



**Overview**

The Lansing Housing Commission (LHC) is pursuing the sale of its scattered site locations through HUD’s Section 18 Program. This document has been developed to provide information about the Section 18 Program through frequently asked questions. This should be considered a working document as LHC continues to work with HUD, potential ownership group, and potential future resident homeowners. As a result the LHC team may update and/or add questions and details to this document.

**What is Section 18?**

Section 18 allows public housing agencies to demolish or sell their public housing units.

Section 18 is a HUD designed program to support HUD’s initiative to transition affordable housing from public housing platform (Section 9) to more voucher based (Section 8) housing platform. Section 18 allows housing agencies, like LHC, to demo or dispose (sell) qualifying assets.

**Why was Section 18 created?**

Over the last decade, the government’s funding for public housing has fallen below sustainable levels. The result is that public housing units need significant capital improvements and the public housing funding provided and funding tools available are not adequate and will not be in the future. The gap between funding provided and funding needed is only likely to grow larger for units remaining in public housing. Section 18 allows for new funding tools and opportunities.

The proceeds from the sale of the properties will allow LHC to acquire and rehab affordable housing units in the Greater Lansing Area.

**What are the expected benefits of LHC’s use of HUD’s Section 18 Program?**

Benefit		Description
20 Years	Long-term Affordability Commitment	<ul style="list-style-type: none"> <li>• Sites remain affordable via contracts and vouchers from LHC</li> <li>• Resident rents remain based on income (~30% of income)</li> <li>• Very few (if any) residents will move as a result of this, LHC teams will help and support residents with any necessary moves</li> </ul>
\$\$\$	Funds Earned for Future Affordable Housing	<ul style="list-style-type: none"> <li>• HUD specified and approved uses of funds from transaction</li> <li>• Increase and improve quality affordable housing in the community</li> <li>• Community specific housing and resident service programming opportunities</li> </ul>
-40	Resident Homeownership Interests	<ul style="list-style-type: none"> <li>• 40 existing residents have declared interest in purchasing their home</li> <li>• LHC teams will be in communication with them over next few months as residents evaluate financing options</li> </ul>
Increased Funding Tools Available	Capital Improvements at Existing Sites	<ul style="list-style-type: none"> <li>• New ownership has existing capital and will have access to capital options not available to public housing agencies</li> </ul>
Oversight and Control	LHC Long-term Involvement	<ul style="list-style-type: none"> <li>• Although LHC will not own the sites, involvement will be long-term through Housing Assistance Payment (HAP) contract(s) and voucher administration</li> <li>• Potential for property management involvement as well</li> </ul>



### **How is HUD involved in the Section 18 Program?**

LHC has been working with HUD teams over the past couple years on RAD and Section 18 Programs. HUD is responsible for approving the Section 18 sale of the scattered sites.

LHC will submit a very detailed application to HUD. HUD will review and provide feedback accordingly. The application includes significant amount of detail about the sites, sale price information, and overall program.

### **What will happen to houses following the sale?**

At this point there are primarily 2 end results for the home.

1. Sold to a new ownership group with a project-based voucher (PBV) and commitment to keep the houses affordable for at least the next 20 years.
2. Sold to existing or other qualifying resident as new homeowners for their use and purpose. There will not be a PBV or any other subsidy tied to the unit. This will become like any other individually owned home in the city.

### **Will residents have to move?**

No. Residents in good standing and qualifying will not have to move, these are mainly the same requirements for the public housing program today. Residents are encouraged to contact LHC scattered site staff to confirm standing. The LHC team will work with residents to improve standing (as needed and possible) prior to sale of the scattered sites.

### **What is a Project-Based Voucher (PBV)?**

A PBV means that vouchers (subsidy from HUD) are attached to specific units. The voucher stays with the unit for at least the next 20 years. In the event a resident moves out, the voucher stays with the unit it does not move with the resident like other housing choice vouchers. As LHC does at other sites today, it will administer the PBV program through a HAP contract with the new ownership group.

### **Will the sale of the scattered sites affect housing assistance?**

Under Section 18 and the sale of the scattered sites, your current public housing lease will end and your new lease with a new owner will begin using a PBV.

### **Will resident rents go up?**

Rent will remain the same unless household income has changed.

Resident rents will continue to be based on 30% of income, as it is today under public housing. Therefore, unless residents have had a change in income or household size, rents should not change. If a resident has experienced a change in income or household size, rent will be updated accordingly, similarly to how it would be done today in public housing.

Residents who were previously paying a flat rent as a public housing resident may experience a rent increase because Section 8 rents are income-based.

### **Can residents request a Section 8 voucher to move somewhere else?**

Following 12 months in the PBV program residents may submit a request in writing that they wish to receive a Section 8 Voucher. A Section 8 voucher would travel with the resident, the PBV will still stay with the existing unit. Once a Section 8 voucher becomes available, the resident will be rescreened for eligibility to receive one. Eligibility for a Section 8 Voucher is determined on current standing, residents may not owe any rent, have unpaid charges, or be under eviction status.

If residents are interested in a Section 8 voucher prior to the 12-month period in the PBV unit, they can apply when waitlists are open throughout the year.

### **When is the Section 18 process expected to complete?**

LHC will continue to work with HUD and the prospective buyers over the next few months. The Section 18 process is expected to be complete in Fall 2022.

### **I am a resident, what do I need to do now?**

As a resident if you are interested in purchasing your home you should have submitted your intent to purchase your home to LHC. You now have until July 1<sup>st</sup> to work with financial institutions and local agencies to get prequalified. Below is a list of resident responsibilities for the homeownership option:

#### **Homeownership - Resident Responsibilities**

Work with agencies and/or financial institutions for homeownership programs and financing to purchase. Potential agencies to contact include:

- Capital Area Housing Partnership (CAHP)
- Habitat for Humanity
- Michigan State Housing Development Authority (MSHDA)
- Residents are encouraged to explore other agencies that may have homeownership programs

Provide a letter from an agency and/or financial institution by Friday July 1st stating you are pre-qualified to purchase a home. Pre-qualification letter should be scanned and emailed to [karenc@lanshc.org](mailto:karenc@lanshc.org) or mailed to/dropped off at 405 Cherry Street Lansing, MI 48933.

#### **PBV - Resident Responsibilities**

As a resident if you are not interested in purchasing your home and you plan to stay in your existing home with the PBV you should be looking for communications and meeting notices from LHC.

Continue to monitor communications from LHC and attend informational meetings.

Receive and complete any additional paperwork requests from LHC in a timely fashion. LHC will initiate this process, so there isn't much for residents to do under this option until:

- New packets will be required prior to or at the same time of the transaction closing
- LHC will send these requests out around the time of close late summer / early fall
- There will not be a new screening

Under both scenarios residents are encouraged to contact LHC with questions and/or concerns. The LHC team is here to help throughout the process.





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### **Additional Information and Things to Keep in Mind**

- Continue to follow the rules of your current public housing lease
- Keep an eye on your mail and LHC website <https://lanshc.org/> for more information from LHC
- If you have questions about the changes, contact LHC
- For more information on the process of Section 18, go to:  
[https://www.hud.gov/program\\_offices/public\\_indian\\_housing/centers/sac/demo\\_dispo](https://www.hud.gov/program_offices/public_indian_housing/centers/sac/demo_dispo)

