



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

January 10, 2023

Mr. Samuel Crawford
Executive Director
Dothan Housing Authority
602 S. Lena Street
Dothan, AL 36301-2485

Dear Mr. Crawford:

The U.S. Department of Housing and Urban Development's (HUD) Special Applications Center (SAC) received the Dothan Housing Authority's (DHA) Streamlined Voluntary Conversion (SVC) application and plan (SVC Plan) on June 2, 2022, via the Inventory Management System/PIH Information Center (IMS/PIC) application DDA0011987. Supplemental information was received through December 9, 2022. Pursuant to Section 22 of the U.S. Housing Act of 1937 (1937 Act), 24 CFR part 972, and PIH Notice 2019-05, DHA's SVC Plan proposes to convert 117 dwelling units to Section 8 Housing Choice Voucher (HCV) assistance and to remove 34 dwelling buildings, 1 non-dwelling building, and 10.20 acres of underlying land at Ussery and Marvin Lewis Village, AL007000050, from its Section 9 public housing inventory. As required by PIH Notice 2019-05, after completing the conversion and related actions in its SVC Plan, DHA will close out its public housing program and terminate its Annual Contributions Contract (ACC) with HUD. The DHA's local HUD Office of Public Housing is the Birmingham Office (Field Office). On January 6, 2023, the DDA number above was corrected.

Environmental Review

The Responsible Entity, City of Dothan, decided that the project or activity converted to exempt under 24 CFR 58.34(a)(12), because the project or activity is categorically excluded under 24 CFR 58.35(a) and there are no circumstances requiring compliance with any of the related federal environmental laws and authorities at 24 CFR 58.5. The Field Office accepts this determination.

Civil Rights Compliance Review

HUD's Office of Fair Housing and Equal Opportunity (FHEO) monitors PHA compliance with civil rights requirements through or in connection with HUD programs, including Section 22 voluntary conversions. Civil rights requirements include, but are not limited to, those outlined at 24 CFR 5.105(a), Title VI of the Civil Rights Act of 1964 and its implementing regulations at 24 CFR part 1, Section 504 of the Rehabilitation Act of 1973 and its implementing regulations at 24 CFR part 8, as well as Titles II and III of the Americans with Disabilities Act, and Executive Order 11063 and its implementing regulations at 24 CFR part 107. On July 22, 2022, the Region IV HUD Office of FHEO provided a memorandum to the SAC indicating that it had reviewed the SVC Plan and had no objection to HUD issuing an approval of the SVC Plan.

PHA Plan

Public Housing Authorities (PHAs) must include proposed SVC Plans in a PHA Annual Plan, Significant Amendment or MTW Annual Plan. DHA submitted an Annual Plan to the Field Office which includes the SVC Plan. The Field Office approved the Annual Plan on May 14, 2021.

Voluntary Conversion Assessment

PIH Notice 2019-05 waives the Conversion Assessment for SVC so, DHA was not required to prepare one or include it in its SVC Plan submitted to HUD.

SVC Plan

Pursuant to 24 CFR 972.230, DHA submitted an SVC Plan to HUD that contained the following components: (1) a description of the future use of the subject units and property; (2) an impact analysis; (3) evidence that the SVC Plan was developed with significant participation from residents; (4) evidence that the SVC Plan was developed with local government consultation; (5) a summary of how the SVC Plan will principally benefit the residents of the units, the PHA, and the community and will not adversely affect the availability of affordable housing in the community; and (6) a relocation plan in accordance with 24 CFR 972.230(g).

Prior Removal History, Description of Development, and Proposed Conversion

DHA has not received previous approval from HUD for removing property from the development.

