

Frequently Asked Questions (FAQs) From Tenants

Today, 6 million people pay more than half their incomes for housing, and family homelessness is on the rise. But in the last 15 years, the country has lost 150,000 units from its stock of public and assisted housing through sale or demolition.

To President Obama, failing to preserve these resources for the next generations is not an option. That's why his administration has proposed the Preservation, Enhancement and Transformation of Rental Assistance Act (PETRA) – to reform America's public housing system and transform the way the Federal government provides rental assistance to more than 4.5 million of our most vulnerable families.

Having successfully worked to increase and preserve affordable housing in Chicago and New York City using a combination of public and private resources, President Obama and Secretary Donovan know we can build a better system – one that harnesses the resources of the private market without compromising the important mission of publicly-supported housing.

PETRA would bring this proven strategy for preserving affordable housing to the Federal government by enabling federal housing programs to leverage \$7 billion in other capital in the first year—and as much as \$27 billion in the years to come—giving owners of affordable housing access to the resources they need to preserve this housing into the future. Just as importantly, PETRA embodies the Obama Administration's commitment to more robust tenant protections and strong provisions that keep public housing publicly owned and affordable to the people who need it the most.

Overview of PETRA's Impact on Tenants

Why as a tenant should I want PETRA?

PETRA will make substantial improvements to the quality of life for tenants – while maintaining the policies and protections that have been proven successful.

Here's what PETRA won't change:

1. Rents – Tenant rents will not exceed 30% of income.
2. Targeting and Affordability – PETRA will ensure this assistance will continue to be targeted to the neediest families by maintaining the targeting and affordability requirements of the U.S. Housing Act. There will be no work requirements or time limits.
3. Tenants' Ability to Organize – Under PETRA, tenants will have enhanced ability to participate in decisions about the quality and management of their housing.

Here's what PETRA will improve:

1. Housing Conditions – By leveraging about \$27 billion, physical conditions of the housing will improve, ensuring children and families don't have to live in substandard housing.
2. Community Integration – By opening public housing properties to grocery stores, schools and other community anchors, residents will have better access to the community around them.
3. Resident Choice – PETRA will increase resident choice, allowing residents to choose where they live without fear of losing rental assistance. This isn't a new idea, though it's new for public housing. In the last decade, federal

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policies like the project-based voucher (PBV) program have allowed owners the security and capital leveraging of a long-term property-based contract while assuring that residents can choose to move with available tenant-based vouchers. PETRA simply ensures that families who live in properties developed under one of HUD's older programs have the opportunity to benefit from a similar policy as well.

Choice

How does PETRA help increase housing options for low-income households like mine?

Providing residents with real choice is perhaps the most important goal of PETRA and a high priority for President Obama and Secretary Donovan.

Today, Public Housing and other programs lock in residents even if they need to move for a job, to access educational opportunities, or to address a family illness. Staying is the only option many families have to keep a roof over their heads. They often find themselves trapped in neighborhoods of concentrated poverty because moving means giving up that assistance. In contrast, participants of HUD's Housing Choice Voucher (HCV) program can take their housing assistance with them when they move. HCV participants settle in locations of their choice, constrained only by the availability of units at prices they can afford.

PETRA would make public and assisted housing residents eligible to receive a Housing Choice Voucher after residing for two years in a converted property, allowing residents of Public Housing and other multifamily programs the dignity and access to opportunities that come with choice. The units vacated when families move under the Choice Option would be rented to eligible low-income families from the waiting list. The rental assistance contract stays with the unit.

Public Ownership

Does PETRA "privatize" my public housing?

PETRA does not privatize public housing. Neither President Obama—who worked on the South Side of Chicago to increase affordable housing—or Secretary Donovan—the architect of New York City's plan to build and preserve 165,000 units of affordable housing—has any interest in risking such an important public resource. The goal of PETRA is to preserve this irreplaceable resource for generations to come.

But with a \$20-30 billion backlog of capital needs for public housing, it is clear that the Federal government can't do it alone – and that we need to give public housing access to the types of tools other forms of affordable housing already have at their disposal. That's why PETRA doesn't change who owns this housing or who is served by it – but simply how it is financed.

Instead of the current system which puts up unnecessary barriers to public owners' ability to preserve their properties, PETRA levels the playing field for public owners. And by maintaining the targeting and affordability requirements of the U.S. Housing Act, it ensures housing assistance continues to be targeted to the neediest families.

How does PETRA prevent my public housing from being foreclosed on?

One of the key tenets of PETRA is to preserve public housing for the next generation. As such, PETRA contains numerous policies designed to minimize the risk of foreclosure, such as strong oversight and enforcement mechanisms

for HUD. In the unlikely event of foreclosure of an owner, any lease, contract, or use agreement would remain in effect and binding on a new owner. Put another way, while the owner may change, the amount of subsidy given to the property, the amount of rent tenants pay, and their rights and protections would remain the same. In these unique circumstances, HUD could also work with lenders—through FHA insurance or other means—to restructure the debt and retain current ownership, or prioritize other public or non-profit owners.

