suggested for:

- Communities with large numbers of people experiencing chronic homelessness
- Communities with housing developers who have the capacity to construct or renovate units and partner with healthcare and human services organizations
- Communities with limited PSH inventory relative to need
- Communities with tight rental markets and limited affordable housing stock

Who Can PHAs Assist?

Highly vulnerable individuals and families who are experiencing homelessness, including those who are experiencing chronic homelessness.

Additional Resources

See the HUD [FAQ on Project-Based Vouchers](#).