DHA proposes the conversion of all remaining units in its Section 9 inventory, which consists of 117 public housing units. In conjunction with that conversion, DHA proposes the disposition of 34 dwelling buildings, one non-dwelling building, and 10.20 acres of land. Details of the proposed conversion and disposition are as follows:

| Ussery and Marvin Lewis Village, AL007000050 | | | | | | |
|---|------|------|------|-------------|------|-------|
| DOFA: 11/25/1973 | | | | | | |
| Bedroom Size | 0-BR | 1-BR | 2-BR | 3-BR | 4+BR | Total |
| Existing Units | 0 | 64 | 24 | 28 | 1 | 117 |
| Proposed Units | 0 | 64 | 24 | 28 | 1 | 117 |
| Number of Dwelling Buildings Existing | | | | | | 34 |
| Number of Dwelling Buildings Proposed | | | | | | 34 |
| Number of Non-Dwelling Buildings Existing | | | | | | 1 |
| Number of Non-Dwelling Buildings Proposed | | | | | | 1 |
| Number of (Dwelling and Non-Dwelling) ACC Units in PHA's Total Housing Inventory for All Developments | | | | | | 117 |
| Existing Land | | | | 10.20 Acres | | |
| Proposed Land | | | | 10.20 Acres | | |

Future Use of Property

The SVC Plan proposes that, after conversion, the property will remain as rental housing serving households at or below 80% of area median income (AMI). At the time of conversion, the property will be ground leased to Our Community Inc. (OCI), the nonprofit development instrumentality of DHA, via a 99-year ground lease for \$1.00 per year. OCI will maintain the housing as affordable housing using tenant-based HCV assistance at the property and DHA will retain property management functions via its property management affiliate, Dothan Management Group (DMG). The non-dwelling building is a satellite office for the Community Safety Manager, and it will continue to serve this purpose post-conversion.

Property Valuation

DHA provided a valuation of the property in the form of an appraisal performed by Nathan Wallace Appraisals, LLC, which valued the property at \$1,030,000 as of September 20, 2021. HUD accepts this method of as a reasonable valuation of the property.

Impact Analysis

The impact analysis submitted with the SVC Plan discusses the impact of the conversion on the neighborhoods in which the property is located. DHA indicated that the proposed conversion would not negatively impact affordable housing because all units will continue to be operated as affordable housing for low-income families utilizing voucher-based subsidy. DHA indicated the conversion will not impact the concentration of poverty in the neighborhood or have other substantial impacts on the neighborhood.

Relocation

When the SVC Plan was submitted to HUD, 116 of the 117 units proposed for conversion were occupied. As part of its SVC Plan, DHA certified that it will comply with all applicable relocation provisions of 24 CFR 972.230(g).

- Displaced Families: HUD considers families impacted by a Section 22 voluntary conversion to be “displaced persons” under Section 3(b)(3)(F) of the 1937 Act because they are displaced from the public housing program by a governmental action (even if they are provided with the option to remain in their units with tenant-based or project-based HCV assistance and no mandatory physical displacement will occur).
- DHA must provide all families with the applicable required notices described in 24 CFR 972.230(g) (90-day or Uniform Relocation Act (URA) notices). Families cannot be required to move or be removed from public housing program requirements before the 90-day notice period. However, families may voluntarily choose to move before this 90-day period by accepting an offer by DHA of comparable housing (e.g., HCV tenant-based or project-based assistance).
- DHA must provide any necessary counseling to the families with respect to relocation, including any appropriate mobility counseling. DHA’s SVC Plan indicated the following counseling would be provided: DHA staff will meet with each household to explain its

rights under the SVC conversion and as an HCV recipient, including the program procedures and their rights and obligations under the program. If families wish to relocate at the time of conversion, DHA will work with the households to locate appropriate housing resources.

- Pursuant to Section 22(d)(4)(D), PHAs are responsible for paying for the “actual and reasonable relocation expenses” of the impacted families (including but not limited to moving costs). HUD provides PHAs with the discretion to determine what expenses are “actual and reasonable” as individual PHAs are more familiar with local circumstances and housing conditions.
- Since the property will be used as rental housing after conversion, if the units are eligible to participate in the HCV program (i.e., units meet Housing Quality Standards), DHA must offer all income-eligible families an opportunity to remain in their units using tenant-based assistance, as well as a one-time opportunity to move, at the PHA’s expense using tenant-based assistance upon SVC approval (prior to the release of the Declaration of Trust (DOT)). If a family chooses to move with tenant-based assistance, DHA must pay for the family’s “actual and reasonable” relocation expenses, as described above.¹
- The DHA’s SVC Plan indicates that there is currently one over-income family. Over-income families will pay 30% of their income or the contract rent, whichever is lower.
- The estimated relocation budget (including moving expenses and counseling) is \$513,513. Relocation costs are allocated in FY 2022 Capital and Operating funds.