Affordability

How am I protected from owners “opting-out” as has happened with project-based Section 8?

One of the primary goals of PETRA is to *preserve* public ownership, not put it at risk. For years, public-sector owners have lost units because they lacked reliable funding. By enabling public housing properties to tap their accumulated equity value to meet their capital needs, as owners of any other form of real estate do, PETRA will make it more likely that properties will remain publicly owned and affordable to the lowest-income households.

To ensure that owners don't opt out, converted public housing properties will be subject to a use agreement for a minimum of 30 years requiring the owners to continue to house the lowest income families at rents they can afford. HUD will require owners of converted public housing to accept extensions of the contract in nearly all circumstances, which will continue the use agreement. The only exception would be in situations where it is demonstrably not in the best interests of residents to maintain the contract at the current property -- in these rare instances HUD would work with the PHA to transfer the rental assistance to another property.

Perhaps most importantly of all, by requiring market-based rents and a reliable subsidy, there will be little financial incentive for public housing owners, who remove 10,000-15,000 units from the public housing stock annually, to leave the program as there is today.

Organizing

Will I have a right as a tenant to organize under PETRA?

Yes. PETRA will substantially strengthen the rights of recipients of HUD-funded rental assistance, including residents of converted public housing, to organize. PHAs will be required to “give reasonable consideration” to concerns raised by “legitimate” tenant organizations concerning tenants' living environment and the terms and conditions of their tenancy. All tenants with HUD-funded rental assistance would be guaranteed the right to organize independent of owners or public housing agencies. This provision would establish uniform requirements regarding recognition of “legitimate” tenant organizations, including organizations of voucher program participants and jurisdiction-wide or area-wide organizations; and would authorize the use of a portion of rental assistance renewal funding to support tenant organizing — ensuring we have eyes and ears on the ground.

Will I have access to money as a tenant to support organizing efforts?

Yes. It is a priority for HUD to *support and encourage independent, effective tenant organizations*. Of the funding requested for FY11, the Secretary would

be authorized to allocate funds to promote tenant organizing rights. PETRA specifies that a portion of funds made available for the renewal of rental assistance contracts may be allocated to facilitate tenant organizing, subject to terms and conditions established by HUD.

In the coming weeks and months, HUD intends to engage tenants and other stakeholders in the creation of a new, competitive funding stream for resident organizing.

Procedural Rights

What kind of procedural rights will I have as a tenant?

Procedural rights for applicants to and tenants of public housing converted to Section 8 assistance under PETRA are *as strong as*— and for applicants even stronger than — rights under the current public housing provisions of the US Housing Act. Core elements of due process review that apply to all adverse actions are established: these are essentially the same as the administrative grievance procedures enjoyed by current public housing residents.

In addition, PETRA incorporates in statute more specific procedural rights for applicants than the U.S. Housing Act currently provides. Currently, denied applicants must be notified of the reasons for denial and an opportunity for an “informal hearing” with no specific procedures required. Under PETRA, applicants and tenants must be notified of ineligibility or other adverse actions, including eviction or termination of assistance, and have a right to request a review of the decision, *which must be conducted by an independent person*. The applicant or tenant has the right to inspect relevant documents at a reasonable time in advance, to bring a representative to the review, and to receive a written decision.

PETRA would also authorize HUD to create *uniform procedural rights for all rental assistance programs*, simplifying the maze of rules that now apply to PHAs operating different HUD programs. The same rights and requirements will apply regardless of whether a PHA engages a private management company to manage a particular property, as part of a mixed finance transaction or otherwise.

Other

Will public housing tenants’ Section 3 rights be protected under PETRA?

Yes. PETRA specifies that the same Section 3 requirements that applied to public housing pre-conversion would apply post-conversion. PETRA also clarifies that first priority for Section 3 hiring and contracting would go to recipients of federal rental assistance.

Will I as a public housing resident be subjected to rescreening as a result if the property converts?

No. PETRA is clear that any tenant residing in a unit at the time of conversion will not be subject to eviction or rescreening.

What happens if I’m relocated during the rehabilitation of a converted property? Will I have a right to return?

Yes. Households that are relocated during rehabilitation will have a right to return.

PETRA requires PHA's that propose to redevelop properties (as opposed to simply renovating and repairing existing units) to locate any "off-site" units in diverse neighborhoods of opportunity.

Will I be consulted before the owner of my property converts?

Yes – resident consultation will be required both before and during the conversion process. All owners will be required to notify residents of their intent to convert. Public housing agencies will be required to treat conversion as a “significant amendment” to their annual plan, which brings with it a requirement to consult with the Resident Advisory Board. PHAs will also continue to be required to have at least one tenant on their board.

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