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Needham Housing Authority (NHA)

Section 22 Conversion: Resident Guide

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SUMMARY

In July or August 2024, NHA will be submitting an application to the federal government to change how NHA receives subsidy to operate Seabeds Way, Captain Robert Cook Drive, and High Rock Estates. This change will convert the properties from the federal public housing program to the Section 8 voucher program using an option called a “Section 22” conversion. The conversion is in NHA’s best interests because it will increase the amount of federal funding NHA receives to manage and maintain Seabeds Way, Captain Robert Cook Drive, and High Rock Estates. NHA estimates that the conversion will result in roughly \$3 million more per year than what NHA currently receives. NHA intends to use this increased income to fund enhanced maintenance and to improve the quality of life for residents. After the conversion, NHA will continue to own and manage the properties. NHA anticipates that the conversion will take place in early 2025. The conversion will not require any tenant relocations.

WHAT MAKES SECTION 22 THE BEST OPTION TO CONVERT TO THE SECTION 8 VOUCHER PROGRAM?

Housing authorities have several options to convert how they receive federal operating subsidy from the public housing program to the Section 8 voucher program, including Section 22, Section 18, Rental Assistance Demonstration (RAD), and a RAD / Section 18 Blend.

NHA believes that Section 22 is most advantageous for many reasons, including that it:

- Provides the highest amount of federal funding
- Provides the earliest access to the increased federal funding
- Enables the earliest timeline for a moderate rehabilitation project at Seabeds Way and Captain Robert Cook Drive
- Includes conversion of High Rock Estates, where increased funding will enable NHA to explore future development opportunities and capital improvements
- Allows NHA to retain all of its “Faircloth Authority,” which is the ability to access federal subsidy to build new affordable housing in the future.

SECTION 22 CONVERSION PLAN HIGHLIGHTS

- **Financial Benefit**
 - The conversion will provide roughly \$3 million more per year in federal funding compared to what NHA currently receives via the public housing program.
- **Future Use and Neighborhood Impact**
 - Seabeds Way, Captain Robert Cook Drive, and High Rock Estates will remain under direct ownership of NHA or under ownership by a non-profit that NHA controls.

- NHA does not anticipate the conversion will have a substantial impact on surrounding neighborhoods. The number of affordable units at the properties will remain the same after the conversion excluding any future redevelopment at High Rock Homes.
- **Resident Eligibility**
 - All existing residents can continue to live in their units after the conversion. Future residents will have to earn incomes that are at or below 50% of the area median income (AMI).
- **Temporary Relocation**
 - There will be no relocation to complete the conversion.
 - There may be relocation required as part of the upcoming Seabeds & Cook modernization project. The need for relocation related to the modernization project is being analyzed by NHA. All residents will be allowed back to the property if any relocation is required. Any relocation for the modernization project would not take place until approximately Q4 2025. NHA will continue to provide updates as plans are solidified.
 - NHA is planning a comprehensive modernization and / or redevelopment at High Rock Estates in +/-5 years. All residents provided they remain NHA residents or participants will be allowed back to the property if any relocation is required.
- **Rent Calculations**
 - Residents will continue to pay 30% of their monthly income toward rent. Residents with higher incomes who currently pay “ceiling rents” will see their rents rise to 30% of their monthly income.
- **Consent to Project-Base Section 8**
 - Section 8 subsidy is either “project-based” or “mobile.” When Section 8 is project-based, the subsidy stays with a particular housing community, like Seabeds Way. If a resident moves out of Seabeds Way, they do not take the Section 8 subsidy with them to their next home. Alternately, a mobile Section 8 voucher is attached to a household. That household can attempt to use the Section 8 subsidy to rent an apartment from a private landlord, and the subsidy travels with the household if they move.
 - After receiving approval for the Section 22 conversion (estimated for Fall 2024), NHA will request Tenant Protection Vouchers (TPVs) from HUD. TPVs are a type of Section 8 subsidy that start out as mobile Section 8 vouchers. Tenants will be able to use these mobile Section 8 vouchers to remain at NHA properties, or find an apartment to rent from a private landlord.
 - NHA will ask residents to utilize their TPVs at Seabeds, Cook, or High Rock and to project-base the Section 8 subsidy. The larger the number of residents who project-base their Section 8 subsidy at NHA communities, the more funds NHA will be able to receive to fund the needed renovation work at the properties.
 - NHA will provide more details when asking residents to project-base the subsidy at future meetings in Fall 2024. A HUD representative will be present at the meetings.
- **Close-Out of Public Housing Funds**
 - NHA will no longer receive annual federal public housing funding after 2024.

- NHA's public housing program will remain open only to provide the option to build more public housing in the future.
- NHA must use its current public housing funds before the conversion takes place. NHA anticipates that funds will pay for paving at Seabeds Way and Captain Robert Cook Drive, roof repairs at High Rock Estates, and architecture fees. This scope will take place from July to December 2024, prior to the conversion.

SECTION 22 CONVERSION TIMELINE

An approximate timeline for the Section 22 conversion process is below. The conversion is anticipated for January or February 2025.

June 2024	<ul style="list-style-type: none"> • Resident meetings to discuss Section 22 conversion application.
July/August 2024	<ul style="list-style-type: none"> • NHA submits Section 22 application.
July – Sep 2024	<ul style="list-style-type: none"> • HUD reviews NHA application.
July – Dec 2024	<ul style="list-style-type: none"> • Early construction scope (paving at Seabeds Way and Captain Robert Cook Drive; roof repairs at High Rock Estates) using public housing funds.
Fall 2024	<ul style="list-style-type: none"> • NHA meets with residents regarding consent to Project-Base Section 8 vouchers.
Jan – Feb 2025	<ul style="list-style-type: none"> • NHA completes administrative work. • Conversion to Section 8 triggers start of increased subsidy.
Early 2026-2028	<ul style="list-style-type: none"> • Construction start for Seabeds Way and Captain Robert Cook Drive modernization project. Construction will take place a few units at a time. Any required relocation will take place prior to construction on each unit.
Medium Term: Within 5 Years	<ul style="list-style-type: none"> • Increased income will translate into enhanced maintenance and repairs at High Rock Estates.
Long Term: +/- 5 Years	<ul style="list-style-type: none"> • High Rock Estates will be comprehensively modernized through an approach that is yet to be determined. NHA will provide updates as they become available.