Significant Resident Participation

DHA’s SVC Plan reflected that it was developed with significant participation by the residents of the 117 dwelling units to be converted. On December 30, 2020, DHA sent a letter to each impacted household. DHA met with the RAB on May 4, 2021, and held seven meetings with impacted residents between May 4, 2021, and June 17, 2021, to discuss the proposed SVC Plan and answer any questions. Through the consultation process, DHA explained the specific requirements and rights residents have under 24 CFR 972. Sign-in sheets, meeting notices, meeting minutes, and questions and answers were included with the application.

Board Resolution

DHA Board of Commissioners approved the submission of the SVC Plan on September 5, 2021, via Resolution Number 2021-45.

¹ Note, however, that PHAs are only required to pay for a family’s moving expenses at the time of the conversion (e.g. if the family chooses to move from the development with the HCV tenant-based assistance). If a family chooses to remain in its unit using HCV tenant-based or project-based voucher (PBV) assistance and then later (e.g. after 1-year) chooses to move with HCV tenant-based assistance (tenant-based or choice mobility through the PBV program), neither the PHA nor the current owner of the project (if different) would be responsible for paying the family’s moving expenses. In this instance, the family would be responsible for paying for its own moving expenses.

Local Government Consultation

DHA's Chief Executive Office and Chief Operation Officer met with the Mayor's Office in August 2021 to discuss the SVC plan and conversion process. As part of the application, DHA provided a letter of support from the Honorable Mark Saliba, Mayor of the City of Dothan, dated August 27, 2021.

Capital Fund Financing Program and Energy Performance Contract

As of December 9, 2022, DHA has neither a Capital Fund Financing Program (CFFP) loan nor an Energy Performance Contract.

Necessary Conditions for HUD Approval of Conversion

DHA demonstrated that the conversion will principally benefit the residents, DHA, and the community and will not adversely affect the availability of affordable housing in the community. DHA demonstrated this through the impact analysis, specifically, the proposed future use of the property, demonstrating that there is no elimination of affordable housing units in the neighborhood or community since the property will continue to be used as affordable rental housing as previously discussed. DHA also demonstrated that there is sufficient availability of private rental housing in communities with access to schools, jobs, and transportation for families who will exercise a mobility option with tenant-based assistance.

Approval

HUD approves DHA's SVC Plan and application in accordance with the requirements for Section 22 of the 1937 Act, 24 CFR Part 972, and PIH Notice 2019-05, as reflected below:

| Approved for Conversion and Disposition | | |
|---|--|--|
| <i>Ussery and Marvin Lewis Village, AL007000050</i> | | |
| Buildings: 35; Units: 117; Acres: 10.20 | | |
| Total Units (rental) | Low Income Rental Units (serving households at or below 80% of AMI) | Other (e.g., Market rate, Workforce) |
| 117 | 117 | 0 |
| Acquiring Entity | Our Community Inc. (OCI) | |
| Role of PHA in Future Use | DHA to retain property management functions through its property management affiliate Dothan Management Group | |
| Method of Disposition | Ground Lease for 99 Years for \$1/year | |

Conditions

- The Field Office, with concurrence from the HUD Office of the General Counsel (OGC), must approve all terms and conditions in the conveyance of real property, whether in whole or in part, described in this approval;

- DHA shall ensure that 117 units at the property must be developed and operated as affordable housing for low-income families with incomes at or below 80 percent of AMI for not less than 30 years (Affordability Covenant);
- The Affordability Covenant must be ensured through a use restriction document recorded against the property in a first priority position (must bind successors). The Field Office must approve the form of use restriction in writing and shall not release the Declaration of Trust (DOT) on the property until it approves the form of use restriction;
- The use restriction must reflect that OCI must maintain control and operation (as owner or ground lessee) of the property during the Affordability Covenant term;
- The use restriction must reflect that, during the Affordability Covenant term, the property shall not be voluntarily transferred (e.g., conveyed, leased, sold) without prior written approval from HUD;
- Certain involuntary transfers of the property, such as to a secured lender upon default under the security documents, or pursuant to foreclosure, may occur, with the use restrictions surviving the transfer; and
- DHA is responsible for monitoring and ensuring the long-term affordability of the property during the Affordability Covenant term.

Tenant Protection Vouchers

This approval allows DHA to apply for and receive Replacement Tenant Protection Vouchers (TPVs) from HUD (dependent on the availability of funds) and to begin implementing its relocation plan, as indicated in its SVC Plan.

HUD provides Replacement TPVs for public housing actions in cases where the public housing units will not be replaced. Under the SVC program, a PHAs may not replace public housing units and must close out its public housing program. Replacement TPVs become part of the PHA's permanent HCV baseline authority. Replacement TPVs must be used first to assist displaced families affected by the subject SVC action. Any remaining Replacement TPVs can then be issued to families on its waiting list and/or project-based in accordance with all applicable Section 8 HCV rules.

HUD awards Replacement TPVs in accordance with PIH Notice 2022-14.

At the time of this approval, 115 public housing units were occupied, and 2 additional units had been occupied within the last 24 months. Based on this, this conversion action is authorized for a maximum number of Replacement TPVs as follows:

| Type of TPVs | Replacement TPVs |
|-------------------|------------------|
| Maximum TPV Award | 117 |

HUD will not automatically issue TPVs to DHA as part of this approval. Instead, DHA must apply to HUD separately for TPVs in accordance with PIH Notice 2022-14. DHA shall not submit the TPV request until it needs the TPVs for purposes of relocating the residents who will be displaced (generally no sooner than 30-60 days from the planned start of relocation). The timing of DHA's TPV application submission and the start of relocation noted in this approval should be consistent.

As part of its TPV request, DHA must submit the following to the Field Office:

- (a) The name and IMS/PIC application number of the public housing project in this conversion approval.
- (b) The number of TPVs requested (subject to the limitations above).
- (c) Form HUD-52515 (Voucher Funding Application). If lease-up will cover more than one calendar year, a separate Form HUD-52515 for each calendar year.
- (d) A leasing schedule that identifies the number of TPVs that will be leased on a month-to-month basis. If lease-up will cover more than one calendar year, separate leasing schedules for each calendar year.
- (e) A copy of this approval (PDF version, signed and dated).

The Field Office will conduct a threshold review of the TPV request prior to sending the request to HUD's Financial Management Division (FMD) for a final determination and processing. HUD's Financial Management Center (FMC) will notify DHA in writing of its TPV award.

Conversion Implementation

DHA provided the following general timetable based on the number of days major actions will occur following approval of the application:

| Milestone | | Number of Days after Approval |
|------------------|---|--------------------------------------|
| A | Issue residents 90-day notice and apply for TPVs | 30 |
| B | Relocate residents off-site with TPVs/tenant-based assistance (for resident who choose to move) | 90-135 |
| C | Execute ground lease and HAP and move families to on-site HCV lease (tenant based) for residents who choose to remain | 210 |
| D | Remove Units and Property from public housing ("RMI" or "Removed from Inventory" Status in IMS/PIC) | 210 |

For families who have chosen to move off-site with tenant-based assistance, DHA must issue TPVs to families and assist with relocation (ensuring families find appropriate units). DHA must submit an "Issuance of Voucher" in HUD-50058 in IMS/PIC to document the relocation. HCV requirements (24 CFR Part 982) apply, including the requirement to brief the family once the family has elected to participate in the HCV program. DHA must also revise the

HUD-50058 to indicate the family's "End of Participation" (EOP) status in the public housing program and "New Admission" to the HCV program.

Since the project will be used as rental housing after conversion, the following occurs simultaneously and on the same day:

- DHA submits a release of Declaration of Trust (DOT) to the Field Office and HUD signs the release;
- DHA transfers the property to the OCI through ground lease;
- DHA issues tenant-based TPVs to families who have chosen to stay in their units with tenant-based assistance and submits an "Issuance of Voucher" in HUD-50058 in IMS/PIC;
- Families and project owner execute leases for units under a tenant-based HAP contract. A Statement of Family Responsibility is also required under the PBV program (HUD-52578-B);
- For each family who will remain at the project with HCV assistance, DHA revises the family's HUD-50058 to indicate its "End of Participation" (EOP) status in the public housing program and "New Admission" to the HCV program; and
- DHA enters the "actual" dates of conversion (and DOT removal) directly into the IMS/PIC data system, Inventory Removals sub-module, under "Removed from Inventory (RMI)" tab for approval by the Field Office (see next section on IMS/PIC Reporting Requirements).

IMS/PIC Reporting Requirements

Instructions for ensuring units are in RMI status as of the conversion (DOT release or demolition completion) are as follows:

- On the screen, select the appropriate "Development Number", then select "Add Transaction." On the next screen, select the appropriate "Application Number" from the drop-down menu. In the "Action/Closing Date" box, enter the removal date. If the properties in an application were removed on multiple dates, a separate transaction is needed for each action date. The remaining steps are as applicable.
- Use "Remove Residential Inventory by Building" section, select the appropriate building(s) available in the "Complete Buildings Available" box and transfer them to the "Proposed Buildings" box.
- Save the information using the "Save" button. The status of this information is then displayed as "Draft."
 - DHA supervisory staff submits the information to DHA Executive Director, or the designated final reviewer at DHA, using the Submission sub tab. The status becomes "Submitted for Review."
 - DHA Executive Director or designee uses the Review sub tab to reject the transaction, which places it in a "Rejected" status, or approves, which places it in a "Submitted for Approval" status.
- Once the Field Office approves the transaction, the status in IMS/PIC permanently changes to "Removed from Inventory (RMI)."

Impact on Operating and Capital Funds

Once units are in RMI status, HUD will not award any new Operating and Capital grant funding to DHA for the property. Conversions under Section 22 of the 1937 Act are not eligible for Asset Repositioning Fee under 24 CFR 990.190 or Demolition and Disposition Transition Funding (DDTF) under 24 CFR 905.326(j).

Use of Operating and Capital Funds at the Properties

DHA may expend eligible 1937 Act funds (including Section 9 Capital and Operating Funds) for eligible activities at the property up until the time the conversion is complete (i.e., all residents relocated, units are in RMI status in IMS/PIC, and DOT has been released). DHA must ensure every Capital Fund modernization (capital improvement) expense is necessary, reasonable, and allocable to public housing units. See 24 CFR 905.202(g). Capital Funds cannot be used for costs in excess of the amount directly attributable to the public housing units. All expenditures of Capital Funds at the project must be necessary and reasonable for, and allocable to, the performance of the Capital Fund grant award. See 2 CFR 905.202(d), 24 CFR 905.202(g), 2 CFR 200.403, 2 CFR 200.405. After HUD releases the DOT and the conversion is complete, DHA may not expend any Section 9 Capital or Operating Funds at the properties.

Closeout of Public Housing Program

DHA included a HUD-5837 (Notification of Future Use) with its SVC Plan and application, indicating that it intends to close out its public housing program. After all units are in RMI status in IMS/PIC and the DOT has been released, DHA must begin closing out its public housing program in accordance with PIH Notice 2019-13. DHA should coordinate this process with the Field Office. At the conclusion of the closeout process, HUD will terminate its ACC with DHA.

The Field Office has been informed of this approval. As DHA starts the process of implementation, I urge you to continue to maintain an open dialogue with your residents and local officials. If you have to modify your plans, please contact the SAC at SACTA@hud.gov. As always, my staff and I are available to assist you in any way possible.

Sincerely,

Marianne Nazzaro
Deputy Assistant Secretary
Office of Public Housing Investments

CC: Birmingham Field Office